Unaudited results for the six months ended 30 June 2022

28 July 2022

Reliable energy,
limitless potential

Lagos and London, 28 July 2022: Seplat Energy PLC ("Seplat Energy" or "the Company"), a leading Nigerian independent energy company listed on both the Nigerian Exchange and the London Stock Exchange, announces its unaudited results for the six months ended 30 June 2022.

Financial highlights

- Revenues up 71% from 6M 2021 to $527.0 million, higher realised oil prices of $107/bbl
- EBITDA up 92% to $342.7 million (adjusted for non-cash items)
- Strong cash generation of $330.1 million, capex of $70.7 million
- Strong balance sheet with $350.0 million cash at bank, net debt of $418.6 million
- Lower production opex of $8.1/boe achieved
- Average realised gas pricing sustained at $2.76 despite pricing pressure on domestic gas delivery obligation
- Q2 dividend of US$2.5 cents per share, taking 6M 2022 total to US$5.0 cents per share

Operational highlights

- Strong safety record extended to 28.4 million man-hours without lost-time injury from Seplat Energy-operated assets
- Working interest production improved to 52.4 kboepd in Q2 (liquids 30.3 kbopd, gas 22.1 kboepd), 6M average of 49.9 kboepd (excludes volumes from Ubima, which was divested in Q1)
- Amukpe-Escravos Pipeline commercial agreements signed, continuous injection expected from first week of August
- Exit from Ubima completed for consideration of $55 million, with initial payment of $6.4 received in July
- Agreement for 95% equity farm-in to the Abiala Marginal Field carved out of OML 40
- Five wells drilled
- Full-year guidance narrowed to 50-54 kboepd (excludes Ubima)

Update on proposed acquisition of Mobil Producing Nigeria Unlimited (MPNU)

- Transformational acquisition announced in February 2022 will almost triple production and boost reserves
- Seplat Energy reiterates that the Sales & Purchase Agreement (SPA) signed on 25 February 2022 to acquire Exxon's shallow water operations in Nigeria, MPNU, remains valid and the Company remains confident that the proposed acquisition will be brought to a successful conclusion in accordance with the law

Q2 corporate updates

- Ongoing strengthening of governance continues with transition from founder Chairman to Independent Chairman, Basil Omiyi, appointed 18 May; three new Board members announced during the period
- Samson Ezugworie joins Board in newly created role of Chief Operating Officer
- 'Tree for Life' decarbonisation initiative launched in May with a commitment to plant five million trees in five years across five states in Nigeria
- Seplat West (OMLs 4,38 &41) recommended for ISO 55001 (Asset Management), a first for African E&P

Roger Brown, Chief Executive Officer, said:

"Production increased strongly in the second quarter, achieving 52.4 kboepd across our operations, and we expect to maintain higher volumes for the rest of the year now that we plan to export liquids through the more secure Amukpe-Escravos Pipeline. Having divested our interest in Ubima because of its high production costs and export difficulties, we recently acquired a 95% interest in the Abiala marginal field and plan to begin operations there next year using existing infrastructure in OML 40. This is consistent with the strategy for low-cost, low-risk upstream growth we announced last year."

"We remain confident that our transformational acquisition of MPNU will be approved, adding significant reserves and production capacity that will strongly reinforce Seplat Energy's position as Nigeria's leading indigenous oil and gas producer."

"We have recently launched a roadmap for decarbonisation, with a clear path to ending routine flaring by 2024. In addition, our 'Tree for Life' *initiative will plant five million saplings to sequester carbon across five states. All of these initiatives demonstrate our strategic commitment to build a sustainable company that delivers energy transition for the benefit of all Nigerians."*

Summary of performance

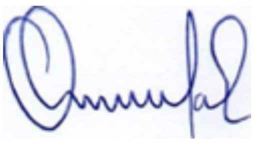
	$ million			₦ billion	
	6M 2022	6M 2021	% Change	6M 2022	6M 2021
Revenue	527.0	308.8	70.7%	219.2	120.4
Gross profit	274.3	88.9	208.5%	114.1	34.7
EBITDA *	342.7	178.9	91.6%	142.6	75.0
Operating profit (loss)	245.3	109.4	124.2%	102.0	42.7
Profit (loss) before tax	209.9	62.1	238.0%	87.3	24.2
Cash generated from operations	330.1	125.6	162.8%	137.3	49.1
Working interest production (boepd)	49,924	**50,786	-1.7%		
Average realised oil price ($/bbl.)	$107.35	$64.69	65.9%		
Average realised gas price ($/Mscf)	$2.76	$2.86	-3.5%		

* Adjusted for non-cash items **includes Ubima production

Responsibility for publication

This announcement has been authorised for publication on behalf of Seplat Energy by Emeka Onwuka, Chief Financial Officer, Seplat Energy PLC.

Signed:



Emeka Onwuka

Chief Financial Officer

Important notice

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

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

Investor call

At 09:00 BST / WAT on Thursday 28 July 2022, the Executive Management team will host a conference call and webcast to present the Company's results.

The presentation can be accessed remotely via a live webcast link and pre-registering details are below. After the meeting, the webcast recording will be made available and access details of this recording are also set out below.

A copy of the presentation will be made available on the day of results on the Company's website at https://seplatenergy.com/

Event title:	Seplat Energy Half year results
Event date	9.00am (BST/WAT) Thursday 28 July 2022
Webcast live link	https://secure.emincote.com/client/seplat/seplat014
Conference call and pre-register link	https://secure.emincote.com/client/seplat/seplat014/vip_connect
Archive link	https://secure.emincote.com/client/seplat/seplat014

The Company requests that participants dial in 10 minutes ahead of the call. When dialling in, please follow the instructions that will be emailed to you following your registration.

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Notes to editors

Seplat Energy PLC is Nigeria's leading indigenous energy company. It is listed on the Nigerian Exchange Limited (NGX: SEPLAT) and the Main Market of the London Stock Exchange (LSE: SEPL).

Seplat Energy is pursuing a Nigeria-focused growth strategy through participation in asset divestments by international oil companies, farm-in opportunities, and future licensing rounds. The Company is a leading supplier of gas to the domestic power generation market. For further information please refer to the Company website, https://seplatenergy.com/

Operating review

Working interest production for the six months ended 30 June 2022

		6M 2022			Q2 2022			6M 2021		
		Liquids (1)	Gas	Total	Liquids	Gas	Total	Liquids	Gas	Total
	Seplat %	bopd	MMscfd	boepd	bopd	MMscfd	boepd	bopd	MMscfd	boepd
OMLs 4, 38 & 41	45%	17,386	117.7	37,681	17,119	127.9	39,166	19,618	120	40,376
OML 40	45%	8,688	-	8,688	10,150	-	10,150	5,211	-	5,211
OML 53	40%	2,139	-	2,139	1,573	-	1,573	3,275	-	3,275
OPL 283	40%	1,416	-	1,416	1,496	-	1,496	1,159	-	1,159
Total		**29,629**	**117.7**	**49,924**	**30,338**	**127.9**	**52,385**	**29,263**	**120**	**50,021**

Liquid production volumes as measured at the LACT (Lease Automatic Custody Transfer) unit for OMLs 4, 38 and 41; OML 40 and OPL 283 flow station.
Following the decision to exit from the Ubima asset in April 2022, volumes from the marginal field have not been reported
Volumes stated are subject to reconciliation and may differ from sales volumes within the period.

Production

Working interest production for 6M 2022 averaged 49,924 boepd, (6M 2021: 50,021 boepd, excluding Ubima), with an oil / gas mix of 59% and 41%, respectively. Within this, liquids production was up 1.3% year-on-year, to 29,629 bopd. Second-quarter total production averaged 52,385 boepd, up 10.0% from the previous quarter (Q1 2022). The higher overall production in Q2 was from higher oil and gas volumes, up 4.3% and 19.1%, respectively, because of an improvement in overall uptime.

Compared to the first half of 2021, lower volumes from OMLs 4, 38 and 41 were primarily due to outages in the Trans Forcados System that resulted in a third-party downtime of 16%, exacerbated by scheduled and unscheduled maintenance activities leading to a total downtime of 23%. However, the impact of future FOT (Forcados Oil Terminal) outages on production from OMLs 4, 38 and 41 is expected to be alleviated by our use of the Amukpe-Escravos Pipeline from August 2022, which will deliver liquids to the alternative Escravos terminal through more secure underground pipeline.

Despite evacuation constraints, significantly higher volumes of 8,688 bopd were achieved from OML 40 (6M 2021: 5,211 bopd) and following the deployment of additional vessels, 10,150 bopd production was achieved in the second quarter of 2022.

At our smaller OML 53 operation, which contributed less than 11% of liquids in 2021, production was affected by major disruption to export operations in Eastern Nigeria, although we continue to export 2,000 bopd to the nearby Waltersmith Refinery.

Six-month gas volumes were down 1.9% year-on-year to 117.7 MMscfd, impacted by lower gas supply in Q1 2022 when price renegotiation with customers and issues with a hot oil burner at the Oben Gas Plant affected production. However, following successful conclusion of these price discussions and installation of a new burner, gas production improved significantly to 127.9 MMscfd in Q2 2022.

Overall, the Group's oil and gas production for the period totalled 9.0 MMboe compared to 9.1 MMboe in the same period in 2021 (excluding Ubima).

Drilling activities

The Group's ongoing drilling programme has a minimum of ten wells planned for 2022 to arrest decline and grow production across the assets. We completed three oil wells (Amukpe-05, Opuama-12 and Gbetiokun-13 well, which was spudded late 2021) and concluded drilling on the Sibiri exploration well. The Owu-02 (appraisal well), Opuama-13 and Oben-52 oil wells were spudded in the second quarter with drilling progressing according to plan.

As reported in the 3M 2022 results, the Sibiri exploration well has been drilled to TD, with initial indications it has encountered eight oil-bearing reservoirs with 353 ft of gross hydrocarbon pay, net pay of 229 ft.

We continue to work with our partners to secure regulatory approval to carryout extended well testing (EWT) to confirm producibility, among other parameters critical to full field development.

We have successfully moved all four rigs acquired from Cardinal Drilling to Seplat Energy well locations. Following a post-rig move survey of all rig equipment, two rig inspection vendors were selected to carry out the Rig Inspection and Certification work. The Company expects that the recommended repairs will be concluded, and the rigs commissioned by the end of 2023.

Upstream business performance

Seplat Energy's liquids (oil and condensate) operations produced 5.3 MMbbls on a working interest basis in 6M 2022 (6M 2021: 5.4 MMbbls). Production in the period was affected by evacuation constraints, Ubima exit, and other deferments tied to maintenance activities. Production downtime for the Group in the period was 23%.

Seplat West, which holds the working interest and operates our major assets (OML 4, 38 & 41), has been recommended for ISO 55001 Asset Management Systems certification, reflecting our commitment to operational excellence across the Group. We believe this is the first African oil and gas operation to achieve such certification.

Pipeline vandalism in Eastern Nigeria, on the route that evacuates oil from OML 53, has led to a full production shut-in of around 1,000 bopd (gross) at Jisike since February. However, the Company continues to evacuate produced volumes of around 2,000 bopd from Ohaji to the Waltersmith Refinery. Overall, OML 53 contributes less than 11% of total liquids based on 2021 volumes. We have engaged with our JV partner (NAPIMS) to operationalise an alternative evacuation option of trucking/barging for Jisike and Ohaji South fields.

Ubima marginal field exit

A settlement agreement was reached in Q1 2022 with the JV Partner All Grace Energy Ltd. (AGEL) to divest our subsidiary Wester Ord Oil and Gas Nigeria Ltd.'s (WON) rights in the Ubima Marginal Field for a consideration of $55 million. In accordance with agreement, AGEL began payments to WON in July, with a payment of $6.4 million.

Ubima is in a high operating cost environment with major evacuation challenges and substantial capital expenditure would have been required to create more secure evacuation routes for production from the field. The decision to exit will enable the Company to invest in other parts of its business that generate higher returns. Following the execution of settlement agreements and transfer of rights in the asset to AGEL, WON derecognised both asset and liabilities in H1 2022 (Ubima's current reserves of approximately 2 MMbbls). Ubima's production has been removed from the average daily production stated in these results.

Farm-in to Abiala marginal field

Following the 2020 Marginal Field Bid Round in Nigeria, Naphta Global E&P Ltd. (Naphta) was awarded 100% equity in the Abiala marginal field carved out of OML 40 by the NUPRC. The marginal field contains 2C gross oil resources of around 23 MMbbls and 2U gross resources of around 54 MMbbls.

Elcrest (45% owned by Seplat Energy) has entered into an agreement with Naphta for a 95% equity farm-in into the Abiala marginal field, while Naphta will have a 5% carried interest. Elcrest will also assume the role of Operator and Technical & Financial Partner in the Elcrest/Naphta Joint Venture. The Heads of Agreement was executed with a signature bonus of $12 million paid to NUPRC. The transaction represents a consolidation of the Company's strategic position on the OML 40 block and provides an early monetisation opportunity using existing OML 40 facilities, subject to agreement with NPDC (Nigerian Petroleum Development Company), which operates the OML 40 Asset.

In developing the field, Elcrest is targeting first oil by end of Q2 2023 and plans to focus on low-cost development with early monetisation opportunities that leverage existing contractual positions to accelerate the field's development. Seplat Energy will also explore how to optimise its tax position to the extent possible under the new PIA.

Amukpe-Escravos pipeline

Following mechanical completion of the pipeline, Seplat Energy has signed all the necessary offtake and crude handling agreements. Dewatering of the AEP line has commenced and the continuous injection of crude is expected by the first week of August. This therefore allows us to commence lifting from the Chevron terminal during this quarter. The mostly underground pipeline will provide greater revenue assurance through reduction in losses and downtime.

Midstream Gas business performance

Working interest gas volumes for the period were 117.7 MMscfd (6M 2021: 120 MMscfd). The Gas business contributed 41% of the Group's volumes on a boepd basis and 10.9% of Group revenues. Price renegotiation with customers was concluded in the period and following the DGDO gas pricing revision in August 2021, the average gas price achieved was $2.76/Mscf. During the period we signed short-term gas sales agreements (GSAs) with three new customers, two of which commenced offtake at a combined rate of 66 MMscfd in January and March. The third customer will commence offtake of 20 MMscfd in Q4 when conditions precedent to commence are expected to have been satisfied.

In the second quarter, gas sales volumes were impacted by network pressure affecting offtake by our customers downstream, by the shutdown of the Oben gas plant for repairs of critical equipment and by the well testing campaign carried out.

ANOH Gas Processing Plant

Seplat Energy continues to make progress on the ANOH plant and has achieved 87% overall project completion at the gas plant site. The government partner, the Nigerian Gas Company (NGC), is delivering the pipelines that will take the gas from ANOH to Oben, namely the 23km spur line and the Obiafu-Obrikom-Oben (OB3) pipeline.

Drilling on the 1.85km River Niger crossing has encountered some technical issues on a small section of the crossing, and this is needed to complete the OB3 pipeline project. The partner, NGC, is confident of resolving this and Seplat is engaging constantly as resolution options are considered.

In addition, on the separate spur line project, the Company has been informed that the milling and coating of the outstanding line pipes for the spur line project, which is being undertaken in China, is nearing completion. Shipping out of China is expected in Q3 2022.

The latest schedule provided by NGC shows completion of both OB3 and Spur Line in Q1 2023, and therefore the Company maintains its timeline of first gas in H1 2023.

NERC initiative to assure gas supply and revenue collection

To secure the sustainability of gas supply to the Generation Companies (Gencos), the Nigerian Electricity Regulatory Commission (NERC) has established a pathway to reactivate partial securitisation of Gas Contracts for the Nigerian Electricity Supply Industry.

The commission facilitated contractual agreements between the generation, transmission, and distribution companies to guarantee a daily average of 5,000 MW of electricity to consumers. The order, which became effective on 1 July 2022, proposes a payment waterfall to address the current issue of the non-collection of full revenue for gas sales for Domestic Gas Delivery Obligation (DGDO Customers). In addition, the order gives the gas suppliers and gas transporters priority over the Gencos in terms of payments. This is a positive development that will guarantee offtake, improve revenue collection and reduce trade receivables, which currently stands at $27 million for the Company's existing DGDO GSAs.

ESG developments

Seplat Energy is committed to environmental protection and is in step with global objectives to reduce carbon greenhouse gas emissions. Through investments in decarbonisation projects, the Company has developed a road map with defined operational targets towards eliminating flares from Seplat Energy operations over the next two years. We hope to reduce routine flaring by 40% by the end of 2022 (exit rate compared to a start-of-year baseline) primarily through the installation of gas compressors at Sapele. Flare reduction initiatives are also ongoing at the Oben and Amukpe stations and in June 2022, daily flares at Oben and Amukpe were reduced by 8.2% and 23.5%, respectively.

Aside from ending routine flares, we are investing in other ways to decarbonise our operations, such as replacing diesel with LPG (Liquefied Petroleum Gas) and onsite solar energy generation.

To offset the residual carbon emissions, the Seplat Energy '*Tree for Life*' initiative was launched in May and is a commitment to plant five million trees in five years across Nigeria, starting with the five states of Edo, Delta, Imo and two Northern states.

HSE performance

Safe and responsible operations are critical to the delivery of Seplat Energy's strategy. The Company has now achieved more than 28.4 million man-hours without LTI on its operated assets.

Staff and contractors worked a total of 4.2 million man-hours with no fatalities or lost-time injuries. There was one major injury incident in the period, which was managed according to the Company's governing processes. Improvements have been implemented and learnings shared to enable continuous improvement and improve mitigating actions.

There were 24 HSE incidents in total, compared to 21 incidents in the first six months of 2021, including five reportable oil spills and four gas leaks, all of which were remediated with limited environmental impact.

The Group established appropriate processes and safeguards for its people and operations against Covid-19. A spike in positive cases was observed in the second quarter, prompting the Company to re-enforce all Covid-19 control protocols at our field operations and offices. These measures will be kept in place for as long as necessary.

Board changes

On 22 April 2022, the Company announced the appointment of three new Directors, effective 18 May 2022: Mrs. Bashirat Odunewu (Independent Non-Executive Director); Mr. Kazeem Raimi (Non-Executive Director); and Mr. Ernest Ebi (Non-Executive Director).

Following the decision of the founding Chairman ABC Orjiako to step down from the Board at the 2022 AGM, Basil Omiyi was appointed Independent Non-Executive Chairman on 18 May 2022. Charles Okeahalam was appointed Senior Independent Non-Executive Director.

On 30 June 2022, the Company announced the appointment of Mr. Samson (Sam) Chibogwu Ezugworie as the new Chief Operating Officer and Executive Director on the Board of the Company effective 1 July 2022. Mr. Ezugworie comes with over 30 years' extensive industry experience, the last 25 years being with Royal Dutch Shell in Nigeria and overseas. Mr. Ezugworie has built a strong reputation as a business / safety / ethical leader and integrator.

Mr. Effiong Okon, the Operations Director and Executive Director on the Board of Seplat Energy, stepped down from the Board on 1 July 2022. Mr. Okon assumed a new position as the Director New Energy to significantly accelerate the development of the new energy business and advance the Company's agenda on energy transition.

Update on proposed acquisition of MPNU

The Company announced on 11 July that the Nigerian National Petroleum Company Limited (NNPC) commenced an action at the State High Court of the Federal Capital Territory in Abuja, Nigeria (State High Court) in relation to the acquisition of the entire shares of MPNU. MPNU, its shareholders (Mobil Development Nigeria, Inc. and Mobil Exploration Nigeria, Inc.), and the NUPRC are named as defendants in the action. This follows NNPC's request to the State High Court to declare that a dispute has occurred between itself and MPNU in relation to the interpretation of pre-emption rights under their Joint Operating Agreement (JOA) and order NNPC and MPNU to arbitration as required by the JOA.

The State High Court made an ex-parte order of interim injunction restraining the defendants from completing any divestment in MPNU, including the SPA signed with Seplat Energy Offshore Limited, while the matter was before the Court.

Neither Seplat Energy nor Seplat Energy Offshore Limited is a party to the suit. The Company cannot provide further comments as the matter is awaiting resolution by the State High Court and is therefore *sub judice*. Seplat Energy reiterates that the SPA is still valid and subsisting, and the we remain confident that the proposed acquisition will be brought to a successful conclusion in accordance with the law. We will provide further updates as and when applicable.

Outlook

Full-year production guidance for 2022 reflects expected third party downtime and the derecognition of Ubima and has been narrowed to 50,000 to 54,000 boepd on a working interest basis, comprising 30,000 to 33,000 bopd liquids and 116 to 121 MMscfd (around 20,000 to 21,000 boepd) gas production.

Capital expenditure expectation for 2022 remains at around $160 million. The Company expects to drill four additional oil wells in the coming quarter to arrest decline and support production growth across the asset base, complete ongoing projects, invest in maintenance capex to secure the existing assets and continue investments in gas.

Financial review

Revenue

Revenue from oil and gas sales in 6M 2022 was $527.0 million, a 70.7% increase from the $308.8 million achieved in 6M 2021. Adjusted for an underlift (shortfalls of crude lifted below Seplat Energy's share of production, which is priced at the date of lifting and recognised as other income) of $42.7 million representing 463 kbbls, total revenues were $569.7 million.

Crude oil revenue was 91.7% higher than for the same period last year at $469.2 million (6M 2021: $244.8 million), reflecting higher average realised oil prices of $107.35/bbl. for the period (6M 2021: $64.69/bbl.), the increase being mostly attributable to the impact of the conflict in Ukraine on global energy prices. The total volume of crude lifted in the period was 4.4 MMbbls, higher than the 3.9 MMbbls lifted in 6M 2021. In addition, the Group's 6M 2022 produced liquid volumes were subject to reconciliation losses of 12.2%. We expect these to improve from August, when we begin to evacuate the bulk of our crude through the new Amukpe-Escravos underground pipeline.

Gas sales revenue decreased by 9.5% to $57.8 million (6M 2021: $63.9 million), due to lower gas sales volumes of 21.3 Bscf compared to 21.7 Bscf in 6M 2021, because of lower customer offtake, production stoppages at Oben, as well as outages on the Trans Forcados Pipeline. In addition, the average realised gas price was lower at $2.76/Mscf (6M 2021: 2.86 Mscf), reflecting the reduction applied to the DGDO (Domestic Gas Delivery Obligation) gas-to-power volumes from August 2021.

Gross profit

Gross profit increased by 208.5% to $274.3 million (6M 2021: $88.9 million) and benefitted from higher realised oil prices. Non-production costs consisted primarily of $108.8 million royalties and DD&A of $70.4 million, compared to $63.4 million royalties and $64.5 million DD&A in the prior year. The higher royalties were the result of higher oil prices.

Direct operating costs, which include crude-handling charges (CHC), barging/trucking, operation and maintenance costs, amounted to $67.6 million in 6M 2022, 23.7% lower than $88.6 million incurred in 2021. This was partly because of a $5.3 million (net) credit note arising from 2020 & 2021 reconciliation of CHC invoices that offset fees incurred in the period as well as lower operation and maintenance costs.

On a cost-per-barrel equivalent basis, the normalised production opex (excluding the above credit note) was $8.1/boe, 16.5% lower than $9.7/boe incurred in 2021 when extensive asset integrity works were carried out.

Operating profit

The operating profit for the period was $245.3 million, compared to $109.4 million in 6M 2021, an increase of 124.1%.

An impairment charge of $14.9 million was recognised in the period. This includes a non-financial asset charge of $8.5 million reflecting a provision for long outstanding line pipes and a $6.4 million provision for the ageing of some government receivables. We expect these to reverse once recoveries are secured.

General and administrative expenses of $46.4 million were 27.1% higher than the H1 2021 costs of $36.5 million. The increase was driven by higher travel and training costs, following relaxation of travel restrictions, and other increases to staff salaries and emoluments.

An EBITDA of $342.7 million adjusts for non-cash items, which include impairment and exchange losses, equating to a margin of 65.0% for the period (6M 2021: $178.9 million; 57.9%).

Net result

The profit before tax was 238% higher at $209.9 million (6M 2021: $62.1 million). The income tax expense of $126.6 million includes a current tax charge (cash tax paid) of $36.4 million and deferred tax charge of $90.2 million. The deferred tax charge is driven by the unwinding of previously unutilised capital allowances and movements in underlift/overlifts in the current year. The effective tax rate for the period was 60% (6M 2021: 42%).

The profit for the period was $83.3 million (6M 2021: $36.2 million) with a resultant basic earnings per share of $0.14 in 6M 2022, compared to $0.10 per share in 6M 2021.

Cash flows from operating activities

Cash generated from operations in 6M 2022 was $330.1 million (6M 2021: $125.6 million). Net cash flows from operating activities were $284.3 million (6M 2021: $109.9 million), after accounting for tax payments of $41.1 million (6M 2021: $12.4 million) and a hedge premium of $4.7 million (6M 2021: $3.4 million).

The Group continued to record improvements in the recovery of receivables from the major JV partner and in H1 2022 received $141 million towards the settlement of cash calls. The major JV receivable balance now stands at $55.5 million, down from $83.9 million at the end of 2021.

Cash flows from investing activities

Net capital expenditure of $70.7 million included $42.1 million invested in drilling and $28.6 million in engineering projects.

Deposits for investment of $140.3 million include a deposit for the proposed acquisition of Mobil Producing Nigeria Unlimited, announced in February of $128.3 million and the $12.0 million farm-in fee for the Abiala marginal field carved out of OML 40.

The Group received total proceeds of $10.8 million in the period under the revised OML 55 commercial arrangement with BelemaOil for the monetisation of 298.4 kbbls of crude oil. In 2022, recovery has been affected by sabotage along the Nembe Creek Trunk Line and the Trans Niger Pipeline, with theft factors ranging from 30% to 90%.

Cash flows from financing activities

The Company paid $28.2 million dividends to shareholders in the period. Other financing charges of $9.4 million reflect the commitment fee on the $350 million Revolving Credit Facility and $26.1 million reflects interest paid on loans and borrowings.

Liquidity

The balance sheet continues to remain healthy with a solid liquidity position.

Net debt reconciliation 31 March 2022	$ million	$ million drawn	Coupon	Maturity
Senior notes*	661.7	650.0	7.75%	April 2026
Westport RBL*	98.3	110.0	Libor+8%	March 2026
Off-take facility*	8.6	11.0	Libor+10.5%	April 2027
Total borrowings	768.6	771.0		
Cash and cash equivalents (exclusive of restricted cash)	350.0	350.0		
Net debt	**418.6**			

* Including amortised interest

Seplat Energy ended the first half of the year with gross debt of $768.6 million (with maturities in 2026 and 2027) and cash at bank of $350.0 million, leaving net debt at $418.6 million. Included in the restricted cash balance is $8.0 million and $6.2 million set aside in the stamping reserve account and debt service reserve account respectively for the revolving credit facility.

Dividend

The Board has approved a Q2 dividend of US2.5 cents per share (subject to appropriate WHT) to be paid to shareholders whose names appear in the Register of Members as at the close of business on 12 August 2022. This takes H1 dividend payments to US5.0 cents per share, in line with the Company's dividend policy.

Hedging

Seplat's hedging policy aims to guarantee appropriate levels of cash flow assurance in times of oil price weakness and volatility. Total volumes hedged in 2022 was 7.5 MMbbls and the program for the remainder of 2022 consists of dated

Brent put options of 3.5 MMbbls at an average premium of $1.32/bbl. as follows: (i) for Q3, 1.0 MMbbls are protected at a strike price of $55/bbl. and 1.0 MMbbls at $60/bbl. and (ii) for Q4, 1.5 MMbbls at a strike price of $65/bbl. Further barrels are expected to be hedged for 2023 in the coming months in line with the approach to target hedging two quarters in advance.

The Board and management team 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.

PIA 2021

The Petroleum Industry Act (PIA) was signed into law on 16 August 2021. The Group is required to notify the NUPRC of the decision to either convert to the PIA tax regime or remain in the existing PPTA regime in October 2022. The conversion deadline is February 2023. The Group has reviewed the fiscal provisions of the PIA and a preliminary impact analysis across all assets has just been concluded resulting in an overall favourable position for Seplat Energy to convert to the PIA regime for all its assets. However, certain issues such as relinquishing parts of the existing acreages are still under consideration by the Board.

There are some compliance requirements of the PIA that are applicable to all companies in the industry irrespective of conversion and a multi-disciplinary team is managing the Group's readiness to comply with the various aspects.

Share dealing policy

We confirm that, to the best of our knowledge, there has been compliance with the Company's share dealing policy during the period.

Free float

The Company's free float on 27 July 2022 was 36.2%.

Directors' interest in shares

In accordance with Section 301 of the Companies and Allied Matters Act, 2020, 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) are as follows:

	31-Dec-20	31-Dec-21		27-July-22	
	No. of Ordinary Shares	No. of Ordinary Shares	As a percentage of Ordinary Shares in issue	No. of Ordinary Shares	As a percentage of Ordinary Shares in issue
Roger Brown	2,840,585	3,224,702	0.55%	4,296,462	0.73%
Samson Ezugworie	n/a	n/a	0.00%	0	0.00%
Bello Rabiu	n/a	20,000	0.00%	20,000	0.00%
Emeka Onwuka	0	0	0.00%	0	0.00%
Oliver De Langavant	0	0	0.00%	0	0.00%
Charles Okeahalam	495,238	495,238	0.08%	699,990	0.12%
Basil Omiyi	495,238	495,238	0.08%	495,238	0.08%
Nathalie Delapalme	0	0	0.00%	0	0.00%

Arunma Oteh, OON	0	0	0.00%	0	0.00%
Emma Fitzgerald	0	0	0.00%	0	0.00%
Kazeem Raimi	n/a	n/a	n/a	0	0.00%
Bashirat Odunewu	n/a	n/a	n/a	0	0.00%
Ernest Ebi	n/a	n/a	n/a	0	0.00%
Fabian Ajogwu	0	0	0.00%	0	0.00%
Total	3,831,061	4,235,178	0.71%	**5,511,690**	**0.93%**

Substantial interest in shares

On 27 July 2022, the following shareholders held more than 5.0% of the issued share capital of the Company:

Shareholder	Number of holdings	%
MPI	120,400,000	20.46
Petrolin Group	81,015,319	13.77
Professional Support	47,929,438	8.15
Sustainable Capital	45,850,413	7.79
Allan Gray Investment Management	44,212,357	7.51

Principal risks and uncertainties

The Board of Directors is responsible for setting the overall risk management strategy of the Company and the determination of what level of risk is acceptable for Seplat Energy to bear. The principal risks and uncertainties facing Seplat Energy at the year-end are detailed in the risk management section of the 2021 Annual Report and Accounts.

The Board has identified the principal risks for the remainder of 2022 to be:

- Infectious diseases outbreak
- Niger Delta stability, security, and other Geopolitical risks
- Field operations and project deliverability
- Low oil price
- OPEC quota restrictions
- Climate Change
- JV receivables and future cash call funding
- Liquidity risk

Responsibility Statement

The Directors confirm that to the best of their knowledge:

a) The condensed set of financial statements have been prepared in accordance with IAS 34 'Interim Financial Report';

b) The interim management report includes a fair review of the information required by UK DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

c) The interim management report includes a fair review of the information required by UK DTR 4.2.8R disclosure of related parties' transactions and changes therein.

The Directors of Seplat Energy Plc are as listed in the Group's 2021 Annual Report and Accounts. A list of current Directors is included on the company website: www.seplatenergy.com.

By order of the Board,

B. Omiyi	R.T. Brown	E. Onwuka
FRC/2016/IODN/00000014093	FRC/2014/ANAN/00000017939	FRC/2020/003/00000020861
Chairman	Chief Executive Officer	Chief Financial Officer
28 July 2022	28 July 2022	28 July 2022

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE MEMBERS OF SEPLAT ENERGY PLC

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Seplat Energy Plc, ("the Company") and its subsidiaries (together "the Group"), as at 30 June 2022 and the related interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the period then ended, and a summary of significant accounting policies and other explanatory notes.

The directors are responsible for the preparation and fair presentation of these interim condensed consolidated financial information in accordance with the International Accounting Standard 34 "Interim financial reporting". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements do not give a true and fair view of the financial position of the Group as at 30 June 2022, and of its financial performance and its cash flows for the period then ended in accordance with the International Accounting Standard 34 "Interim financial reporting".

Pedro Omontuemhen

For: **PricewaterhouseCoopers**
Chartered Accountants
Lagos, Nigeria

28 July 2022

Engagement Partner: Pedro Omontuemhen
FRC/2013/ICAN/00000000739

PricewaterhouseCoopers Chartered Accountants
Landmark Towers, 5B Water Corporation Road, Victoria Island, Lagos, Nigeria

Half Year Results

For the six months ended 30 June 2022

(Expressed in Nigerian Naira)

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

For the half year ended 30 June 2022

	Notes	Half year ended 30 June 2022	Half year ended 30 June 2021	3 Months ended 30 June 2022	3 Months ended 30 June 2021
		Unaudited	Unaudited	Unaudited	Unaudited
		₦ million	₦ million	₦ million	₦ million
Revenue from contracts with customers	7	219,203	120,444	118,585	62,514
Cost of sales	8	(105,096)	(85,764)	(53,311)	(47,893)
Gross profit		**114,107**	**34,680**	**65,274**	**14,621**
Other income	9	15,586	25,658	11,876	19,877
General and administrative expenses	10	(19,280)	(14,213)	(11,367)	(7,294)
Impairment loss on financial assets	11.1	(2,652)	(287)	(2,143)	(18)
Impairment loss on non-financial assets	11.2	(3,532)	-	(3,532)	-
Fair value loss	12	(2,209)	(3,138)	(570)	(1,362)
Operating profit		**102,020**	**42,700**	**59,538**	**25,824**
Finance income	13	109	4	96	1
Finance cost	13	(14,893)	(18,519)	(7,162)	(12,128)
Finance cost-net		(14,784)	(18,515)	(7,066)	(12,127)
Share of profit from joint venture accounted for using the equity method		57	41	109	(118)
Profit before taxation		**87,293**	**24,226**	**52,581**	**13,579**
Income tax expense	14	(51,848)	(10,108)	(25,426)	(8,910)
Profit for the period		**35,445**	**14,118**	**27,155**	**4,669**
Attributable to:					
Equity holders of the parent		33,984	22,071	27,116	8,521
Non-controlling interests		1,461	(7,953)	39	(3,852)
		35,445	**14,118**	**27,155**	**4,669**
Earnings per share attributable to the equity shareholders:					
Basic earnings per share ₦	26	**58.19**	**37.86**	**46.43**	**14.62**
Diluted earnings per share ₦	26	**57.91**	**37.51**	**46.21**	**14.48**

The above interim condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

	Notes	Half year ended 30 June 2022 Unaudited ₦ million	Half year ended 30 June 2021 Unaudited ₦ million	3 Months ended 30 June 2022 Unaudited ₦ million	3 Months ended 30 June 2021 Unaudited ₦ million
Profit for the period		**35,445**	**14,118**	**27,155**	**4,669**
Attributable to:					
Other comprehensive income:					
Items that may be reclassified to profit or loss (net of tax):					
Foreign currency translation difference		4,913	50,134	(2,461)	50,134
Total comprehensive income for the period (net of tax)		**40,358**	**64,252**	**24,694**	**54,803**
Attributable to:					
Equity holders of the parent		38,897	72,205	24,655	58,655
Non-controlling interests		1,461	(7,953)	39	(3,852)
		40,358	**64,252**	**24,694**	**54,803**

The above interim condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Seplat Energy

Interim condensed consolidated statement of financial position

As at 30 June 2022

	Notes	30 June 2022 Unaudited ₦ million	31 December 2021 Audited ₦ million
Assets			
Non-current assets			
Oil & gas properties	15	652,321	660,745
Other property, plant and equipment		10,697	11,228
Right-of-use assets		3,021	3,050
Intangible assets	16	55,254	54,045
Other assets		42,270	46,363
Investment accounted for using equity accounting	17	93,681	92,795
Prepayments		27,792	27,512
Deferred tax asset	14.2	154,088	128,539
Total non-current assets		**1,039,124**	**1,024,277**
Current assets			
Inventories		26,451	30,878
Trade and other receivables	18	180,745	105,274
Prepayments		1,107	711
Contract assets	19	3,351	1,679
Restricted cash	21.1	7,035	6,603
Cash and cash equivalents	21	145,476	133,667
Total current assets		**364,165**	**278,812**
Total assets		**1,403,289**	**1,303,089**
Equity and Liabilities			
Equity			
Issued share capital	22.1	296	296
Share premium		90,383	90,383
Share based payment reserve	22.2	5,424	4,914
Treasury shares		(2,025)	(2,025)
Capital contribution		5,932	5,932
Retained earnings		261,684	239,429
Foreign currency translation reserve		390,261	385,348
Non-controlling interest		(19,452)	(20,913)
Total shareholders' equity		**732,503**	**703,364**
Non-current liabilities			
Interest bearing loans and borrowings		293,346	290,803
Lease Liabilities	23.1	973	198
Provision for decommissioning obligation		64,458	63,709
Deferred tax liabilities	14.3	104,987	42,732
Defined benefit plan		5,004	4,181
Total non-current liabilities		**468,768**	**401,623**
Current liabilities			
Interest bearing loans and borrowings	23.1	26,087	24,988
Lease Liabilities		1,254	1,273
Derivative financial instruments	20	1,214	1,543
Trade and other payables	24	156,149	151,204
Current tax liabilities		17,314	19,094
Total current liabilities		**202,018**	**198,102**
Total liabilities		**670,786**	**599,725**
Total shareholders' equity and liabilities		**1,403,289**	**1,303,089**

The above interim condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

The Group financial statements of Seplat Energy Plc and its subsidiaries (The Group) for half year ended 30 June 2022 were authorised for issue in accordance with a resolution of the Directors on 28 July 2022 and were signed on its behalf by

B. Omiyi	R.T. Brown	E. Onwuka
FRC/2016/IODN/00000014093	FRC/2014/ANAN/00000017939	FRC/2020/003/00000020861
Chairman	Chief Executive Officer	Chief Financial Officer
28 July 2022	28 July 2022	28 July 2022

Interim condensed consolidated statement of changes in equity

For the half year ended 30 June 2022

	Issued share capital	Share premium	Share based payment reserve	Treasury shares	Capital contribution	Retained earnings	Foreign currency translation reserve	Non-controlling interest	Total equity
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
At 1 January 2021	**293**	**86,917**	**7,174**	**-**	**5,932**	**211,790**	**331,289**	**(11,058)**	**632,337**
Profit/(Loss) for the period	-	-	-	-	-	22,071	-	(7,953)	14,118
Other comprehensive income	-	-	-	-	-	-	50,134	-	50,134
Total comprehensive income/(loss) for the period	**-**	**-**	**-**	**-**	**-**	**22,071**	**50,134**	**(7,953)**	**64,252**
Transactions with owners in their capacity as owners:									
Unclaimed dividend	-	-	-	-	-	47	-	-	**47**
Dividend paid	-	-	-	-	-	(16,920)	-	-	**(16,920)**
Share based payments	-	-	887	-	-	-	-	-	**887**
Vested shares	3	3,367	(3,370)	-	-	-	-	-	**-**
Share re-purchased	**-**	**-**	**-**	**(820)**	**-**	**-**	**-**	**-**	**(820)**
Total	**3**	**3,367**	**(2,483)**	**(820)**	**-**	**(16,873)**	**-**	**-**	**(16,806)**
At 30 June 2021 (unaudited)	**296**	**90,284**	**4,691**	**(820)**	**5,932**	**216,988**	**381,423**	**(19,011)**	**679,783**
At 1 January 2022	**296**	**90,383**	**4,914**	**(2,025)**	**5,932**	**239,429**	**385,348**	**(20,913)**	**703,364**
Profit/ loss or the period	-	-	-	-	-	33,984	-	1,461	35,445
Other comprehensive income	-	-	-	-	-	-	4,913	-	4,913
Total comprehensive income/ loss for the period	**-**	**-**	**-**	**-**	**-**	**33,984**	**4,913**	**1,461**	**40,358**
Transactions with owners in their capacity as owners:									
Unclaimed dividend	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	(11,729)	-	-	(11,729)
Share based payments	-	-	510	-	-	-	-	-	510
Total	**-**	**-**	**510**	**-**	**-**	**(11,729)**	**-**	**-**	**(11,219)**
At 30 June 2022 (unaudited)	**296**	**90,383**	**5,424**	**(2,025)**	**5,932**	**261,684**	**390,261**	**(19,452)**	**732,503**

The above interim condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Interim condensed consolidated statement of cash flows

For the half year ended 30 June 2022

	Notes	Half year ended 30-Jun-22 ₦ million Unaudited	Half year ended 30-Jun-21 ₦ million Unaudited
Cash generated from operations	25	137,284	49,062
Hedge premium paid		(1,944)	(1,378)
Income tax paid		(17,093)	(4,818)
Net cash inflows from operating activities		**118,247**	**42,866**
Cash flows from investing activities			
Payment for acquisition of oil and gas properties		(29,390)	(22,325)
Deposit for investment*		(58,307)	-
Payment for acquisition of other property, plant and equipment		(245)	(52)
Proceeds from disposal of other property, plant and equipment		2	-
Receipts from other assets		4,509	1,910
Interest received		109	4
Net cash outflows used in investing activities		**(83,322)**	**(20,463)**
Cash flows from financing activities			
Repayments of loans and borrowings		-	(234,044)
Proceeds from loans and borrowings		-	257,448
Dividend paid		(11,729)	(16,920)
Interest paid on lease liability		(61)	(5)
Lease payment		(126)	(8)
Payments for other financing charges**		(3,912)	(7,994)
Interest paid on loans and borrowings		(10,871)	(12,766)
Net cash outflows used in financing activities		**(26,699)**	**(14,289)**
Net increase in cash and cash equivalents		8,226	8,114
Cash and cash equivalents at beginning of the year		133,667	85,554
Effects of exchange rate changes on cash and cash equivalents		3,583	6,833
Cash and cash equivalents at end of the period	**21**	**145,476**	**100,501**

* Deposit for investment includes considerations for Mobil Producing Nigeria Unlimited - MPNU (₦53.3 billion) & Abiala farm-in (₦5 billion).

**Other financing charges of ₦3.9 billion relate to commitment fees and other transaction costs incurred on interest bearing loans and borrowings ($350 million Revolving Credit Facility, $110 million Reserved Based Lending Facility and $50 million Junior Facility).

The above interim condensed consolidated statement of cashflows should be read in conjunction with the accompanying notes.

Notes to the interim condensed consolidated financial statements

1. Corporate Structure and business

Seplat Energy Plc (hereinafter referred to as 'Seplat' or the 'Company'), the parent of the Group, was incorporated on 17 June 2009 as a private limited liability company and re-registered as a public company on 3 October 2014, under the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004. The Company commenced operations on 1 August 2010. The Company is principally engaged in oil and gas exploration and production and gas processing activities. The Company's registered address is: 16a Temple Road (Olu Holloway), Ikoyi, Lagos, Nigeria.

The Company acquired, pursuant to an agreement for assignment dated 31 January 2010 between the Company, SPDC, TOTAL and AGIP, a 45% participating interest in OML 4, OML 38 and OML 41 located in Nigeria.

In 2013, Newton Energy Limited ('Newton Energy'), an entity previously beneficially owned by the same shareholders as Seplat, became a subsidiary of the Company. On 1 June 2013, Newton Energy acquired from Pillar Oil Limited ('Pillar Oil') a 40% Participant interest in producing assets: the Umuseti/Igbuku marginal field area located within OPL 283 (the 'Umuseti/Igbuku Fields').

On 27 March 2013, the Group incorporated a subsidiary, MSP Energy Limited. The Company was incorporated for oil and gas exploration and production.

On 21 August 2014, the Group incorporated a new subsidiary, Seplat Petroleum Development UK Limited. The subsidiary provides technical, liaison and administrative support services relating to oil and gas exploration activities.

On 12 December 2014, Seplat Gas Company Limited ('Seplat Gas') was incorporated as a private limited liability company to engage in oil and gas exploration and production and gas processing. On 12 December 2014, the Group also incorporated a new subsidiary, Seplat East Swamp Company Limited with the principal activity of oil and gas exploration and production.

In 2015, the Group purchased a 40% participating interest in OML 53, onshore north eastern Niger Delta (Seplat East Onshore Limited), from Chevron Nigeria Ltd for ₦79.6 billion.

On 16 January 2018, the Group incorporated a subsidiary, Seplat West Limited ('Seplat West'). Seplat West was incorporated to manage the producing assets of Seplat Energy Plc.

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

In order to fund the development of the ANOH gas processing plant, on 13 August 2018, the Group entered into a shareholder's agreement with Nigerian Gas Processing and Transportation Company (NGPTC). Funding is to be provided by both parties in equal proportion representing their ownership share and will be used to subscribe for the ordinary shares in ANOH. The agreement was effective on 18 April 2019, which was the date the Corporate Affairs Commission (CAC) approval was received. Given the change in ownership structure as at 31 December 2019, the Group no longer exercises control and has deconsolidated ANOH in the consolidated financial statements. However, its retained interest qualifies as a joint arrangement and has been recognised accordingly as investment in joint venture.

On 31 December 2019, Seplat Energy Plc acquired 100% of Eland Oil and Gas Plc's issued and yet to be issued ordinary shares. Eland is an independent oil and gas company that holds interest in subsidiaries and joint ventures that are into production, development and exploration in West Africa, particularly the Niger Delta region of Nigeria.

On acquisition of Eland Oil and Gas Plc (Eland), the Group acquired indirect interest in existing subsidiaries of Eland.

Eland Oil & Gas (Nigeria) Limited, is a subsidiary acquired through the purchase of Eland and is into exploration and production of oil and gas.

Westport Oil Limited, which was also acquired through purchase of Eland is a financing company.

Elcrest Exploration and Production Company Limited (Elcrest) who became an indirect subsidiary of the Group purchased a 45 percent interest in OML 40 in 2012. Elcrest is a Joint Venture between Eland Oil and Gas (Nigeria) Limited (45%) and Starcrest Nigeria Energy Limited (55%). It has been consolidated because Eland is deemed to have power over the relevant activities of Elcrest to affect variable returns from Elcrest at the date of acquisition by the Group. (See details in Note 4.1.v) The principal activity of Elcrest is exploration and production of oil and gas.

Wester Ord Oil & Gas (Nigeria) Limited, who also became an indirect subsidiary of the Group acquired a 40% stake in a licence, Ubima, in 2014 via a joint operations agreement. The principal activity of Wester Ord Oil & Gas (Nigeria) Limited is exploration and production of oil and gas.

Other entities acquired through the purchase of Eland are Tarland Oil Holdings Limited (a holding company), Brineland Petroleum Limited (dormant company) and Destination Natural Resources Limited (dormant company).

On 1 January 2020, Seplat Energy Plc transferred its 45% participating interest in OML 4, OML 38 and OML 41 ("transferred assets") to Seplat West Limited. As a result, Seplat ceased to be a party to the Joint Operating Agreement in respect of the transferred assets and became a holding company. Seplat West Limited became a party to the Joint Operating Agreement in respect of the transferred assets and assumed its rights and obligations.

On 20 May 2021, following a special resolution by the Board in view of the Company's strategy of transitioning into an energy Company promoting renewable energy, sustainability, and new energy, the name of the Company was changed from Seplat Petroleum Development Company Plc to Seplat Energy Plc under Companies and Allied Matters Act 2020.

On 7 February 2022, the Group incorporated a subsidiary, Seplat Energy Offshore Limited. The Company was incorporated for oil and gas exploration and production.

The Company together with its subsidiaries as shown below are collectively referred to as the Group.

Subsidiary	Date of incorporation	Country of incorporation and place of business	Percentage holding	Principal activities	Nature of holding
Newton Energy Limited	1 June 2013	Nigeria	99.9%	Oil & gas exploration and production	Direct
Seplat Energy UK Limited	21 August 2014	United Kingdom	100%	Corporate, technical, liaison and administrative support services relating to oil & gas exploration and production	Direct
Seplat Gas Company Limited	12 December 2014	Nigeria	99.9%	Oil & gas exploration and production and gas processing	Direct
Seplat East Onshore Limited	12 December 2014	Nigeria	99.9%	Oil & gas exploration and production	Direct
Seplat East Swamp Company Limited	12 December 2014	Nigeria	99.9%	Oil & gas exploration and production	Direct
Seplat West Limited	16 January 2018	Nigeria	99.9%	Oil & gas exploration and production	Direct
Eland Oil & Gas Limited	28 August 2009	United Kingdom	100%	Holding company	Direct
Eland Oil & Gas (Nigeria) Limited	11 August 2010	Nigeria	100%	Oil and Gas Exploration and Production	Indirect
Elcrest Exploration and Production Nigeria Limited	6 January 2011	Nigeria	45%	Oil and Gas Exploration and Production	Indirect
Westport Oil Limited	8 August 2011	Jersey	100%	Financing	Indirect
Tarland Oil Holdings Limited	16 July 2014	Jersey	100%	Holding Company	Indirect
Brineland Petroleum Limited	18 February 2013	Nigeria	49%	Dormant	Indirect
Elandale Nigeria Limited	17 January 2019	Nigeria	40%	Receive, store, handle, transport, deliver $ discharge petroleum and petroleum products	Indirect
Wester Ord Oil & Gas (Nigeria) Limited	18 July 2014	Nigeria	100%	Oil and Gas Exploration and Production	Indirect
Wester Ord Oil and Gas Limited	16 July 2014	Jersey	100%	Holding Company	Indirect
Destination Natural Resources Limited	-	Dubai	70%	Dormant	Indirect
Seplat Energy Offshore Limited	7 February 2022	Nigeria	100%	Oil and Gas exploration and production	Direct
MSP Energy Limited	27 March 2013	Nigeria	100%	Oil and Gas exploration and production	Direct

2. Significant changes in the current reporting period

The following significant changes occurred during the reporting period ended 30 June 2022:

- During the period, Seplat Energy Offshore Limited was incorporated on 7 February 2022. The percentage ownership of the Company is 100%.
- The Group made a deposit of ₦53.3 million to Exxon Mobil Corporation, Delaware as part of the consideration to acquire the entire share capital of Mobil Producing Nigeria Unlimited. The completion of the transaction is subject to ministerial consent and other required regulatory approvals.
- On 22 April 2022, the Company announced the appointment of three new directors as Independent Non-Executive Directors of Seplat Energy Plc, resumption took effect on 18 May 2022. The three new directors are Mrs. Bashirat Odunewu, Mr. Kazeem Raimi and Mr. Ernest Ebi.
- The Group signed a contract with Solewant Nigeria Limited in 2013 for the provision of coating services on line pipes. Solewant proceeded to subcontract the service to Adamac Pipes and Coating Services. Over the course of the contract between Solewant and Adamac, financial discords arose. The line pipes are currently being held by Adamac pending ongoing litigations. Due to these pending litigations and rising concerns over recoverability of the pipes, Seplat made a ₦1.3 billion (30%) impairment on the Line pipes in 2020 and have decided to impair the balance of ₦3.5 billion in the current reporting period.

3. Summary of significant accounting policies

3.1 Introduction to summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these interim condensed consolidated financial statements. These accounting policies have been applied to all the periods presented, unless otherwise stated. The interim financial statements are for the Group consisting of Seplat Energy Plc and its subsidiaries.

3.2 Basis of preparation

The interim condensed consolidated financial statements of the Group for the first quarter ended 30 June 2022 have been prepared in accordance with the accounting standard IAS 34 Interim financial reporting. This interim condensed consolidated financial statement does not include all the notes normally included in an annual financial statement of the Group. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2021 and any public announcements made by the Group during the interim reporting period.

The financial statements have been prepared under the going concern assumption and historical cost convention, except for financial instruments measured at fair value on initial recognition, derivative financial instruments and defined benefit plans – plan assets measured at fair value. The financial statements are presented in Nigerian Naira and all values are rounded to the nearest million (₦'million), except when otherwise indicated.

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

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

3.3 New and amended standards adopted by the Group

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

a) Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

In accordance with the transitional provisions, the Group applies the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application) and has not restated its comparative information.

b) Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no contingent assets, liabilities and contingent liabilities within the scope of these amendments arisen during the period.

c) Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

d) IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as it is not a first-time adopter.

e) IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no modifications of the Group's financial instruments during the period.

3.4 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's interim financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. Details of these new standards and interpretations are set out below:

- IFRS 17 Insurance Contracts - Effective for annual periods beginning on or after 1 January 2023
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current - Effective for annual periods beginning on or after 1 January 2024
- Amendments to IAS 8 Accounting Policies and Accounting Estimates: Definition of Accounting Estimates - Effective date for annual periods beginning on or after 1 January 2023
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2- Effective date for annual periods beginning on or after 1 January 2023
- Amendments regarding deferred tax on leases and decommissioning obligations - Effective date for annual periods beginning on or after 1 January 2023

3.5 Basis of consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2022.

This basis of consolidation is the same adopted for the last audited financial statements as at 31 December 2021.

3.6 Functional and presentation currency

Items included in the financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which the subsidiaries operate ('the functional currency'), which is the US dollar except the UK subsidiary which is the Great Britain Pound. The interim condensed consolidated financial statements are presented in Nigerian Naira.

a) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end are generally recognised in profit or loss. They are deferred in equity if attributable to net investment in foreign operations.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

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

b) Group companies

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

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

On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

4. Significant accounting judgements estimates and assumptions

4.1 Judgements

Management judgements at the end of the first quarter are consistent with those disclosed in the 2021 Annual financial statements. The following are some of the judgements which have the most significant effect on the amounts recognised in this interim consolidated financial statement.

a) OMLs 4, 38 and 41

OMLs 4 and 38 and 41 are grouped together as a cash generating unit for the purpose of impairment testing. These three OMLs are grouped together because they each cannot independently generate cash flows. They currently operate as a single block sharing resources for generating cash flows. Crude oil and gas sold to third parties from these OMLs are invoiced when the Group has an unconditional right to receive payment.

b) Deferred tax asset

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable.

c) Lease liabilities

In 2018, the Group entered into a lease agreement for its new head office building. The lease contract contains an option to purchase and right of first refusal upon an option of sales during the initial non-cancellable lease term of five (5) years.

In determining the lease liability/right-of-use assets, management considered all fact and circumstances that create an economic incentive to exercise the purchase option. Potential future cash outflow of $45 million (Seplat's 45% share of $100 million), which represents the purchase price, has not been included in the lease liability because the Group is not reasonably certain that the purchase option will be exercised. This assessment will be reviewed if a significant event or a significant change in circumstances occurs which affects the initial assessment and that is within the control of the management.

d) Foreign currency translation reserve

The Group has used the CBN rate to translate its Dollar currency to its Naira presentation currency. Management has determined that this rate is available for immediate delivery. If the rate used was 10% higher or lower, revenue in Naira would have increased/decreased by ₦22 billion, (2021: ₦12 billion).

e) Consolidation of Elcrest

On acquisition of 100% shares of Eland Oil and Gas Plc, the Group acquired indirect holdings in Elcrest Exploration and Production (Nigeria) Limited. Although the Group has an indirect holding of 45% in Elcrest, Elcrest has been consolidated as a subsidiary for the following basis:

- Eland Oil and Gas Plc has power over Elcrest through due representation of Eland in the board of Elcrest, and clauses contained in the Share Charge agreement and loan agreement which gives Eland the right to control 100% of the voting rights of shareholders.
- Eland Oil and Gas Plc is exposed to variable returns from the activities of Elcrest through dividends and interests.
- Eland Oil and Gas Plc has the power to affect the amount of returns from Elcrest through its right to direct the activities of Elcrest and its exposure to returns.

f) Revenue recognition

Performance obligations

The judgments applied in determining what constitutes a performance obligation will impact when control is likely to pass and therefore when revenue is recognised i.e., over time or at a point in time. The Group has determined that only one performance obligation exists in oil contracts which is the delivery of crude oil to specified ports. Revenue is therefore recognised at a point in time.

For gas contracts, the performance obligation is satisfied through the delivery of a series of distinct goods. Revenue is recognised over time in this situation as gas customers simultaneously receive and consume the benefits provided by the Group's performance. The Group has elected to apply the 'right to invoice' practical expedient in determining revenue from its gas contracts. The right to invoice is a measure of progress that allows the Group to recognise revenue based on amounts invoiced to the customer. Judgement has been applied in evaluating that the Group's right to consideration corresponds directly with the value transferred to the customer and is therefore eligible to apply this practical expedient.

Significant financing component

The Group has entered into an advance payment contract with Mercuria for future crude oil to be delivered. The Group has considered whether the contract contains a financing component and whether that financing component is significant to the contract, including both of the following;

a) The difference, if any, between the amount of promised consideration and cash selling price and;

b) The combined effect of both the following:

- The expected length of time between when the Group transfers the crude to Mercuria and when payment for the crude is received and;
- The prevailing interest rate in the relevant market.

The advance period is greater than 12 months. In addition, the interest expense accrued on the advance is based on a comparable market rate. Interest expense has therefore been included as part of finance cost.

Transactions with Joint Operating arrangement (JOA) partners

The treatment of underlift and overlift transactions is judgmental and requires a consideration of all the facts and circumstances including the purpose of the arrangement and transaction. The transaction between the Group and its JOA partners involves sharing in the production of crude oil, and for which the settlement of the transaction is non-monetary. The JOA partners have been assessed to be partners not customers. Therefore, shortfalls or excesses below or above the Group's share of production are recognised in other income/ (expenses) - net.

Exploration and evaluation assets

The accounting for exploration and evaluation ('E&E') assets require management to make certain judgements and assumptions, including whether exploratory wells have discovered economically recoverable quantities of reserves. Designations are sometimes revised as new information becomes available. If an exploratory well encounters hydrocarbon, but further appraisal activity is required in order to conclude whether the hydrocarbons are economically recoverable, the well costs remain capitalised as long as sufficient progress is being made in assessing the economic and operating viability of the well. Criteria used in making this determination include evaluation of the reservoir characteristics and hydrocarbon properties, expected additional development activities, commercial evaluation and regulatory matters. The concept of 'sufficient progress' is an area of judgement, and it is possible to have exploratory costs remain capitalised for several years while additional drilling is performed or the Group seeks government, regulatory or partner approval of development plans.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Board of directors has appointed a steering committee which assesses the financial performance and position of the Group and makes strategic decisions. The steering committee, which has been identified as being the chief operating decision maker, consists of the chief financial officer, the Vice President (Finance), the Director (New Energy) and the financial reporting manager. See further details in note 6.

4.2 Estimates and assumptions

The key assumptions concerning the future and the other key source of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are disclosed in the most recent 2021 annual financial statements.

The following are some of the estimates and assumptions made.

a) Defined benefit plans

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. The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers market yield on federal government bonds in currencies consistent with the currencies of the post-employment benefit obligation and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation.

The rates of mortality assumed for employees are the rates published in 67/70 ultimate tables, published jointly by the Institute and Faculty of Actuaries in the UK.

b) 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 for estimating decommissioning liabilities 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.

c) Share-based payment reserve

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 award 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 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.

d) Provision for decommissioning obligations

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.

e) Property, plant and equipment

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 recognise significant impairment charges. The assessment for impairment entails comparing the carrying value of the cash-generating unit with its recoverable amount, that is, higher of fair value less cost to dispose and 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.

The Group uses the higher of the fair value less cost to dispose and the value in use in determining the recoverable amount of the cash-generating unit. In determining the value, the Group uses a forecast of the annual net cash flows over the life of proved plus probable reserves, production rates, oil and gas prices, future costs (excluding (a) future restructurings to which the entity is not yet committed; or (b) improving or enhancing the asset's performance) and other relevant assumptions based on the year end Competent Persons Report (CPR). The pre-tax future cash flows are adjusted for risks specific to the forecast and discounted using a pre-tax discount rate which reflects both current market assessment of the time value of money and risks specific to the asset.

Management considers whether a reasonable possible change in one of the main assumptions will cause an impairment and believes otherwise.

f) Useful life of other property, plant and equipment

The Group recognises depreciation on other property, plant and equipment on a straight-line basis in order to write-off the cost of the asset over its expected useful life. The economic life of an asset is determined based on existing wear and tear, economic and technical ageing, legal and other limits on the use of the asset, and obsolescence. If some of these factors were to deteriorate materially, impairing the ability of the asset to generate future cash flow, the Group may accelerate depreciation charges to reflect the remaining useful life of the asset or record an impairment loss.

g) Income taxes

The Group is subject to income taxes by the Nigerian tax authority, which does not require significant judgement in terms of provision for income taxes, but a certain level of judgement is required for recognition of 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.

h) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default, expected loss rates and maximum contractual period. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

i) Intangible assets

The contract based intangible assets (licence) were acquired as part of a business combination. They are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line bases over their estimated useful lives which is also the economic life of the asset.

The fair value of contract based intangible assets is estimated using the multi period excess earnings method. This requires a forecast of revenue and all cost projections throughout the useful life of the intangible assets. A contributory asset charge that reflects the return on assets is also determined and applied to the revenue but subtracted from the operating cash flows to derive the pre-tax cash flow. The post-tax cashflows are then obtained by deducting out the tax using the effective tax rate.

Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and 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.

5. Financial risk management

5.1 Financial risk factors

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

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

Risk	Exposure arising from	Measurement	Management
Market risk – foreign exchange	Future commercial transactions Recognised financial assets and liabilities not denominated in US dollars.	Cash flow forecasting Sensitivity analysis	Match and settle foreign denominated cash inflows with foreign denominated cash outflows.
Market risk – interest rate	Interest bearing loans and borrowings at variable rate	Sensitivity analysis	Review refinancing opportunities
Market risk – commodity prices	Future sales transactions	Sensitivity analysis	Oil price hedges
Credit risk	Cash and bank balances, contract assets, trade receivables and derivative financial instruments.	Aging analysis Credit ratings	Diversification of bank deposits.
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

5.1.1 Credit risk

Credit risk refers to the risk of a counterparty defaulting on its contractual obligations resulting in financial loss to the Group. Credit risk arises from cash and bank balances as well as credit exposures to customers (i.e. Mercuria, Shell western, Pillar, Azura, Geregu Power, Sapele Power and Nigerian Gas Marketing Company (NGMC) receivables), and other parties (i.e. NAPIMS receivables, NPDC receivables and other receivables).

a) Risk management

The Group is exposed to credit risk from its sale of crude oil to Mercuria and Shell western. There is a 30-day payment term after Bill of Lading date in the off-take agreement with Mercuria (OMLs 4, 38 &41) which expires in September 2022. The Group also has an off-take agreement with Shell Western Supply and Trading Limited which expires in September 2023. The Group is exposed to further credit risk from outstanding cash calls from Nigerian Petroleum Development Company (NPDC) and Nigerian National Petroleum Corporation (NNPC).

In addition, the Group is exposed to credit risk in relation to its sale of gas to its customers.

The credit risk on cash and cash balances is managed through the diversification of banks in which the balances are held. The risk is limited because the majority of deposits are with banks that have an acceptable credit rating assigned by an international credit agency. The Group's maximum exposure to credit risk due to default of the counterparty is equal to the carrying value of its financial assets.

b) Estimation uncertainty in measuring impairment loss

The table below shows information on the sensitivity of the carrying amounts of the Group's financial assets to the methods, assumptions and estimates used in calculating impairment losses on those financial assets at the end of the reporting period. These methods, assumptions and estimates have a significant risk of causing material adjustments to the carrying amounts of the Group's financial assets.

i. Significant unobservable inputs

The table below demonstrates the sensitivity of the Group's profit before tax to movements in the loss given default (LGD) for financial assets, with all other variables held constant:

	Effect on profit before tax	Effect on other components of equity before tax
	30 June 2022	30 June 2022
	N'million	N'million
Increase/decrease in loss given default		
+10%	(66)	-
-10%	66	-

	Effect on profit before tax	Effect on other components of equity before tax
	31 Dec 2021	31 Dec 2021
	N'million	N'million
Increase/decrease in loss given default		
+10%	(717)	-
-10%	717	-

The table below demonstrates the sensitivity of the Group's profit before tax to movements in probabilities of default, with all other variables held constant:

	Effect on profit before tax	Effect on other components of equity before tax
	30 June 2022	30 June 2022
	N'million	N'million
Increase/decrease in probability of default		
+10%	(68)	-
-10%	68	-

	Effect on profit before tax	Effect on other components of equity before tax
	31 Dec 2021	31 Dec 2021
	N'million	N'million
Increase/decrease in probability of default		
+10%	(679)	-
-10%	679	-

The table below demonstrates the sensitivity of the Group's profit before tax to movements in the forward-looking macroeconomic indicators, with all other variables held constant:

	Effect on profit before tax	Effect on other components of equity before tax
	30 June 2022	30 June 2022
	N'million	N'million
Increase/decrease in forward looking macroeconomic indicators		
+10%	(366)	-
-10%	366	-

	Effect on profit before tax	Effect on other components of equity before tax
	31 Dec 2021	31 Dec 2021
	N'million	N'million
Increase/decrease in forward looking macroeconomic indicators		
+10%	(19)	-
-10%	19	-

5.1.2 Liquidity risk

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

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

	Effective interest rate	Less than 1 year	1 – 2 year	2 – 3 years	3 – 5 years	Total
	%	₦ million	₦ million	₦ million	₦ million	₦ million
30 June 2022						
Non – derivatives						
Fixed interest rate borrowings						
Senior notes	7.75%	**10,758**	**21,226**	**21,284**	**302,002**	**355,270**
Variable interest rate borrowings						
Mauritius Commercial Bank Ltd	8.00% + USD LIBOR	2,916	5,514	6,295	4,636	19,361
Stanbic IBTC Bank Plc	8.00% + USD LIBOR	2,976	5,628	6,426	4,733	19,763
Standard Bank of South Africa Limited	8.00% + USD LIBOR	1,701	3,216	3,672	2,705	11,294
First City Monument Bank Limited	8.00% + USD LIBOR	759	1,436	1,640	1,207	5,042
Shell Western Supply and Trading Limited	10.5% + USD LIBOR	723	915	865	4,046	6,549
Total variable interest borrowings		**9,075**	**16,709**	**18,898**	**17,327**	**62,009**
Other non – derivatives						
Trade and other payables**		156,149	-	-	-	156,149
Lease liability		1,967	66	28	-	2,061
		158,116	**66**	**28**	**-**	**158,210**
Total		**177,949**	**38,001**	**40,210**	**319,329**	**575,489**

	Effective interest rate	Less than 1 year	1 – 2 year	2 – 3 years	3 – 5 years	Total
	%	₦ million	₦ million	₦ million	₦ million	₦ million
31 December 2021						
Non – derivatives						
Fixed interest rate borrowings						
Senior notes	7.75%	**20,751**	**20,751**	**20,751**	**298,881**	**361,134**
Variable interest rate borrowings						
Mauritius Commercial Bank Ltd	8.00% + USD LIBOR	1,298	4,390	6,456	7,650	19,794
Stanbic IBTC Bank Plc	8.00% + USD LIBOR	1,324	4,481	6,590	7,810	20,205
Standard Bank of South Africa Limited	8.00% + USD LIBOR	757	2,561	3,766	4,463	11,547
First City Monument Bank Limited	8.00% + USD LIBOR	338	1,143	1,681	1,992	5,154
Shell Western Supply and Trading Limited	10.5% + USD LIBOR	486	924	876	4,422	6,708
Total variable interest borrowings		**4,203**	**13,499**	**19,369**	**26,337**	**63,408**
Other non – derivatives						
Trade and other payables**		151,204	-	-	-	151,204
Lease liability		1,950	66	28	-	2,044
		153,154	66	28	-	153,248
Total		**178,108**	**34,316**	**40,148**	**325,218**	**577,790**

**Trade and other payables (exclude non-financial liabilities such as provisions, taxes, pension and other non-contractual payables).

5.1.3 Fair value measurements

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

	Carrying amount		Fair value	
	As at 30 June 2022	As at 31 Dec 2021	As at 30 June 2022	As at 31 Dec 2021
	₦ million	₦ million	₦ million	₦ million
Financial assets at amortised cost				
Trade and other receivables*	140,491	78,869	140,491	78,869
Contract assets	3,351	1,679	3,351	1,679
Cash and bank balances	145,476	133,667	145,476	133,667
	289,318	**214,215**	**289,318**	**214,215**
Financial liabilities at amortised cost				
Interest bearing loans and borrowings	319,433	315,791	310,179	307,447
Trade and other payables**	136,339	136,619	136,339	136,620
	455,772	**452,410**	**446,518**	**444,067**
Financial liabilities at fair value				
Derivative financial instruments (Note 20)	1,214	1,543	1,214	1,543
	1,214	**1,543**	**1,214**	**1,543**

* Trade and other receivables exclude Geregu power, Sapele power, NGMC VAT receivables, cash advances and advance payments.

** Trade and other payables (excluding non-financial liabilities such as provisions, taxes, pension and other non-contractual payables), trade and other receivables (excluding non-financial assets), contract assets and cash and bank balances are financial instruments whose carrying amounts as per the financial statements approximate their fair values. This is mainly due to their short-term nature.

5.1.4 Fair Value Hierarchy

As at the reporting period, the Group had classified its financial instruments into the three levels prescribed under the accounting standards. There were no transfers of financial instruments between fair value hierarchy levels during the reporting period.

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

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.

Recurring fair value measurements

Financial liabilities

	Level 1	Level 2	Level 3
30 June 2022	₦ million	₦ million	₦ million
Financial liabilities:			
Derivative financial instruments	-	**1,214**	-
	-	**1,214**	**-**

	Level 1	Level 2	Level 3
31 Dec 2021	₦ million	₦ million	₦ million
Financial liabilities:			
Derivative financial instruments	-	1,543	-
	-	**1,543**	**-**

The fair value of the Group's derivative financial instruments has been determined using a proprietary pricing model that uses marked to market valuation. The valuation represents the mid-market value and the actual close-out costs of trades involved. The market inputs to the model are derived from observable sources. Other inputs are unobservable but are estimated based on the market inputs or by using other pricing models. The derivative financial instruments are in level 2.

The valuation process

The finance & planning team of the Group performs the valuations of financial and non-financial assets required for financial reporting purposes. This team reports directly to the General Manager (GM) Commercial who reports to the Chief Financial Officer (CFO) and the Audit Committee (AC). Discussions of valuation processes and results are held between the GM and the valuation team at least once every quarter, in line with the Group's quarterly reporting periods.

6. Segment reporting

Business segments are based on the Group's internal organisation and management reporting structure. The Group's business segments are the two core businesses: Oil and Gas. The Oil segment deals with the exploration, development and production of crude oil while the Gas segment deals with the production and processing of gas. These two reportable segments make up the total operations of the Group.

For the period ended 30 June 2022, revenue from the gas segment of the business constituted 11% of the Group's revenue. Management is committed to continued growth of the gas segment of the business, including through increased investment to establish additional offices, create a separate gas business operational management team and procure the required infrastructure for this segment of the business. The gas business is positioned separately within the Group and reports directly to the chief operating decision maker. As the gas business segment's revenues, results and cash flows are largely independent of other business units within the Group, it is regarded as a separate segment.

The result is two reporting segments, Oil and Gas. There were no intersegment sales during the reporting periods under consideration, therefore all revenue was from external customers.

Amounts relating to the gas segment are determined using the gas cost centres, with the exception of depreciation. Depreciation relating to the gas segment is determined by applying a percentage which reflects the proportion of the Net Book Value of oil and gas properties that relates to gas investment costs (i.e., cost for the gas processing facilities).

The Group accounting policies are also applied in the segment reports.

6.1 Segment profit disclosure

	Half year ended 30 June 2022	Half year ended 30 June 2021	3 Months ended 30 June 2022	3 Months ended 30 June 2021
	₦'million	₦'million	₦'million	₦'million
Oil	23,079	1,016	20,679	(2,879)
Gas	12,366	13,102	6,476	7,548
Total profit for the period	**35,445**	**14,118**	**27,155**	**4,669**

Oil

	Half year ended 30 June 2022	Half year ended 30 June 2021	3 Months ended 30 June 2022	3 Months ended 30 June 2021
	₦'million	₦'million	₦'million	₦'million
Revenue from contract with customers				
Crude oil sales	195,160	95,487	105,205	48,335
Operating profit before depreciation, depletion Amortization and Impairment	118,910	49,388	69,859	29,296
Depreciation and impairment	(34,101)	(26,681)	(18,929)	(14,370)
Operating profit	**84,809**	**22,707**	**50,930**	**14,926**
Finance income	109	4	96	1
Finance costs	(14,893)	(18,519)	(7,162)	(12,128)
Profit before taxation	**70,025**	**4,192**	**43,864**	**2,799**
Income tax expense	(46,946)	(3,176)	(23,185)	(5,678)
Profit/(loss) for the period	**23,079**	**1,016**	**20,679**	**(2,879)**

Gas

	Half year ended 30 June 2022	Half year ended 30 June 2021	3 Months ended 30 June 2022	3 Months ended 30 June 2021
	₦'million	₦'million	₦'million	₦'million
Revenue from contract with customer				
Gas sales	24,043	24,957	13,380	14,179
Operating profit before depreciation, depletion, amortization and Impairment	17,742	20,511	8,874	11,399
Depreciation, amortization and impairment	(531)	(518)	(266)	(501)
Operating profit	**17,211**	**19,993**	**8,608**	**10,898**
Share of profit/(loss) from joint venture accounted for using equity accounting	57	41	109	(118)
Profit before taxation	**17,268**	**20,034**	**8,717**	**10,780**
Income tax expense	(4,902)	(6,932)	(2,241)	(3,232)
Profit for the period	**12,366**	**13,102**	**6,476**	**7,548**

6.1.1 Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of commodities at a point in time or over time and from different geographical regions.

	Half year ended 30 June 2022	Half year ended 30 June 2022	Half year ended 30 June 2022	Half year ended 30 June 2021	Half year ended 30 June 2021	Half year ended 30 June 2021
	Oil	Gas	Total	Oil	Gas	Total
	₦'million	₦'million	₦'million	₦'million	₦'million	₦'million
Geographical markets						
The Bahamas	24,165	-	24,165	7,102	-	7,102
Nigeria	19,776	24,043	43,819	-	24,957	24,957
Italy	775	-	775	3,708	-	3,708
Switzerland	145,557	-	145,557	80,655	-	80,655
Barbados	4,887	-	4,887	4,022	-	4,022
Revenue from contract with customers	**195,160**	**24,043**	**219,203**	**95,487**	**24,957**	**120,444**
Timing of revenue recognition						
At a point in time	195,160	-	195,160	95,487	-	95,487
Over time	-	24,043	24,043	-	24,957	24,957
Revenue from contract with customers	**195,160**	**24,043**	**219,203**	**95,487**	**24,957**	**120,444**

	3 Months ended 30 June 2022	3 Months ended 30 June 2022	3 Months ended 30 June 2022	3 Months ended 30 June 2021	3 Months ended 30 June 2021	3 Months ended 30 June 2021
	Oil	Gas	Total	Oil	Gas	Total
	₦'million	₦'million	₦'million	₦'million	₦'million	₦'million
Geographical markets						
The Bahamas	14,143	-	**14,143**	184	-	**184**
Nigeria	11,891	13,380	**25,271**	-	14,179	**14,179**
Italy	775		**775**	2,664	-	**2,664**
Switzerland	75,993	-	**75,993**	45,090	-	**45,090**
Barbados	2,403	-	**2,403**	397	-	**397**
Revenue from contract with customers	**105,205**	**13,380**	**118,585**	**48,335**	**14,179**	**62,514**
Timing of revenue recognition						
At a point in time	105,205	-	**105,205**	48,335	-	**48,335**
Over time	-	13,380	**13,380**	-	14,179	**14,179**
Revenue from contract with customers	**105,205**	**13,380**	**118,585**	**48,335**	**14,179**	**62,514**

The Group's transactions with its major customer, Mercuria, constitutes more than 70% (₦145.6 billion) of the total revenue from the oil segment and the Group as a whole. Also, the Group's transactions with Geregu Power, Sapele Power, NGMC and Azura (₦24 billion) accounted for the total revenue from the gas segment.

6.1.2 Impairment loss on financial assets by reportable segments

	Half year ended 30 June 2022	Half year ended 30 June 2022	Half year ended 30 June 2022	Half year ended 30 June 2021	Half year ended 30 June 2021	Half year ended 30 June 2021
	Oil	Gas	Total	Oil	Gas	Total
	₦'million	₦'million	₦'million	₦'million	₦'million	₦'million
Impairment loss	(243)	(2,409)	**(2,652)**	(267)	(20)	**(287)**
	(243)	**(2,409)**	**(2,652)**	**(267)**	**(20)**	**(287)**

	3 Months ended 30 June 2022	3 Months ended 30 June 2022	3 Months ended 30 June 2022	3 Months ended 30 June 2021	3 Months ended 30 June 2021	3 Months ended 30 June 2021
	Oil	Gas	Total	Oil	Gas	Total
	₦'million	₦'million	₦'million	₦'million	₦'million	₦'million
Impairment loss	(161)	(1,982)	**(2,143)**	(15)	(3)	**(18)**
	(161)	**(1,982)**	**(2,143)**	**(15)**	**(3)**	**(18)**

6.1.3 Impairment loss on non-financial assets by reportable segments

	Half year ended 30 June 2022	Half year ended 30 June 2022	Half year ended 30 June 2022	Half year ended 30 June 2021	Half year ended 30 June 2021	Half year ended 30 June 2021
	Oil	Gas	Total	Oil	Gas	Total
	₦'million	₦'million	₦'million	₦'million	₦'million	₦'million
Impairment loss	(3,532)	-	**(3,532)**	-	-	-
	(3,532)	**-**	**(3,532)**	**-**	**-**	**-**

	3 Months ended 30 June 2022	3 Months ended 30 June 2022	3 Months ended 30 June 2022	3 Months ended 30 June 2021	3 Months ended 30 June 2021	3 Months ended 30 June 2021
	Oil	Gas	Total	Oil	Gas	Total
	₦'million	₦'million	₦'million	₦'million	₦'million	₦'million
Impairment loss	(3,532)	-	**(3,532)**	-	-	-
	(3,532)	**-**	**(3,532)**	**-**	**-**	**-**

6.2 Segment assets

Segment assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the reporting segment and the physical location of the asset. The Group had no non-current assets domiciled outside Nigeria.

	Oil	Gas	**Total**
Total segment assets	₦'million	₦'million	₦'million
30 June 2022	**1,158,718**	**244,571**	**1,403,289**
31 December 2021	1,093,540	209,549	**1,303,089**

6.3 Segment liabilities

Segment liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

	Oil	Gas	**Total**
Total segment liabilities	₦'million	₦'million	₦'million
30 June 2022	**526,067**	**144,719**	**670,786**
31 December 2021	475,197	124,528	**599,725**

7. Revenue from contracts with customers

	Half year ended 30 June 2022	Half year ended 30 June 2021	3 months ended 30 June 2022	3 months ended 30 June 2021
	₦ million	₦ million	₦ million	₦ million
Crude oil sales	195,160	95,487	105,205	48,335
Gas sales	24,043	24,957	13,380	14,179
	219,203	**120,444**	**118,585**	**62,514**

The major off takers for crude oil are Mercuria and Shell West. The major off takers for gas are Geregu Power, Sapele Power, Nigerian Gas Marketing Company and Azura.

8. Cost of sales

	Half year ended 30 June 2022	Half year ended 30 June 2021	3 months ended 30 June 2022	3 months ended 30 June 2021
	₦ million	₦ million	₦'million	₦'million
Royalties	45,242	24,739	24,359	13,946
Depletion, depreciation and amortisation	29,296	25,175	15,213	13,427
Crude handling fees	8,462	11,611	3,092	6,862
Nigeria Export Supervision Scheme (NESS) fee	204	122	114	67
Niger Delta Development Commission Levy	2,246	1,152	1,053	175
Barging/Trucking	2,589	1,851	1,359	1,027
Operational & maintenance expenses	17,057	21,114	8,121	12,389
	105,096	**85,764**	**53,311**	**47,893**

Operational & maintenance expenses mainly relates to maintenance costs, warehouse operations expenses, security expenses, community expenses, clean-up costs, fuel supplies and catering services. Also included in operational and maintenance expenses is gas flare penalty of **₦**1.3 billion (2021: **₦**1.6 billion).

Barging and Trucking costs relates to costs on the OML 40 Gbetiokun field and OML 17 Ubima field respectively under Eland Group.

9. Other income

	Half year ended 30 June 2022	Half year ended 30 June 2021	3 months ended 30 June 2022	3 months ended 30 June 2021
	₦ million	₦'million	₦ million	₦'million
Underlift	17,759	23,351	12,093	20,236
Gain/(loss) on foreign exchange	2,456	(392)	4,973	(506)
Loss on disposal of oil and gas asset	(5,437)	-	(5,437)	-
Tariffs	329	543	143	(1,984)
Others	479	2,156	104	2,131
	15,586	**25,658**	**11,876**	**19,877**

Underlifts are shortfalls of crude lifted below the share of production. It may exist when the crude oil lifted by the Group during the period is less than its ownership share of production. The shortfall is initially measured at the market price of oil at the date of lifting and recognised as other income. At each reporting period, the shortfall is remeasured at the current market value. The resulting change, as a result of the remeasurement, is also recognised in profit or loss as other income.

Gains/(loss) on foreign exchange are principally as a result of translation of Naira, Pounds and Euro denominated monetary assets and liabilities.

Others relate to income from JV billing interests and finance fees from ANOH Gas.

Tariffs which is a form of crude handling fee, relate to income generated from the use of the Group's pipeline.

10. General and administrative expenses

	Half year ended 30 June 2022	Half year ended 30 June 2021	3 months ended 30 June 2022	3 months ended 30 June 2021
	₦ million	₦'million	₦ million	₦'million
Depreciation and amortisation	879	1,033	444	501
Depreciation of right-of-use assets	925	704	515	389
Professional and consulting fees	2,418	2,301	1,446	1,213
Auditor's renumeration	143	48	143	54
Directors' emoluments (executive)	305	242	(14)	(21)
Directors' emoluments (non-executive)	1,088	980	527	432
Employee benefits	8,610	7,405	4,178	3,974
Share-based benefits	510	887	510	343
Flights and other travel costs	2,496	489	1,794	291
Rentals	1,906	124	1,824	118
	19,280	**14,213**	**11,367**	**7,294**

Directors' emoluments have been split between executive and non-executive directors.

11. Impairment loss

	Half year ended 30 June 2022	Half year ended 30 June 2021	3 months ended 30 June 2022	3 months ended 30 June 2021
	₦ million	₦ million	₦ million	₦ million
Impairment loss on financial assets (Note 11.1)	2,652	287	2,143	18
Impairment loss on non-financial assets (Note 11.2)	3,532	-	3,532	-
	6,184	**287**	**5,675**	**18**

11.1 Impairment losses on financial assets

	Half year ended 30 June 2022	Half year ended 30 June 2021	3 months ended 30 June 2022	3 months ended 30 June 2021
	₦ million	₦ million	₦ million	₦ million
Impairment loss on trade receivables	2,357	276	1,932	15
Impairment loss on other financial assets	295	11	211	3
	2,652	**287**	**2,143**	**18**

11.2 Impairment losses on non-financial assets

	Half year ended 30 June 2022	Half year ended 30 June 2021	3 months ended 30 June 2022	3 months ended 30 June 2021
	₦ million	₦ million	₦ million	₦ million
Impairment loss on non-financial assets	3,532	-	3,532	-
	3,532	**-**	**3,532**	**-**

During the period, the Group recognized impairment loss of ₦3.5 billion for long outstanding line pipes. We expect the loss to reverse once the recoveries are secured.

12. Fair value (loss)/gain

	Half year ended 30 June 2022	Half year ended 30 June 2021	3 months ended 30 June 2022	3 months ended 30 June 2021
	₦ million	₦ million	₦ million	₦ million
Unrealised fair value (loss)/gain on derivatives	(265)	(1,359)	631	(145)
Realised fair value loss on derivatives	(1,944)	(1,779)	(1,201)	(1,217)
	(2,209)	**(3,138)**	**(570)**	**(1,362)**

Fair value (loss)/gain on derivatives represents changes arising from the valuation of the crude oil economic hedge contracts charged to profit or loss.

13. Finance income/(cost)

	Half year ended 30 June 2022	Half year ended 30 June 2021	3 months ended 30 June 2022	3 months ended 30 June 2021
	₦ million	₦ million	₦ million	₦ million
Finance income				
Interest income	109	4	96	1
Finance cost				
Interest on bank loans	(14,345)	(18,323)	(6,877)	(12,101)
Interest on lease liabilities	(61)	(5)	(41)	52
Unwinding of discount on provision for decommissioning	(487)	(191)	(244)	(79)
	(14,893)	**(18,519)**	**(7,162)**	**(12,128)**
Finance cost – net	**(14,784)**	**(18,515)**	**(7,066)**	**(12,127)**

Finance income represents interest on short-term fixed deposits.

14. Taxation

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the period to 30 June 2022 is 85% for crude oil activities and 30% for gas activities.

The effective tax rate for the period was 60% (2021: 42%)

The major components of income tax expense in the interim condensed consolidated statement.

	Half year ended 30 June 2022	Half year ended 30 June 2021	3 months ended 30 June 2022	3 months ended 30 June 2021
	₦ million	₦ million	₦ million	₦ million
Current tax:				
Current tax expense on profit for the period	12,480	4,699	6,133	2,134
Education tax	2,492	987	1,386	531
NASENI Levy	168	-	168	-
Police Levy	3	-	3	-
Total current tax	**15,143**	**5,686**	**7,690**	**2,665**
Deferred tax:				
Deferred tax expense in profit or loss	36,705	4,422	17,736	6,245
Total tax expense in statement of profit or loss	**51,848**	**10,108**	**25,426**	**8,910**

14.1 Deferred tax

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

	Balance as at 31 Dec 2021	(Charged)/ credited to profit or loss	Exchange difference	Balance as at 30 June 2022
	₦ million	₦ million	₦ million	₦ million
Deferred tax asset	128,539	24,427	1,122	154,088
Deferred tax liabilities	(42,732)	(61,924)	(331)	(104,987)
	85,807	**(37,497)**	**791**	**49,101**

In line with IAS 12, the Group elected to offset the deferred tax assets against the deferred tax liabilities arising from similar transactions.

14.2 Deferred tax asset

	Balance as at 1 Jan 2022	(Charged)/ credited to profit or loss	Exchange difference	Balance as at 30 June 2022
	₦ million	₦ million	₦ million	₦ million
Tax losses	12,686	5,478	108	18,272
Other cumulative timing differences:				
Accelerated capital deduction	50,421	10,182	440	61,043
Other temporary differences*	19,398	764	172	20,333
Unrealised foreign exchange loss	7,055	(1,840)	65	5,280
Overlift	8,432	8,338	68	16,838
Impairment provision on trade and other receivables	30,547	1,505	270	32,322
	128,540	**24,427**	**1,122**	**154,088**

*Other temporary differences include provision for defined benefit, provision for Abandonment, share equity reserve.

During the period, the Group elected to offset the deferred tax assets against the deferred tax liabilities arising from similar transactions in line with IAS 12. This led to a deferred tax reclassification of ₦300 billion from the deferred tax liabilities to the deferred tax assets as at 1 January 2022.

14.3 Deferred tax liabilities

	Balance as at 1 Jan 2022	(Charged)/ credited to profit or loss	Exchange difference	Balance as at 30 June 2022
	₦ million	₦ million	₦ million	₦ million
Other cumulative timing differences:				
Property, plant & equipment	(35,570)	(45,096)	(280)	(80,946)
Leases	(1,409)	438	(12)	(983)
Underlift	(5,753)	(17,266)	(39)	(23,058)
	(42,732)	**(61,924)**	**(331)**	**(104,987)**

During the period, the Group elected to offset ₦300 billion from the deferred tax liabilities to the deferred tax assets as at 1 January 2022 in line with IAS 12. The net impact of the reclassification remains unchanged in the interim condensed consolidated statement of financial position.

15. Oil & Gas properties

During the six months ended 30 June 2022, the Group acquired assets amounting to ₦29.4 billion (Dec 2021: ₦54.6 billion).

16. Intangible Asset

	License	Total
Cost	₦ million	₦ million
At 1 January 2022	60,435	60,435
Additions	1,370	1,370
Exchange difference	536	536
At 30 June 2022	**62,341**	**62,341**
Amortisation		
At 1 January 2022	6,390	6,390
Charge for the period	642	642
Exchange difference	55	55
At 30 June 2022	**7,087**	**7,087**
Net Book Value (NBV)		
At 30 June 2022	**55,254**	**55,254**
At 31 December 2021	**54,045**	**54,045**

17. Investment accounted for using equity method

	30 June 2022	31 Dec 2021
	₦ million	₦ million
Investment in Joint venture (ANOH)	93,681	92,795
	93,681	**92,795**

18. Trade and other receivables

	30 June 2022	31 Dec 2021
	₦ million	₦ million
Trade receivables (Note 18.1)	20,642	25,923
Nigerian Petroleum Development Company (NPDC) receivables (Note 18.2)	23,465	34,571
Nigerian National Petroleum Corporation (NNPC) receivables	12,614	10,154
Underlift	27,950	20,657
Advances to suppliers	12,304	5,746
Receivables from ANOH	5,250	5,259
Other receivables (Note 18.3)	78,520	2,964
Total	**180,745**	**105,274**

18.1 Trade receivables

Included in trade receivables is an amount due from Geregu Power ₦8.7 billion (Dec 2021: ₦7.1 billion), Sapele Power ₦2.5 billion (Dec 2021: ₦2.4 billion) and Nigerian Gas Marketing Company (NGMC) ₦3.6 billion (Dec 2021: ₦3 billion) totaling ₦14.8 billion (Dec 2021: ₦12.5 billion) with respect to the sale of gas. Also included in trade receivables is an amount of ₦3.6 billion (Dec 2021: ₦3.04 billion) and nil (Dec 2021: ₦11.6 billion) due from Mecuria and Shell Western respectively for sale of crude.

18.2 NPDC receivables

The outstanding cash calls due to Seplat from its JOA partner, NPDC is ₦23.5 billion (Dec 2021: ₦ 34.6 billion).

18.3 Other receivables

Other receivables include a deposit of ₦53.3 billion transferred to Exxon Mobil Corporation, Delaware as part of the consideration to acquire the entire share capital of Mobil Producing Nigeria Unlimited as well as consideration of ₦5 billion paid to acquire Abiala farm-in. Also included in other receivables is an amount of ₦22.9 billion from All Grace Limited in relation to payments due on the Ubima field. All other receivables are amounts outside the usual operating activities of the Group.

18.4 Reconciliation of trade receivables

	30 June 2022	31 Dec 2021
	₦ million	₦ million
Gross exposure at default	31,400	34,698
Less: Impairment allowance	(10,758)	(8,775)
Net exposure at default	**20,642**	**25,923**

18.5 Reconciliation of NPDC receivables

	30 June 2022	31 Dec 2021
	₦ million	₦ million
Gross exposure at default	28,557	39,514
Less: Impairment allowance	(5,092)	(4,943)
Net exposure at default	**23,465**	**34,571**

18.6 Reconciliation of NNPC receivables

	30 June 2022	31 Dec 2021
	₦ million	₦ million
Gross exposure at default	13,441	10,819
Less: Impairment allowance	(827)	(665)
Net exposure at default	**12,614**	**10,154**

18.7 Reconciliation of other receivables

	30 June 2022	31 Dec 2021
	₦ million	₦ million
Gross exposure at default	97,354	21,632
Less: Impairment allowance	(18,834)	(18,668)
Net exposure at default	**78,520**	**2,964**

19. Contract assets

	30 June 2022	31 Dec 2021
	₦ million	₦ million
Revenue on gas sales	3,385	1,679
Less: Impairment loss on contract assets	(34)	-
	3,351	**1,679**

A contract asset is an entity's right to consideration in exchange for goods or services that the entity has transferred to a customer. The Group has recognised an asset in relation to a contract with Geregu power, Sapele power and NGMC for the delivery of gas supplies which the three Companies has received but which has not been invoiced as at the end of the reporting period.

The terms of payments relating to the contract is between 30- 45 days from the invoice date. However, invoices are raised after delivery between 14-21 days when the receivable amount has been established and the right to the receivables crystallizes. The right to the unbilled receivables is recognised as a contract asset. At the point where the final billing certificate is obtained from Geregu power, Sapele Power and NGMC authorising the quantities, this will be reclassified from contract assets to trade receivables.

19.1 Reconciliation of contract assets

The movement in the Group's contract assets is as detailed below:

	30 June 2022	31 Dec 2021
	₦'million	₦'million
Balance as at 1 January	1,679	2,343
Addition during the period	22,258	44,849
Receipts for the period	(20,566)	(45,662)
Price Adjustments	-	(24)
Impairment	(34)	-
Exchange difference	14	173
	3,351	**1,679**

20. Derivative financial instruments

The Group uses its derivatives for economic hedging purposes and not as speculative investments. Derivatives are measured at fair value through profit or loss. They are presented as current liability to the extent they are expected to be settled within 12 months after the reporting period.

The fair value has been determined using a proprietary pricing model which generates results from inputs. The market inputs to the model are derived from observable sources. Other inputs are unobservable but are estimated based on the market inputs or by using other pricing models.

	30 June 2022	31 Dec 2021
	₦'million	₦'million
Foreign currency options-crude oil hedges	1,214	1,543
	1,214	**1,543**

21. Cash and Cash equivalents

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

	30 June 2022	31 Dec 2021
	₦'million	₦'million
Cash on hand	37	5,916
Short-term fixed deposits	8,887	29,040
Cash at bank	136,654	98,812
Gross cash and cash equivalent	**145,578**	**133,768**
Loss allowance	(102)	(101)
Net Cash and cash equivalents	**145,476**	**133,667**

21.1 Restricted cash

	30 June 2022	31 Dec 2021
	₦'million	₦'million
Restricted cash (Current)	7,035	6,603
	7,035	**6,603**

Included in the restricted cash balance is ₦3.3 billion and ₦2.6 billion set aside in the stamping reserve account and debt service reserve account respectively for the revolving credit facility. The amount is to be used for the settlement of all fees and costs payable for the purposes of stamping and registering the Security Documents at the stamp duties office and at the Corporate Affairs Commission (CAC).

Also included in the restricted cash balance is ₦0.3 billion and ₦0.4 billion for rent deposit and unclaimed dividend respectively.

These amounts are subject to legal restrictions and are therefore not available for general use by the Group.

22. Share Capital

22.1 Authorised and issued share capital

	30 June 2022	31 Dec 2021
	₦'million	₦'million
Authorised ordinary share capital		
1,000,000,000 ordinary shares denominated in Naira of 50 kobo per share	500	500
Issued and fully paid		
584,035,845 (2021: 584,035,845) issued shares denominated in Naira of 50 kobo per share	296	296

Fully paid ordinary shares carry one vote per share and the right to dividends. There were no restrictions on the Group's share capital.

22.2 Movement in share capital and other reserves

	Number of shares	Issued share capital	Share Premium	Share based payment reserve	Treasury shares	Total
	Shares	₦'million	₦'million	₦'million	₦'million	₦'million
Opening balance as at 1 January 2022	584,035,845	296	90,383	4,914	(2,025)	93,568
Share based payments	-	-	-	510	-	510
Closing balance as at 30 June 2022	**584,035,845**	**296**	**90,383**	**5,424**	**(2,025)**	**94,078**

22.3 Employee share-based payment scheme

As at 30 June 2022, the Group had awarded 93,523,737 shares (Dec 2021: 73,966,540 shares) to certain employees and senior executives in line with its share-based incentive scheme. During the six months ended 30 June 2022, no shares were vested (Dec 2021: 7,151,098 shares).

22.4 Treasury shares

This relates to Share buy-back programme for Group's Long-Term Incentive Plan. The programme commenced from 1 March 2021 and are held by the Trustees under the Trust for the benefit of the Group's employee beneficiaries covered under the Trust.

23. Interest bearing loans and borrowings

23.1 Reconciliation of interest- bearing loans and borrowings

Below is the reconciliation on interest bearing loans and borrowings for 30 June 2022:

	Borrowings due within 1 year	Borrowings due above 1 year	Total
	₦ million	₦ million	₦ million
Balance as at 1 January 2022	24,988	290,803	315,791
Addition	-	-	-
Interest accrued	14,345	-	14,345
Interest capitalized	1,275	-	1,275
Principal repayment	-	-	-
Interest repayment	(10,871)	-	(10,871)
Other financing charges	(3,912)	-	(3,912)
Transfers	41	(41)	-
Exchange differences	221	2,584	2,805
Carrying amount as at 30 June 2022	**26,087**	**293,346**	**319,433**

Below is the reconciliation on interest bearing loans and borrowings for 31 December 2021:

	Borrowings due within 1 year	Borrowings due above 1 year	Total
	₦ million	₦ million	₦ million
Balance as at 1 January 2021	35,518	229,880	265,398
Additions	268,725	-	268,725
Interest accrued	29,765	-	29,765
Interest capitalized	4,995	-	4,995
Principal repayment	(240,291)	-	(240,291)
Interest repayment	(27,728)	-	(27,728)
Other financing charges	(8,154)	-	(8,154)
Transfers	(40,451)	40,451	-
Exchange differences	2,609	20,472	23,081
Carrying amount as at 31 December 2021	**24,988**	**290,803**	**315,791**

$650 million Senior notes – April 2021

In March 2021, the Group offered 7.75% senior notes with an aggregate principal of ₦266.6 billion due in April 2026. The notes, which were priced on 25 March and closed on 1 April 2021, were issued by the Group in March 2021 and guaranteed by certain of its subsidiaries.

The gross proceeds of the Notes were used to redeem the existing ₦133 billion 9.25% senior notes due in 2023, to repay in full drawings of ₦95 billion under the existing ₦133 billion revolving credit facility for general corporate purposes, and to pay transaction fees and expenses. The amortised cost for the senior notes as at the reporting period is ₦275 billion, although the principal is ₦270 billion.

$110 million Reserved based lending (RBL) facility – March 2021

The Group through its subsidiary Westport on 5th December 2019 entered into a five-year loan agreement with interest payable semi-annually. The RBL facility has an initial contractual interest rate of 8% +Libor as at half year (8.2%) and a settlement date of 29 November 2023.

The RBL is secured against the Group's producing assets in OML 40 via the Group's shares in Elcrest, and by way of a debenture which creates a charge over certain assets of the Group, including its bank accounts.

The available facility is capped at the lower of the available commitments and the borrowing base. The borrowing base is more than ₦38 billion, with the available commitments at ₦38 billion. The commitments were scheduled to reduce to ₦33.3 billion on 31 March 2021. The first reduction in the commitments occurred on 31st December 2019 in line with the commitment reduction schedule contained within the Facility Agreement. This resulted in the available commitments reducing from ₦45 billion to ₦40.6 billion, with a further reduction to ₦36.1 billion as at December 2020.

The RBL is secured against the Group's producing assets in OML 40 via the Group's shares in Elcrest, and by way of a debenture which creates a charge over certain assets of the Group, including its bank accounts.

The RBL has a maturity of five years, the repayments of principal are due on a semi-annual basis so that the outstanding balance of the RBL will not exceed the lower of (a) the borrowing base amount and (b) the total commitments. Interest rate payable under the RBL is LIBOR plus 8%, as long as more than 50% of the available facility is drawn.

On 4th February 2020 Westport drew down a further ₦3.6 billion increasing the debt utilised under the RBL from ₦32.4 billion to ₦36.1 billion.

The interest rate of the facility is variable. The interest accrued at the reporting period is ₦1.9 billion using an effective interest rate of 8.2%. The interest paid was determined using 6-month LIBOR rate + 8 % on the last business day of the reporting period.

On 17th March 2021, Westport signed an amendment and restatement agreement regarding the RBL. As part of the new agreement, the debt utilised and interest rate remain unchanged at ₦38 billion and 8% + LIBOR respectively, however, the maturity date was extended by either five years after the effective date of the loan (March 2026) or by the reserves tail date (expected to be March 2025). Due to the modification of the original agreement and based on the facts and circumstances, it was determined that the loan modifications were substantial. Therefore, the existing facility was derecognised, and a new liability was recognised, and the present value of the loan commitment was moved to long term liabilities (Borrowings due above 1 year).

On 24 May 2021 Westport drew down a further ₦4.1 billion increasing the debt utilised under the RBL from ₦36.1 billion to ₦40.2 billion. The amortised cost for this as at the reporting period is ₦40.7 billion, although the principal is ₦45.7 billion.

$50 million Reserved based lending facility – July 2021

In July 2021, the Group raised a $50 million offtake line to the Reserved Based Lending Facility. The Facility has a 6-year tenor, maturing in 2027. The amortised cost for this as at the reporting period is ₦3.6 billion, although the principal is 4.6 billion.

24. Trade and other payables

	30 June 2022	31 Dec 2021
	₦ million	₦ million
Trade payable	39,802	49,607
Accruals and other payables	63,762	67,630
NDDC levy	3,468	5,283
Royalties payable	29,307	14,100
Overlift payable	19,810	14,584
	156,149	**151,204**

Included in accruals and other payables are field-related accruals of ₦15.7 billion (Dec 2021: ₦34.4 billion), and other vendor payables of ₦23.9 billion (Dec 2021: ₦6.4 billion). Royalties payable include accruals in respect of crude oil and gas production for which payment is outstanding at the end of the period.

Overlifts are excess crude lifted above the share of production. It may exist when the crude oil lifted by the Group during the period is above its ownership share of production. Overlifts are initially measured at the market price of oil at the date of lifting and recognised in profit or loss. At each reporting period, overlifts are remeasured at the current market value. The resulting change, as a result of the remeasurement, is also recognised in profit or loss and any amount unpaid at the end of the reporting period is recognised in overlift payable.

25. Computation of cash generated from operations

	Half year ended	Half year ended
	30-Jun-22	30-Jun-21
	₦ million	₦ million
Profit before tax	87,293	24,226
Adjusted for:		
Depletion, depreciation and amortization	30,175	26,208
Depreciation of right-of-use asset	925	704
Impairment losses on financial assets	2,652	287
Impairment losses on non-financial assets	3,532	-
Loss on disposal of oil and gas asset	5,437	-
Interest income	(109)	(4)
Interest expense on bank loans	14,345	18,323
Interest on lease liabilities	61	5
Unwinding of discount on provision for decommissioning	487	191
Unrealised fair value loss on derivatives	265	1,359
Realised fair value loss on derivatives	1,944	1,779
Unrealised foreign exchange (gain)/loss	(2,456)	392
Share based payment expenses	510	887
Share of profit in joint venture	(57)	(41)
Defined benefit expenses	786	719
Changes in working capital:		
Trade and other receivables	(14,327)	5,357
Prepayments	(425)	(1,871)
Contract assets	(1,693)	(2,166)
Trade and other payables	3,606	(19,674)
Contract liabilities	-	-
Restricted Cash	(372)	(7,878)
Inventories	4,705	259
Net cash inflow from operating activities	**137,284**	**49,062**

26. Earnings per share (EPS)

Basic

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

Diluted

Diluted EPS is calculated by dividing the profit after taxation attributable to the ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the reporting period plus all the dilutive potential ordinary shares (arising from outstanding share awards in the share-based payment scheme) into ordinary shares.

	Half year ended 30 June 2022	Half year ended 30 June 2021	3 months ended 30 June 2022	3 months ended 30 June 2021
	₦ million	₦ million	₦ million	₦ million
Profit attributable to Equity holders of the parent	33,984	22,071	27,116	8,521
Profit/(loss) attributable to non-controlling interests	1,461	(7,953)	39	(3,852)
Profit for the period	**35,445**	**14,118**	**27,155**	**4,669**

	Half year ended 30 June 2022	Half year ended 30 June 2021	3 months ended 30 June 2022	3 months ended 30 June 2021
	Shares '000	Shares '000	Shares '000	Shares '000
Weighted average number of ordinary shares in issue	584,036	582,927	584,036	582,927
Outstanding share-based payments (shares)	2,801	5,518	2,801	5,518
Weighted average number of ordinary shares adjusted for the effect of dilution	**586,837**	**588,445**	**586,837**	**588,445**
Basic earnings per shares for the period	**₦**	**₦**	**₦**	**₦**
Total basic earnings per share attributable to the ordinary equity holders of the Group	58.19	37.86	46.43	14.62
Diluted earnings per shares	**₦**	**₦**	**₦**	**₦**
Total diluted earnings per share attributable to the ordinary equity holders of the Group	57.91	37.51	46.21	14.48
Profit used in determining basic/diluted earnings per share	**33,984**	**22,071**	**27,116**	**8,521**

The weighted average number of issued shares was calculated as a proportion of the number of months in which they were in issue during the reporting period.

27. Proposed dividend

The Group's directors proposed an interim dividend of 2.5 cents per share for the reporting period (2021: 2.5 cents).

28. Related party relationships and transactions

The Group is controlled by Seplat Energy Plc (the parent Company). The parent Company is owned 6.43% either directly or by entities controlled by A.B.C Orjiako (SPDCL(BVI)) and members of his family and 12.19% either directly or by entities controlled by Austin Avuru (Professional Support Limited and Platform Petroleum Limited). The remaining shares in the parent Company are widely held.

The goods and services provided by the related parties are disclosed below.

Shebah Petroleum Development Company Limited SPDCL ('BVI'): The company provided consulting services to Seplat. Services provided to the Group during the period amounted to ₦211.6 million (2021: ₦238.3 million).

29. Commitments and contingencies

29.1 Contingent liabilities

The Company is involved in a number of legal suits as defendant. The estimated value of the contingent liabilities is ₦7 billion (Dec 2021: ₦7.9 billion). The contingent liability for the reporting period is determined based on possible occurrences, though unlikely to occur. 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.

30. Reclassification

Certain comparative figures in note 6 and 14 have been reclassified in line with the current period's presentation.

31. Events after the reporting period

The Nigerian National Petroleum Company Limited initiated an action at the State High Court of the Federal Capital Territory in Abuja, Nigeria in relation to the entire shares of Mobil Producing Nigeria Unlimited ("MPNU"). On 6 July 2022, the State High Court made an ex-parte order of interim injunction restraining the shareholders of MPNU from completing any divestment in MPNU, including the Share Sale and Purchase Agreement signed with Seplat Energy Offshore Limited.

32. Exchange rates used in translating the accounts to Naira

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

	Basis	30 June 2022	30 June 2021	31 Dec 2021
		₦/$	₦/$	₦/$
Fixed assets – opening balances	Historical rate	Historical	Historical	Historical
Fixed assets - additions	Average rate	415.92	390.07	400.48
Fixed assets - closing balances	Closing rate	415.59	410.19	411.93
Current assets	Closing rate	415.59	410.19	411.93
Current liabilities	Closing rate	415.59	410.19	411.93
Equity	Historical rate	Historical	Historical	Historical
Income and Expenses:	Overall Average rate	415.92	390.07	400.48

Half Year Results

For the six months ended 30 June 2022

(Expressed in US Dollars)

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

For the half year ended 30 June 2022

	Notes	Half year ended 30 June 2022 Unaudited $'000	Half year ended 30 June 2021 Unaudited $'000	3 Months ended 30 June 2022 Unaudited $'000	3 Months ended 30 June 2021 Unaudited $'000
Revenue from contracts with customers	7	527,031	308,771	285,194	156,323
Cost of sales	8	(252,688)	(219,865)	(128,198)	(120,206)
Gross profit		**274,343**	**88,906**	**156,996**	**36,117**
Other income	9	37,471	65,780	28,555	50,566
General and administrative expenses	10	(46,361)	(36,455)	(27,343)	(18,235)
Impairment loss on financial assets	11.1	(6,377)	(737)	(5,154)	(30)
Impairment loss on non-financial assets	11.2	(8,492)	-	(8,492)	-
Fair value loss	12	(5,309)	(8,045)	(1,368)	(3,369)
Operating profit		**245,275**	**109,449**	**143,194**	**65,049**
Finance income	13	262	11	230	4
Finance cost	13	(35,807)	(47,474)	(17,225)	(30,657)
Finance cost-net		(35,545)	(47,463)	(16,995)	(30,653)
Share of profit/(loss) from joint venture accounted for using the equity method		136	106	260	(312)
Profit before taxation		**209,866**	**62,092**	**126,459**	**34,084**
Income tax expense	14	(126,565)	(25,915)	(63,060)	(22,763)
Profit for the period		**83,301**	**36,177**	**63,399**	**11,321**
Attributable to:					
Equity holders of the parent		79.788	56,566	63,304	20,919
Non-controlling interests		3,513	(20,389)	95	(9,598)
		83,301	**36,177**	**63,399**	**11,321**
Earnings per share attributable to the equity shareholders:					
Basic earnings per share ($)	26	**0.14**	0.10	**0,11**	0.04
Diluted earnings per share ($)	26	**0.14**	0.10	**0.11**	0.04

The above interim condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

	Notes	Half year ended 30 June 2022 Unaudited $'000	Half year ended 30 June 2021 Unaudited $'000	3 Months ended 30 June 2022 Unaudited $'000	3 Months ended 30 June 2021 Unaudited $'000
Profit for the period		**83,301**	**36,177**	**63,399**	**11,321**
Attributable to:					
Other comprehensive income:					
Items that may be reclassified to profit or loss (net of tax):					
Foreign currency translation difference		(1,251)	-	(1,251)	-
Total comprehensive income for the period (net of tax)		**82,050**	**36,177**	**62,148**	**11,321**

Attributable to:				
Equity holders of the parent	78,537	56,566	62,053	20,919
Non-controlling interests	3,513	(20,389)	95	(9,598)
	82,050	**36,177**	**62,148**	**11,321**

The above interim condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Interim condensed consolidated statement of financial position

As at 30 June 2022

	Notes	30 June 2022 Unaudited $'000	31 December 2021 Audited $'000
Assets			
Non-current assets			
Oil & gas properties	15	1,569,632	1,604,025
Other property, plant and equipment		25,742	27,255
Right-of-use assets		7,269	7,404
Intangible assets	16	132,954	131,200
Other assets		101,711	112,551
Investment accounted for using equity accounting	17	225,418	225,270
Prepayments		66,875	66,788
Deferred tax asset	14.2	370,770	312,041
Total non-current assets		**2,500,371**	**2,486,534**
Current assets			
Inventories		63,644	74,957
Trade and other receivables	18	434,907	255,557
Prepayments		2,662	1,726
Contract assets	19	8,064	4,076
Restricted cash	21.1	16,924	16,029
Cash and cash equivalents	21	350,048	324,490
Total current assets		**876,249**	**676,835**
Total assets		**3,376,620**	**3,163,369**
Equity and Liabilities			
Equity			
Issued share capital	22.1	1,862	1,862
Share premium		520,138	520,138
Share based payment reserve	22.2	23,417	22,190
Treasury shares		(4,915)	(4,915)
Capital contribution		40,000	40,000
Retained earnings		1,236,670	1,185,082
Foreign currency translation reserve		682	1,933
Non-controlling interest		(55,291)	(58,804)
Total shareholders' equity		**1,762,563**	**1,707,486**
Non-current liabilities			
Interest bearing loans and borrowings	23.1	705,855	705,953
Lease Liabilities		2,342	481
Provision for decommissioning obligation		155,101	154,659
Deferred tax liabilities	14.3	252,622	103,736
Defined benefit plan		12,039	10,149
Total non-current liabilities		**1,127,959**	**974,978**
Current liabilities			
Interest bearing loans and borrowings	23.1	62,772	60,661
Lease Liabilities		3,017	3,090
Derivative financial instruments	20	2,920	3,745
Trade and other payables	24	375,727	367,058
Current tax liabilities		41,662	46,351
Total current liabilities		**486,098**	**480,905**
Total liabilities		**1,614,057**	**1,455,883**
Total shareholders' equity and liabilities		**3,376,620**	**3,163,369**

The above interim condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

The Group financial statements of Seplat Energy Plc and its subsidiaries (The Group) for half year ended 30 June 2022 were authorised for issue in accordance with a resolution of the Directors on 28 July 2022 and were signed on its behalf by

B. Omiyi	R.T. Brown	E. Onwuka
FRC/2016/IODN/00000014093	FRC/2014/ANAN/00000017939	FRC/2020/003/00000020861
Chairman	Chief Executive Officer	Chief Financial Officer
28 July 2022	28 July 2022	28 July 2022

Interim condensed consolidated statement of changes in equity

For the half year ended 30 June 2022

	Issued share capital	Share premium	Share based payment reserve	Treasury shares	Capital contribution	Retained earnings	Foreign currency translation reserve	Non-controlling interest	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January 2021	**1,855**	**511,723**	**27,592**	**-**	**40,000**	**1,116,079**	**992**	**(34,196)**	**1,664,045**
Profit/(Loss) for the period	-	-	-	-	-	56,566	-	(20,389)	36,177
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the period	**-**	**-**	**-**	**-**	**-**	**56,566**	**-**	**(20,389)**	**36,177**
Transactions with owners in their capacity as owners:									
Unclaimed dividend	-	-	-	-	-	120	-	-	120
Dividend paid	-	-	-	-	-	(43,376)	-	-	(43,376)
Share based payments	-	-	2,274	-	-	-	-	-	2,274
Vested shares	7	8,208	(8,215)	-	-	-	-	-	-
Shares re-purchased	-	-	-	(2,000)	-	-	-	-	(2,000)
Total	**7**	**8,208**	**(5,941)**	**(2,000)**	**-**	**(43,256)**	**-**	**-**	**(42,982)**
At 30 June 2021 Unaudited)	**1,862**	**519,931**	**21,651**	**(2,000)**	**40,000**	**1,129,389**	**992**	**(54,585)**	**1,657,240**
At 1 January 2022	**1,862**	**520,138**	**22,190**	**(4,915)**	**40,000**	**1,185,082**	**1,933**	**(58,804)**	**1,707,486**
Profit for the period	-	-	-	-	-	79,788	-	3,513	83,301
Other comprehensive loss	-	-	-	-	-	-	(1,251)	-	(1,251)
Total comprehensive income/(loss) for the period	**-**	**-**	**-**	**-**	**-**	**79,788**	**(1,251)**	**3,513**	**82,050**
Transactions with owners in their capacity as owners:									
Dividend paid	-	-	-	-	-	(28,200)	-	-	(28,200)
Share based payments	-	-	1,227	-	-	-	-	-	1,227
Total	**-**	**-**	**1,227**	**-**	**-**	**(28,200)**	**-**	**-**	**(26,973)**
At 30 June 2022 (Unaudited)	**1,862**	**520,138**	**23,417**	**(4,915)**	**40,000**	**1,236,670**	**682**	**(55,291)**	**1,762,563**

The above interim condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Interim condensed consolidated statement of cash flows

For the half year ended 30 June 2022

	Notes	Half year ended 30-Jun-22 $'000 Unaudited	Half year ended 30-Jun-21 $'000 Unaudited
Cash generated from operations	25	330,059	125,582
Hedge premium paid		(4,673)	(3,353)
Income tax paid		(41,096)	(12,351)
Net cash inflows from operating activities		**284,290**	**109,878**
Cash flows from investing activities			
Payment for acquisition of oil and gas properties		(70,662)	(57,233)
Deposit for investment*		(140,300)	-
Payment for acquisition of other property, plant and equipment		(590)	(134)
Proceeds from disposal of other property, plant and equipment		4	-
Receipts from other assets		10,840	4,897
Interest received		262	11
Net cash outflows used in investing activities		**(200,446)**	**(52,459)**
Cash flows from financing activities			
Repayments of loans and borrowings		-	(600,000)
Proceeds from loans and borrowings		-	660,000
Dividend paid		(28,200)	(43,376)
Interest paid on lease liability		(146)	(13)
Lease payment		(302)	(20)
Payments for other financing charges**		(9,405)	(20,494)
Interest paid on loans and borrowings		(26,138)	(32,727)
Net cash outflows used in financing activities		**(64,191)**	**(36,630)**
Net increase in cash and cash equivalents		19,653	20,789
Cash and cash equivalents at beginning of the year		324,490	225,137
Effects of exchange rate changes on cash and cash equivalents		5,905	(913)
Cash and cash equivalents at end of the period	**21**	**350,048**	**245,013**

*Deposit for investment includes considerations for Mobil Producing Nigeria Unlimited - MPNU ($128.3m) & Abiala farm-in ($12m)

** Other financing charges of $9.4 million relate to commitment fees and other transaction costs incurred on interest bearing loans and borrowings ($350 million Revolving Credit Facility, $110 million Reserved Based Lending Facility and $50 million Junior Facility).

The above interim condensed consolidated statement of cashflows should be read in conjunction with the accompanying notes.

Notes to the interim condensed consolidated financial statements

1. Corporate Structure and business

Seplat Energy Plc (hereinafter referred to as 'Seplat' or the 'Company'), the parent of the Group, was incorporated on 17 June 2009 as a private limited liability company and re-registered as a public company on 3 October 2014, under the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004. The Company commenced operations on 1 August 2010. The Company is principally engaged in oil and gas exploration and production and gas processing activities. The Company's registered address is: 16a Temple Road (Olu Holloway), Ikoyi, Lagos, Nigeria.

The Company acquired, pursuant to an agreement for assignment dated 31 January 2010 between the Company, SPDC, TOTAL and AGIP, a 45% participating interest in OML 4, OML 38 and OML 41 located in Nigeria.

In 2013, Newton Energy Limited ('Newton Energy'), an entity previously beneficially owned by the same shareholders as Seplat, became a subsidiary of the Company. On 1 June 2013, Newton Energy acquired from Pillar Oil Limited ('Pillar Oil') a 40% participating interest in producing assets: the Umuseti/Igbuku marginal field area located within OPL 283 (the 'Umuseti/Igbuku Fields').

On 27 March 2013, the Group incorporated a subsidiary, MSP Energy Limited. The Company was incorporated for oil and gas exploration and production.

On 21 August 2014, the Group incorporated a new subsidiary, Seplat Petroleum Development UK Limited. The subsidiary provides technical, liaison and administrative support services relating to oil and gas exploration activities.

On 12 December 2014, Seplat Gas Company Limited ('Seplat Gas') was incorporated as a private limited liability company to engage in oil and gas exploration and production and gas processing. On 12 December 2014, the Group also incorporated a new subsidiary, Seplat East Swamp Company Limited with the principal activity of oil and gas exploration and production.

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

On 16 January 2018, the Group incorporated a subsidiary, Seplat West Limited ('Seplat West'). Seplat West was incorporated to manage the producing assets of Seplat Energy Plc.

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

In order to fund the development of the ANOH gas processing plant, on 13 August 2018, the Group entered into a shareholder's agreement with Nigerian Gas Processing and Transportation Company (NGPTC). Funding is to be provided by both parties in equal proportion representing their ownership share and will be used to subscribe for the ordinary shares in ANOH. The agreement was effective on 18 April 2019, which was the date the Corporate Affairs Commission (CAC) approval was received. Given the change in ownership structure as at 31 December 2019, the Group no longer exercises control and has deconsolidated ANOH in the consolidated financial statements. However, its retained interest qualifies as a joint arrangement and has been recognised accordingly as investment in joint venture.

On 31 December 2019 Seplat Energy Plc acquired 100% of Eland Oil and Gas Plc's issued and yet to be issued ordinary shares. Eland is an independent oil and gas company that holds interest in subsidiaries and joint ventures that are into production, development and exploration in West Africa, particularly the Niger Delta region of Nigeria.

On acquisition of Eland Oil and Gas Plc (Eland), the Group acquired indirect interest in existing subsidiaries of Eland.

Eland Oil & Gas (Nigeria) Limited, is a subsidiary acquired through the purchase of Eland and is into exploration and production of oil and gas.

Westport Oil Limited, which was also acquired through purchase of Eland is a financing company.

Elcrest Exploration and Production Company Limited (Elcrest) who became an indirect subsidiary of the Group purchased a 45 percent interest in OML 40 in 2012. Elcrest is a Joint Venture between Eland Oil and Gas (Nigeria) Limited (45%) and Starcrest Nigeria Energy Limited (55%). It has been consolidated because Eland is deemed to have power over the relevant activities of Elcrest to affect variable returns from Elcrest at the date of acquisition by the Group. (See details in Note 4.1.iv) The principal activity of Elcrest is exploration and production of oil and gas.

Wester Ord Oil & Gas (Nigeria) Limited, who also became an indirect subsidiary of the Group acquired a 40% stake in a licence, Ubima, in 2014 via a joint operations agreement. The principal activity of Wester Ord Oil & Gas (Nigeria) Limited is exploration and production of oil and gas.

Other entities acquired through the purchase of Eland are Tarland Oil Holdings Limited (a holding company), Brineland Petroleum Limited (dormant company) and Destination Natural Resources Limited (dormant company).

On 1 January 2020, Seplat Energy Plc transferred its 45% participating interest in OML 4, OML 38 and OML 41 (“transferred assets”) to Seplat West Limited. As a result, Seplat ceased to be a party to the Joint Operating Agreement in respect of the transferred assets and became a holding company. Seplat West Limited became a party to the Joint Operating Agreement in respect of the transferred assets and assumed its rights and obligations.

On 20 May 2021, following a special resolution by the Board in view of the Company’s strategy of transitioning into an energy Company promoting renewable energy, sustainability, and new energy, the name of the Company was changed from Seplat Petroleum Development Company Plc to Seplat Energy Plc under the Companies and Allied Matters Act 2020.

On 7 February 2022, the Group incorporated a subsidiary, Seplat Energy Offshore Limited. The Company was incorporated for oil and gas exploration and production.

The Company together with its subsidiaries as shown below are collectively referred to as the Group.

Subsidiary	Date of incorporation	Country of incorporation and place of business	Percentage holding	Principal activities	Nature of holding
Newton Energy Limited	1 June 2013	Nigeria	99.9%	Oil & gas exploration and production	Direct
Seplat Energy UK Limited	21 August 2014	United Kingdom	100%	Corporate, technical, liaison and administrative support services relating to oil & gas exploration and production	Direct
Seplat Gas Company Limited	12 December 2014	Nigeria	99.9%	Oil & gas exploration and production and gas processing	Direct
Seplat East Onshore Limited	12 December 2014	Nigeria	99.9%	Oil & gas exploration and production	Direct
Seplat East Swamp Company Limited	12 December 2014	Nigeria	99.9%	Oil & gas exploration and production	Direct
Seplat West Limited	16 January 2018	Nigeria	99.9%	Oil & gas exploration and production	Direct
Eland Oil & Gas Limited	28 August 2009	United Kingdom	100%	Holding company	Direct
Eland Oil & Gas (Nigeria) Limited	11 August 2010	Nigeria	100%	Oil and Gas Exploration and Production	Indirect
Elcrest Exploration and Production Nigeria Limited	6 January 2011	Nigeria	45%	Oil and Gas Exploration and Production	Indirect
Westport Oil Limited	8 August 2011	Jersey	100%	Financing	Indirect
Tarland Oil Holdings Limited	16 July 2014	Jersey	100%	Holding Company	Indirect
Brineland Petroleum Limited	18 February 2013	Nigeria	49%	Dormant	Indirect
Elandale Nigeria Limited	17 January 2019	Nigeria	40%	Receive, store, handle, transport, deliver & discharge petroleum and petroleum products	Indirect
Wester Ord Oil & Gas (Nigeria) Limited	18 July 2014	Nigeria	100%	Oil and Gas Exploration and Production	Indirect
Wester Ord Oil and Gas Limited	16 July 2014	Jersey	100%	Holding Company	Indirect
Destination Natural Resources Limited	-	Dubai	70%	Dormant	Indirect
Seplat Energy Offshore Limited	7 February 2022	Nigeria	100%	Oil and Gas exploration and production	Direct
MSP Energy Limited	27 March 2013	Nigeria	100%	Oil and Gas exploration and production	Direct

2. Significant changes in the current reporting period

The following significant changes occurred during the reporting period ended 30 June 2022:

- During the period, Seplat Energy Offshore Limited was incorporated on 7 February 2022. The percentage ownership of the Company is 100%.
- The Group made a deposit of $128.3 million to Exxon Mobil Corporation, Delaware as part of the consideration to acquire the entire share capital of Mobil Producing Nigeria Unlimited. The completion of the transaction is subject to ministerial consent and other required regulatory approvals.
- On 22 April 2022, the Company announced the appointment of three new directors as Independent Non-Executive Directors of Seplat Energy Plc, resumption took effect on 18 May 2022. The three new directors are Mrs. Bashirat Odunewu, Mr. Kazeem Raimi and Mr. Ernest Ebi.
- The Group signed a contract with Solewant Nigeria Limited in 2013 for the provision of coating services on line pipes. Solewant proceeded to subcontract the service to Adamac Pipes and Coating Services. Over the course of the contract between Solewant and Adamac, financial discords arose. The line pipes are currently being held by Adamac pending ongoing litigations. Due to these pending litigations and rising concerns over recoverability of the pipes, Seplat made a $3.6 million (30%) impairment on the Line pipes in 2020 and have decided to impair the balance of $8.5 million in the current reporting period.

3. Summary of significant accounting policies

3.1 Introduction to summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these interim condensed consolidated financial statements. These accounting policies have been applied to all the periods presented, unless otherwise stated. The interim financial statements are for the Group consisting of Seplat Energy Plc and its subsidiaries.

3.2 Basis of preparation

The interim condensed consolidated financial statements of the Group for the half year ended 30 June 2022 have been prepared in accordance with the accounting standard IAS 34 Interim financial reporting. This interim condensed consolidated financial statement does not include all the notes normally included in an annual financial statement of the Group. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2021 and any public announcements made by the Group during the interim reporting period.

The financial statements have been prepared under the going concern assumption and historical cost convention, except for financial instruments measured at fair value on initial recognition, derivative financial instruments and defined benefit plans – plan assets measured at fair value. The financial statements are presented in United States Dollars, and all values are rounded to the nearest thousand ($'000) respectively, except when otherwise indicated.

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

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

3.3 New and amended standards adopted by the Group

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

a) Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

In accordance with the transitional provisions, the Group applies the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application) and has not restated its comparative information.

b) Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no contingent assets, liabilities and contingent liabilities within the scope of these amendments arisen during the period.

c) Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

d) IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as it is not a first-time adopter.

e) IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no modifications of the Group's financial instruments during the period.

3.4 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's interim financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. Details of these new standards and interpretations are set out below:

- IFRS 17 Insurance Contracts - Effective for annual periods beginning on or after 1 January 2023
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current - Effective for annual periods beginning on or after 1 January 2024
- Amendments to IAS 8 Accounting Policies and Accounting Estimates: Definition of Accounting Estimates - Effective date for annual periods beginning on or after 1 January 2023
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2- Effective date for annual periods beginning on or after 1 January 2023
- Amendments regarding deferred tax on leases and decommissioning obligations - Effective date for annual periods beginning on or after 1 January 2023

3.5 Basis of consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2022.

This basis of consolidation is the same adopted for the last audited financial statements as at 31 December 2021.

3.6 Functional and presentation currency

Items included in the financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which the subsidiaries operate ('the functional currency'), which is the US dollar except the UK subsidiary which is the Great Britain Pound. The interim condensed consolidated financial statements are presented in US Dollars.

a) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end are generally recognised in profit or loss. They are deferred in equity if attributable to net investment in foreign operations.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

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

b) Group companies

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

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

On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

4. Significant accounting judgements estimates and assumptions

4.1 Judgements

Management judgements at the end of the half year are consistent with those disclosed in the 2021 Annual financial statements. The following are some of the judgements which have the most significant effect on the amounts recognised in this interim consolidated financial statement.

a) OMLs 4, 38 and 41

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

b) Deferred tax asset

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable.

c) Lease liabilities

In 2018, the Group entered into a lease agreement for its new head office building. The lease contract contains an option to purchase and right of first refusal upon an option of sales during the initial non-cancellable lease term of five (5) years.

In determining the lease liability/right-of-use assets, management considered all fact and circumstances that create an economic incentive to exercise the purchase option. Potential future cash outflow of $45 million which represents the purchase price, has not been included in the lease liability because the Group is not reasonably certain that the purchase option will be exercised. This assessment will be reviewed if a significant event or a significant change in circumstances occurs which affects the initial assessment and that is within the control of the management.

d) Consolidation of Elcrest

On acquisition of 100% shares of Eland Oil and Gas Plc, the Group acquired indirect holdings in Elcrest Exploration and Production (Nigeria) Limited. Although the Group has an indirect holding of 45% in Elcrest, Elcrest has been consolidated as a subsidiary for the following basis:

- Eland Oil and Gas Plc has power over Elcrest through due representation of Eland in the board of Elcrest, and clauses contained in the Share Charge agreement and loan agreement which gives Eland the right to control 100% of the voting rights of shareholders.
- Eland Oil and Gas Plc is exposed to variable returns from the activities of Elcrest through dividends and interests.
- Eland Oil and Gas Plc has the power to affect the amount of returns from Elcrest through its right to direct the activities of Elcrest and its exposure to returns.

e) Revenue recognition

Performance obligations

The judgments applied in determining what constitutes a performance obligation will impact when control is likely to pass and therefore when revenue is recognised i.e., over time or at a point in time. The Group has determined that only one performance obligation exists in oil contracts which is the delivery of crude oil to specified ports. Revenue is therefore recognised at a point in time.

For gas contracts, the performance obligation is satisfied through the delivery of a series of distinct goods. Revenue is recognised over time in this situation as gas customers simultaneously receive and consume the benefits provided by the Group's performance. The Group has elected to apply the 'right to invoice' practical expedient in determining revenue from its gas contracts. The right to invoice is a measure of progress that allows the Group to recognise revenue based on amounts invoiced to the customer. Judgement has been applied in evaluating that the Group's right to consideration corresponds directly with the value transferred to the customer and is therefore eligible to apply this practical expedient.

Significant financing component

The Group has entered into an advance payment contract with Mercuria for future crude oil to be delivered. The Group has considered whether the contract contains a financing component and whether that financing component is significant to the contract, including both of the following;

a) The difference, if any, between the amount of promised consideration and cash selling price and;

b) The combined effect of both the following:

- The expected length of time between when the Group transfers the crude to Mercuria and when payment for the crude is received and;
- The prevailing interest rate in the relevant market.

The advance period is greater than 12 months. In addition, the interest expense accrued on the advance is based on a comparable market rate. Interest expense has therefore been included as part of finance cost.

Transactions with Joint Operating arrangement (JOA) partners

The treatment of underlift and overlift transactions is judgmental and requires a consideration of all the facts and circumstances including the purpose of the arrangement and transaction. The transaction between the Group and its JOA partners involves sharing in the production of crude oil, and for which the settlement of the transaction is non-monetary. The JOA partners have been assessed to be partners not customers. Therefore, shortfalls or excesses below or above the Group's share of production are recognised in other income/ (expenses) - net.

Exploration and evaluation assets

The accounting for exploration and evaluation ('E&E') assets require management to make certain judgements and assumptions, including whether exploratory wells have discovered economically recoverable quantities of reserves. Designations are sometimes revised as new information becomes available. If an exploratory well encounters hydrocarbon, but further appraisal activity is required in order to conclude whether the hydrocarbons are economically recoverable, the well costs remain capitalised as long as sufficient progress is being made in assessing the economic and operating viability of the well. Criteria used in making this determination include evaluation of the reservoir characteristics and hydrocarbon properties, expected additional development activities, commercial evaluation and regulatory matters. The concept of 'sufficient progress' is an area of judgement, and it is possible to have exploratory costs remain capitalised for several years while additional drilling is performed or the Group seeks government, regulatory or partner approval of development plans.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Board of directors has appointed a steering committee which assesses the financial performance and position of the Group and makes strategic decisions. The steering committee, which has been identified as being the chief operating decision maker, consists of the chief financial officer, the Vice President (Finance), the Director (New Energy) and the financial reporting manager. See further details in note 6.

4.2 Estimates and assumptions

The key assumptions concerning the future and the other key source of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are disclosed in the most recent 2021 annual financial statements.

The following are some of the estimates and assumptions made:

a) Defined benefit plans

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. The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers market yield on federal government bonds in currencies consistent with the currencies of the post-employment benefit obligation and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation.

The rates of mortality assumed for employees are the rates published in 67/70 ultimate tables, published jointly by the Institute and Faculty of Actuaries in the UK.

b) 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 for estimating decommissioning liabilities 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.

c) Share-based payment reserve

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 award 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 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.

d) Provision for decommissioning obligations

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.

e) Property, plant and equipment

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 recognise significant impairment charges. The assessment for impairment entails comparing the carrying value of the cash-generating unit with its recoverable amount, that is, higher of fair value less cost to dispose and 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.

The Group uses the higher of the fair value less cost to dispose and the value in use in determining the recoverable amount of the cash-generating unit. In determining the value, the Group uses a forecast of the annual net cash flows over the life of proved plus probable reserves, production rates, oil and gas prices, future costs (excluding (a) future restructurings to which the entity is not yet committed; or (b) improving or enhancing the asset’s performance) and other relevant assumptions based on the year end Competent Persons Report (CPR). The pre-tax future cash flows are adjusted for risks specific to the forecast and discounted using a pre-tax discount rate which reflects both current market assessment of the time value of money and risks specific to the asset.

Management considers whether a reasonable possible change in one of the main assumptions will cause an impairment and believes otherwise.

f) Useful life of other property, plant and equipment

The Group recognises depreciation on other property, plant and equipment on a straight-line basis in order to write-off the cost of the asset over its expected useful life. The economic life of an asset is determined based on existing wear and tear, economic and technical ageing, legal and other limits on the use of the asset, and obsolescence. If some of these factors were to deteriorate materially, impairing the ability of the asset to generate future cash flow, the Group may accelerate depreciation charges to reflect the remaining useful life of the asset or record an impairment loss.

g) Income taxes

The Group is subject to income taxes by the Nigerian tax authority, which does not require significant judgement in terms of provision for income taxes, but a certain level of judgement is required for recognition of 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.

h) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default, expected loss rates and maximum contractual period. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

i) Intangible assets

The contract based intangible assets (license) were acquired as part of a business combination. They are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line bases over their estimated useful lives which is also the economic life of the asset.

The fair value of contract based intangible assets is estimated using the multi period excess earnings method. This requires a forecast of revenue and all cost projections throughout the useful life of the intangible assets. A contributory asset charge that reflects the return on assets is also determined and applied to the revenue but subtracted from the operating cash flows to derive the pre-tax cash flow. The post-tax cashflows are then obtained by deducting out the tax using the effective tax rate.

Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and 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.

5. Financial risk management

5.1 Financial risk factors

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

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

Risk	Exposure arising from	Measurement	Management
Market risk – foreign exchange	Future commercial transactions Recognised financial assets and liabilities not denominated in US dollars.	Cash flow forecasting Sensitivity analysis	Match and settle foreign denominated cash inflows with foreign denominated cash outflows.
Market risk – interest rate	Interest bearing loans and borrowings at variable rate	Sensitivity analysis	Review refinancing opportunities
Market risk – commodity prices	Future sales transactions	Sensitivity analysis	Oil price hedges
Credit risk	Cash and bank balances, contract assets, trade receivables and derivative financial instruments.	Aging analysis Credit ratings	Diversification of bank deposits.
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

5.1.1 Credit risk

Credit risk refers to the risk of a counterparty defaulting on its contractual obligations resulting in financial loss to the Group. Credit risk arises from cash and bank balances as well as credit exposures to customers (i.e., Mercuria, Shell western, Pillar, Azura, Geregu Power, Sapele Power and Nigerian Gas Marketing Company (NGMC) receivables), and other parties (i.e., NNPC receivables, NPDC receivables and other receivables).

a) Risk management

The Group is exposed to credit risk from its sale of crude oil to Mercuria, and Shell western. There is a 30-day payment term after Bill of Lading date in the off-take agreement with Mercuria (OMLs 4, 38 &41) which expires in September 2022. The Group also has an off-take agreement with Shell Western Supply and Trading Limited which expires in September 2023. The Group is exposed to further credit risk from outstanding cash calls from Nigerian Petroleum Development Company (NPDC) and Nigerian National Petroleum Corporation (NNPC).

In addition, the Group is exposed to credit risk in relation to the sale of gas to its customers.

The credit risk on cash and cash balances is managed through the diversification of banks in which the balances are held. The risk is limited because the majority of deposits are with banks that have an acceptable credit rating assigned by an international credit agency. The Group's maximum exposure to credit risk due to default of the counterparty is equal to the carrying value of its financial assets.

b) Estimation uncertainty in measuring impairment loss

The table below shows information on the sensitivity of the carrying amounts of the Group's financial assets to the methods, assumptions and estimates used in calculating impairment losses on those financial assets at the end of the reporting period. These methods, assumptions and estimates have a significant risk of causing material adjustments to the carrying amounts of the Group's financial assets.

i. Significant unobservable inputs

The table below demonstrates the sensitivity of the Group's profit before tax to movements in the loss given default (LGD) for financial assets, with all other variables held constant:

	Effect on profit before tax	Effect on other components of equity before tax
	30 June 2022	30 June 2022
	$'000	$'000
Increase/decrease in loss given default		
+10%	(159)	-
-10%	159	-

	Effect on profit before tax	Effect on other components of equity before tax
	31 Dec 2021	31 Dec 2021
	$'000	$'000
Increase/decrease in loss given default		
+10%	(1,800)	-
-10%	1,800	-

The table below demonstrates the sensitivity of the Group's profit before tax to movements in probabilities of default, with all other variables held constant:

	Effect on profit before tax	Effect on other components of equity before tax
	30 June 2022	30 June 2022
	$'000	$'000
Increase/decrease in probability of default		
+10%	(164)	-
-10%	164	-

	Effect on profit before tax	Effect on other components of equity before tax
	31 Dec 2021	31 Dec 2021
	$'000	$'000
Increase/decrease in probability of default		
+10%	(1,704)	-
-10%	1,704	-

The table below demonstrates the sensitivity of the Group's profit before tax to movements in the forward-looking macroeconomic indicators, with all other variables held constant:

	Effect on profit before tax	Effect on other components of equity before tax
	30 June 2022	30 June 2022
	$'000	$'000
Increase/decrease in forward looking macroeconomic indicators		
+10%	(879)	-
-10%	879	-

	Effect on profit before tax	Effect on other components of equity before tax
	31 Dec 2021	31 Dec 2021
	$'000	$'000
Increase/decrease in forward looking macroeconomic indicators		
+10%	(48)	-
-10%	48	-

5.1.2 Liquidity risk

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

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

	Effective interest rate	Less than 1 year	1 – 2 year	2 – 3 years	3 – 6 years	Total
	%	$'000	$'000	$'000	$'000	$'000
30 June 2022						
Non – derivatives						
Fixed interest rate borrowings						
Senior notes	7.75%	**25,887**	**51,075**	**51,215**	**726,682**	**854,859**
Variable interest rate borrowings						
Mauritius Commercial Bank Ltd	8.00% + USD LIBOR	7,016	13,267	15,148	11,156	46,587
Stanbic IBTC Bank Plc	8.00% + USD LIBOR	7,162	13,543	15,463	11,389	47,557
Standard Bank of South Africa Limited	8.00% + USD LIBOR	4,093	7,739	8,836	6,508	27,176
First City Monument Bank Limited	8.00% + USD LIBOR	1,827	3,455	3,945	2,905	12,132
Shell Western Supply and Trading Limited	10.5% + USD LIBOR	1,739	2,202	2,081	9,736	15,758
Total variable interest borrowings		**21,837**	**40,206**	**45,473**	**41,694**	**149,210**
Other non – derivatives						
Trade and other payables**		375,727	-	-	-	375,727
Lease liability		4,733	160	67	-	4,960
		380,460	**160**	**67**	**-**	**380,687**
Total		**428,184**	**91,441**	**96,755**	**768,376**	**1,384,756**

	Effective interest rate	Less than 1 year	1 – 2 year	2 – 3 years	3 – 5 years	Total
	%	$'000	$'000	$'000	$'000	$'000
31 December 2021						
Non – derivatives						
Fixed interest rate borrowings						
Senior notes	7.75%	**50,375**	**50,375**	**50,375**	**725,563**	**876,688**
Variable interest rate borrowings						
Mauritius Commercial Bank Ltd	8.00% + USD LIBOR	3,150	10,656	15,672	18,572	48,050
Stanbic IBTC Bank Plc	8.00% + USD LIBOR	3,215	10,878	15,998	18,959	49,050
Standard Bank of South Africa Limited	8.00% + USD LIBOR	1,837	6,216	9,142	10,834	28,029
First City Monument Bank Limited	8.00% + USD LIBOR	820	2,775	4,081	4,836	12,512
Shell Western Supply and Trading Limited	10.5% + USD LIBOR	1,179	2,243	2,126	10,734	16,282
Total variable interest borrowings		**10,201**	**32,768**	**47,019**	**63,935**	**153,923**
Other non – derivatives						
Trade and other payables**		367,058	-	-	-	367,058
Lease liability		4,733	160	67	-	4,960
		371,791	**160**	**67**	**-**	**372,018**
Total		**432,367**	**83,303**	**97,461**	**789,498**	**1,402,629**

** Trade and other payables (exclude non-financial liabilities such as provisions, taxes, pension and other non-contractual payables).

5.1.3 Fair value measurements

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

	Carrying amount		Fair value	
	As at 30 June 2022	As at 31 Dec 2021	As at 30 June 2022	As at 31 Dec 2021
	$'000	$'000	$'000	$'000
Financial assets at amortised cost				
Trade and other receivables*	338,050	191,463	338,050	191,463
Contract assets	8,064	4,076	8,064	4,076
Cash and bank balances	350,048	324,490	350,048	324,490
	696,162	**520,029**	**696,162**	**520,029**
Financial liabilities at amortised cost				
Interest bearing loans and borrowings	768,627	766,614	746,358	746,358
Trade and other payables**	328,061	331,655	328,061	331,655
	1,096,688	**1,098,269**	**1,074,419**	**1,078,013**
Financial liabilities at fair value				
Derivative financial instruments (Note 20)	2,920	3,745	2,920	3,745
	2,920	**3,745**	**2,920**	**3,745**

*Trade and other receivables exclude Geregu power, Sapele power, NGMC VAT receivables, cash advances and advance payments.

** Trade and other payables (excluding non-financial liabilities such as provisions, taxes, pension and other non-contractual payables), trade and other receivables (excluding non-financial assets), contract assets and cash and bank balances are financial instruments whose carrying amounts as per the financial statements approximate their fair values. This is mainly due to their short-term nature

5.1.4 Fair value hierarchy

As at the reporting period, the Group had classified its financial instruments into the three levels prescribed under the accounting standards. There were no transfers of financial instruments between fair value hierarchy levels during the reporting period.

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

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.

Recurring fair value measurements

Financial liabilities

30 June 2022	Level 1 $'000	Level 2 $'000	Level 3 $'000
Financial liabilities:			
Derivative financial instruments	-	**2,920**	-
	-	**2,920**	**-**

31 Dec 2021	Level 1 $'000	Level 2 $'000	Level 3 $'000
Financial liabilities:			
Derivative financial instruments	-	3,745	-
	-	**3,745**	**-**

The fair value of the Group's derivative financial instruments has been determined using a proprietary pricing model that uses marked to market valuation. The valuation represents the mid-market value and the actual close-out costs of trades involved. The market inputs to the model are derived from observable sources. Other inputs are unobservable but are estimated based on the market inputs or by using other pricing models. The derivative financial instruments are in level 2.

The valuation process

The finance & planning team of the Group performs the valuations of financial and non-financial assets required for financial reporting purpose. This team reports directly to the General Manager (GM) Commercial who reports to the Chief Financial Officer (CFO) and the Audit Committee (AC). Discussions of valuation processes and results are held between the GM and the valuation team at least once every quarter, in line with the Group's quarterly reporting periods.

6. Segment reporting

Business segments are based on the Group's internal organisation and management reporting structure. The Group's business segments are the two core businesses: Oil and Gas. The Oil segment deals with the exploration, development and production of crude oil while the Gas segment deals with the production and processing of gas. These two reportable segments make up the total operations of the Group.

For the period ended 30 June 2022, revenue from the gas segment of the business constituted 11% of the Group's revenue. Management is committed to continued growth of the gas segment of the business, including through increased investment to establish additional offices, create a separate gas business operational management team and procure the required infrastructure for this segment of the business. The gas business is positioned separately within the Group and reports directly to the chief operating decision maker. As the gas business segment's revenues, results and cash flows are largely independent of other business units within the Group, it is regarded as a separate segment.

The result is two reporting segments, Oil and Gas. There were no intersegment sales during the reporting periods under consideration, therefore all revenue was from external customers.

Amounts relating to the gas segment are determined using the gas cost centres, with the exception of depreciation. Depreciation relating to the gas segment is determined by applying a percentage which reflects the proportion of the Net Book Value of oil and gas properties that relates to gas investment costs (i.e., cost for the gas processing facilities).

The Group accounting policies are also applied in the segment reports

6.1 Segment profit disclosure

	Half year ended 30 June 2022	Half year ended 30 June 2021	3 Months ended 30 June 2022	3 Months ended 30 June 2021
	$'000	$'000	$'000	$'000
Oil	53,571	2,597	47,825	(7,643)
Gas	29,730	33,580	15,574	18,964
Total profit for the period	**83,301**	**36,177**	**63,399**	**11,321**

Oil

	Half year ended 30 June 2022	Half year ended 30 June 2021	3 months ended 30 June 2022	3 Months ended 30 June 2021
	$'000	$'000	$'000	$'000
Revenue from contract with customers				
Crude oil sales	469,224	244,792	253,015	120,708
Operating profit before depreciation, depletion amortization and impairment	285,885	126,605	168,020	73,743
Depreciation and impairment	(81,990)	(68,401)	(45,530)	(36,003)
Operating profit	**203,895**	**58,204**	**122,490**	**37,740**
Finance income	262	11	230	4
Finance costs	(35,807)	(47,474)	(17,225)	(30,657)
Profit before taxation	**168,350**	**10,741**	**105,495**	**7,087**
Income tax expense	(114,779)	(8,144)	(57,670)	(14,730)
Profit/(loss) for the period	**53,571**	**2,597**	**47,825**	**(7,643)**

Gas

	Half year ended 30 June 2022	Half year ended 30 June 2021	3 Months ended 30 June 2022	3 Months ended 30 June 2021
	$'000	$'000	$'000	$'000
Revenue from contract with customer				
Gas sales	57,807	63,979	32,179	35,615
Operating profit before depreciation, depletion, amortization and impairment	42,657	52,574	21,343	28,594
Depreciation, amortization and impairment	(1,277)	(1,329)	(639)	(1,285)
Operating profit	**41,380**	**51,245**	**20,704**	**27,309**
Share of profit/(loss) from joint venture accounted for using equity accounting	136	106	260	(312)
Profit before taxation	**41,516**	**51,351**	**20,964**	**26,997**
Income tax expense	(11,786)	(17,771)	(5,390)	(8,033)
Profit for the period	**29,730**	**33,580**	**15,574**	**18,964**

6.1.1 Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of commodities at a point in time or over time and from different geographical regions.

	Half year ended 30 June 2022	Half year ended 30 June 2022	Half year ended 30 June 2022	Half year ended 30 June 2021	Half year ended 30 June 2021	Half year ended 30 June 2021
	Oil	Gas	Total	Oil	Gas	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Geographical markets						
The Bahamas	58,101	-	58,101	18,206	-	18,206
Nigeria	47,546	57,807	105,353	-	63,979	63,979
Italy	1,863	-	1,863	9,507	-	9,507
Switzerland	349,963	-	349,963	206,770	-	206,770
Barbados	11,751	-	11,751	10,309	-	10,309
Revenue from contract with customers	**469,224**	**57,807**	**527,031**	**244,792**	**63,979**	**308,771**
Timing of revenue recognition						
At a point in time	469,224	-	469,224	244,792	-	244,792
Over time	-	57,807	57,807	-	63,979	63,979
Revenue from contract with customers	**469,224**	**57,807**	**527,031**	**244,792**	**63,979**	**308,771**

	3 Months ended 30 June 2022	3 Months ended 30 June 2022	3 Months ended 30 June 2022	3 Months ended 30 June 2021	3 Months ended 30 June 2021	3 Months ended 30 June 2021
	Oil	Gas	Total	Oil	Gas	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Geographical markets						
The Bahamas	34,013	-	34,013	-	-	-
Nigeria	28,595	32,179	60,774	-	35,615	35,615
Italy	1,863	-	1,863	6,761	-	6,761
Switzerland	182,764	-	182,764	113,178	-	113,178
Barbados	5,780	-	5,780	769	-	769
Revenue from contract with customers	**253,015**	**32,179**	**285,194**	**120,708**	**35,615**	**156,323**
Timing of revenue recognition						
At a point in time	253,015	-	253,015	120,708	-	120,708
Over time	-	32,179	32,179	-	35,615	35,615
Revenue from contract with customers	**253,015**	**32,179**	**285,194**	**120,708**	**35,615**	**156,323**

The Group's transactions with its major customer, Mercuria, constitutes more than 70% ($350 million) of the total revenue from the oil segment and the Group as a whole. Also, the Group's transactions with Geregu Power, Sapele Power, NGMC and Azura ($58 million) accounted for the total revenue from the gas segment.

6.1.2 Impairment loss on financial assets by reportable segments

	Half year ended 30 June 2022	Half year ended 30 June 2022	Half year ended 30 June 2022	Half year ended 30 June 2021	Half year ended 30 June 2021	Half year ended 30 June 2021
	Oil	Gas	Total	Oil	Gas	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Impairment loss	(586)	(5,791)	(6,377)	(685)	(52)	(737)
	(586)	**(5,791)**	**(6,377)**	**(685)**	**(52)**	**(737)**

	3 Months ended 30 June 2022	3 Months ended 30 June 2022	3 Months ended 30 June 2022	3 Months ended 30 June 2021	3 Months ended 30 June 2021	3 Months ended 30 June 2021
	Oil	Gas	Total	Oil	Gas	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Impairment loss	(390)	(4,764)	(5,154)	(22)	(8)	(30)
	(390)	**(4,764)**	**(5,154)**	**(22)**	**(8)**	**(30)**

6.1.3 Impairment loss on non-financial assets by reportable segments

	Half year ended 30 June 2022	Half year ended 30 June 2022	Half year ended 30 June 2022	Half year ended 30 June 2021	Half year ended 30 June 2021	Half year ended 30 June 2021
	Oil	Gas	Total	Oil	Gas	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Impairment loss	(8,492)	-	(8,492)	-	-	-
	(8,492)	**-**	**(8,492)**	**-**	**-**	**-**

	3 Months ended 30 June 2022	3 Months ended 30 June 2022	3 Months ended 30 June 2022	3 Months ended 30 June 2021	3 Months ended 30 June 2021	3 Months ended 30 June 2021
	Oil	Gas	Total	Oil	Gas	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Impairment loss	(8,492)	-	(8,492)	-	-	-
	(8,492)	**-**	**(8,492)**	**-**	**-**	**-**

6.2 Segment assets

Segment assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the reporting segment and the physical location of the asset. The Group had no non-current assets domiciled outside Nigeria.

	Oil	Gas	**Total**
Total segment assets	$'000	$'000	$'000
30 June 2022	**2,788,129**	**588,491**	**3,376,620**
31 December 2021	2,654,668	508,701	**3,163,369**

6.3 Segment liabilities

Segment liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

	Oil	Gas	Total
Total segment liabilities	$'000	$'000	$'000
30 June 2022	**1,265,831**	**348,226**	**1,614,057**
31 December 2021	1,153,580	302,303	**1,455,883**

7. Revenue from contracts with customers

	Half year ended 30 June 2022	Half year ended 30 June 2021	3 months ended 30 June 2022	3 months ended 30 June 2021
	$'000	$'000	$'000	$'000
Crude oil sales	469,224	244,792	253,015	120,708
Gas sales	57,807	63,979	32,179	35,615
	527,031	**308,771**	**285,194**	**156,323**

The major off takers for crude oil are Mercuria and Shell West. The major off takers for gas are Geregu Power, Sapele Power, Nigerian Gas Marketing Company and Azura.

8. Cost of sales

	Half year ended 30 June 2022	Half year ended 30 June 2021	3 months ended 30 June 2022	3 months ended 30 June 2021
	$'000	$'000	$'000	$'000
Royalties	108,774	63,421	58,579	35,017
Depletion, depreciation and amortisation	70,437	64,540	36,589	33,625
Crude handling fees	20,344	29,766	7,436	17,268
Nigeria Export Supervision Scheme (NESS) fee	491	312	274	167
Niger Delta Development Commission Levy	5,400	2,954	2,533	383
Barging/Trucking	6,226	4,747	3,269	2,580
Operational & maintenance expenses	41,016	54,125	19,518	31,166
	252,688	**219,865**	**128,198**	**120,206**

Operational & maintenance expenses mainly relates to maintenance costs, warehouse operations expenses, security expenses, community expenses, clean-up costs, fuel supplies and catering services. Also included in operational and maintenance is gas flare penalty of $3.2 million (2021: $4.2 million).

Barging and Trucking relates to costs for the OML 40 Gbetiokun filed and OML 17 Ubima filed respectively under Eland Group.

9. Other income

	Half year ended 30 June 2022	Half year ended 30 June 2021	3 months ended 30 June 2022	3 months ended 30 June 2021
	$'000	$'000	$'000	$'000
Underlift	42,698	59,863	29,080	51,665
Gains/(loss) on foreign exchange	5,905	(1,004)	11,953	(1,305)
Loss on disposal of oil and gas asset	(13,073)	-	(13,073)	-
Tariffs	791	1,393	345	(5,256)
Others	1,150	5,528	250	5,462
	37,471	**65,780**	**28,555**	**50,566**

Underlifts are shortfalls of crude lifted below the share of production. It may exist when the crude oil lifted by the Group during the period is less than its ownership share of production. The shortfall is initially measured at the market price of oil at the date of lifting and recognised as other income. At each reporting period, the shortfall is remeasured at the current market value. The resulting change, as a result of the remeasurement, is also recognised in profit or loss as other income.

Gains/(loss) on foreign exchange are principally as a result of translation of Naira, Pounds and Euro denominated monetary assets and liabilities.

Others relate to income from JV billing interests and finance fees from ANOH Gas.

Tariffs which is a form of crude handling fee, relate to income generated from the use of the Group's pipeline.

10. General and administrative expenses

	Half year ended 30 June 2022	Half year ended 30 June 2021	3 months ended 30 June 2022	3 months ended 30 June 2021
	$'000	$'000	$'000	$'000
Depreciation and amortization	2,113	2,648	1,071	1,244
Depreciation of right-of-use assets	2,225	1,805	1,240	975
Professional and consulting fees	5,812	5,898	3,476	3,034
Auditor's renumeration	345	122	345	138
Directors' emoluments (executive)	734	620	(32)	(72)
Directors' emoluments (non-executive)	2,615	2,513	1,267	1,072
Employee benefits	20,709	19,006	10,052	9,970
Share-based benefits	1,227	2,274	1,227	843
Flights and other travel costs	5,999	1,253	4,312	731
Rentals	4,582	316	4,385	300
	46,361	**36,455**	**27,343**	**18,235**

Directors' emoluments have been split between executive and non-executive directors.

11. Impairment loss

	Half year ended 30 June 2022	Half year ended 30 June 2021	3 months ended 30 June 2022	3 months ended 30 June 2021
	$'000	$'000	$'000	$'000
Impairment loss on financial assets (Note 11.1)	6,377	737	5,154	30
Impairment loss on non-financial assets (Note 11.2)	8,492	-	8,492	-
	14,869	**737**	**13,646**	**30**

11.1 Impairment losses on financial assets

	Half year ended 30 June 2022	Half year ended 30 June 2021	3 months ended 30 June 2022	3 months ended 30 June 2021
	$'000	$'000	$'000	$'000
Impairment loss on trade receivables	5,670	710	4,647	22
Impairment loss on other financial assets	707	27	507	8
	6,377	**737**	**5,154**	**30**

11.2 Impairment loss on non-financial assets

	Half year ended 30 June 2022	Half year ended 30 June 2021	3 months ended 30 June 2022	3 months ended 30 June 2021
	$'000	$'000	$'000	$'000
Impairment loss on non-financial assets	8,492	-	8,492	-
	8,492	**-**	**8,492**	**-**

During the period, the Group recognized impairment loss of $8.5 million for long outstanding line pipes. We expect the loss to reverse once the recoveries are secured.

12. Fair value (loss)/gain

	Half year ended 30 June 2022	Half year ended 30 June 2021	3 months ended 30 June 2022	3 months ended 30 June 2021
	$'000	$'000	$'000	$'000
Unrealised fair value (loss)/gain on derivatives	(636)	(3,485)	1,518	(289)
Realised fair value loss on derivatives	(4,673)	(4,560)	(2,886)	(3,080)
	(5,309)	**(8,045)**	**(1,368)**	**(3,369)**

Fair value (loss)/gain on derivatives represents changes arising from the valuation of the crude oil economic hedge contracts charged to profit or loss.

13. Finance income/(cost)

	Half year ended 30 June 2022	Half year ended 30 June 2021	3 months ended 30 June 2022	3 months ended 30 June 2021
	$'000	$'000	$'000	$'000
Finance income				
Interest income	262	11	230	4
Finance cost				
Interest on bank loans	(34,491)	(46,972)	(16,541)	(30,599)
Interest on lease liabilities	(146)	(13)	(99)	136
Unwinding of discount on provision for decommissioning	(1,170)	(489)	(585)	(194)
	(35,807)	**(47,474)**	**(17,225)**	**(30,657)**
Finance cost – net	**(35,545)**	**(47,463)**	**(16,995)**	**(30,653)**

Finance income represents interest on short-term fixed deposits.

14. Taxation

Income tax expense is recognized based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the period to 30 June 2022 is 85% for crude oil activities and 30% for gas activities.

The effective tax rate for the period was 60% (2021: 42%).

The major components of income tax expense in the interim condensed consolidated statement.

	Half year ended 30 June 2022	Half year ended 30 June 2021	3 months ended 30 June 2022	3 months ended 30 June 2021
	$'000	$'000	$'000	$'000
Current tax:				
Current tax expense on profit for the period	30,008	12,047	14,753	5,297
Education tax	5,991	2,531	3,333	1,332
NASENI Levy	403	-	403	-
Police Levy	6	-	6	-
Total current tax	**36,408**	**14,578**	**18,495**	**6,629**
Deferred tax:				
Deferred tax expense in profit or loss	90,157	11,337	44,565	16,134
Total tax expense in statement of profit or loss	**126,565**	**25,915**	**63,060**	**22,763**

14.1 Net Deferred tax

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

	Balance as at 31 Dec 2021	(Charged)/ credited to profit or loss	Balance as at 30 June 2022
	$'000	$'000	$'000
Deferred tax asset	312,041	58,729	370,770
Deferred tax liabilities	(103,736)	(148,886)	(252,622)
Net deferred tax	**208,305**	**(90,157)**	**118,148**

In line with IAS 12, the Group elected to offset the deferred tax assets against the deferred tax liabilities arising from similar transactions. The comparative figures for the deferred tax asset on the unutilized capital allowance of $883 million have been offset against the deferred tax liability of $833 million. The deferred tax liability has been restated to $104 million made up of $14 million arising from underlift disclosed separately from deferred tax asset on overlift, lease liabilities of $3.4 million and property plant and equipment of $86 million. This led to a net deferred tax liability reclassification of $729 million. The net impact of the reclassification remains unchanged in the interim condensed consolidated statement of financial position.

14.2 Deferred tax asset

	Balance as at 1 Jan 2022	(Charged)/ credited to profit or loss	Balance as at 30 June 2022
	$'000	$'000	$'000
Tax losses	30,797	13,171	43,968
Other cumulative timing differences:			
Accelerated capital deduction	122,401	24,481	146,882
Other Temporary Differences*	47,090	1,836	48,926
Unrealised foreign exchange loss	17,128	(4,424)	12,704
Overlift	20,470	20,046	40,516
Impairment provision on trade and other receivables	74,155	3,619	77,774
	312,041	**58,729**	**370,770**

*Other temporary differences include provision for defined benefit, provision for Abandonment, share equity reserve.

14.3 Deferred tax liabilities

	Balance as at 1 Jan 2022	(Charged)/ credited to profit or loss	Balance as at 30 June 2022
	$'000	$'000	$'000
Other cumulative timing differences:			
Property, plant & equipment	(86,350)	(108,424)	(194,774)
Leases	(3,419)	1,053	(2,366)
Underlift	(13,967)	(41,515)	(55,482)
	(103,736)	**(148,886)**	**(252,622)**

15. Oil & Gas properties

During the six months ended 30 June 2022, the Group acquired assets amounting to $70.7 million (Dec 2021: $136.4 million).

16. Intangible Asset

	License	Total
Cost	$'000	$'000
At 1 January 2022	146,713	146,713
Additions	3,294	3,294
At 30 June 2022	**150,007**	**150,007**
Amortisation		
At 1 January 2022	15,513	15,513
Charge for the period	1,540	1,540
At 30 June 2022	**17,053**	**17,053**
Net Book Value (NBV)		
At 30 June 2022	**132.954**	**132,954**
At 31 December 2021	**131,200**	**131,200**

17. Investment accounted for using equity method

	30 June 2022	31 Dec 2021
	$'000	$'000
Investment in Joint venture (ANOH)	225,418	225,270
Total	**225,418**	**225,270**

18. Trade and other receivables

	30 June 2022	31 Dec 2021
	$'000	$'000
Trade receivables (Note 18.1)	49,667	62,929
Nigerian Petroleum Development Company (NPDC) receivables (Note 18.2)	56,462	83,924
Nigerian National Petroleum Corporation (NNPC) receivables	30,353	24,650
Underlift	67,254	50,147
Advances to suppliers	29,603	13,947
Receivables from ANOH	12,633	12,766
Other receivables (Note 18.3)	188,935	7,194
Total	**434,907**	**255,557**

18.1 Trade receivables

Included in trade receivables is an amount due from Geregu Power of $21 million (2021: $17.1 million), Sapele Power $6 million (2021: $5.9million) and Nigerian Gas Marketing Company (NGMC) $8.6 million (2021: $7.3 million) totaling $35.6 million (Dec 2021: $30.3 million) with respect to the sale of gas. Also included in trade receivables is an amount of $8.8 million (Dec 2021: $7.4 million) and nil (Dec 2021: $28.1 million) due from Mercuria and Shell Western respectively for sale of crude.

18.2 NPDC receivables

The outstanding cash calls due to Seplat from its JOA partner, NPDC is $56.5 million (Dec 2021: $83.9 million).

18.3 Other receivables

Other receivables include a deposit of $128.3 million transferred to Exxon Mobil Corporation, Delaware as part of the consideration to acquire the entire share capital of Mobil Producing Nigeria Unlimited as well as consideration of $12m paid to acquire Abiala farm-in. Also included in other receivables is an amount of $55m from Ubima. All other receivables are amounts outside the usual operating activities of the Group.

18.4 Reconciliation of trade receivables

	30 June 2022	31 Dec 2021
	$'000	$'000
Gross exposure at default	75,554	84,230
Less: Impairment allowance	(25,887)	(21,301)
Net exposure at default	**49,667**	**62,929**

18.5 Reconciliation of NPDC receivables

	30 June 2022	31 Dec 2021
	$'000	$'000
Gross exposure at default	68,714	95,924
Less: Impairment allowance	(12,252)	(12,000)
Net exposure at default	**56,462**	**83,924**

18.6 Reconciliation of NNPC receivables

	30 June 2022	31 Dec 2021
	$'000	$'000
Gross exposure at default	32,342	26,265
Less: Impairment allowance	(1,989)	(1,615)
Net exposure at default	**30,353**	**24,650**

18.7 Reconciliation of other receivables

	30 June 2022	31 Dec 2021
	$'000	$'000
Gross exposure at default	234,254	52,513
Less: Impairment allowance	(45,319)	(45,319)
Net exposure at default	**188,935**	**7,194**

19. Contract assets

	30 June 2022	31 Dec 2021
	$'000	$'000
Revenue on gas sales	8,146	4,077
Impairment on contract assets	(82)	(1)
	8,064	**4,076**

A contract asset is an entity's right to consideration in exchange for goods or services that the entity has transferred to a customer. The Group has recognised an asset in relation to a contract with Geregu power, Sapele power and NGMC for the delivery of gas supplies which the three companies has received but which has not been invoiced as at the end of the reporting period.

The terms of payments relating to the contract is between 30- 45 days from the invoice date. However, invoices are raised after delivery between 14-21 days when the receivable amount has been established and the right to the receivables crystallizes. The right to the unbilled receivables is recognised as a contract asset. At the point where the final billing certificate is obtained from Geregu power, Sapele power and NGMC authorising the quantities, this will be reclassified from contract assets to trade receivables.

19.1 Reconciliation of contract assets

The movement in the Group's contract assets is as detailed below:

	30 June 2022	31 Dec 2021
	$'000	$'000
Balance as at 1 January	4,076	6,167
Addition during the period	53,515	111,987
Receipts for the period	(49,446)	(114,017)
Price Adjustments	-	(60)
Impairment	(81)	(1)
Closing balance as at 30 June	**8,064**	**4,076**

20. Derivative financial instruments

The Group uses its derivatives for economic hedging purposes and not as speculative investments. Derivatives are measured at fair value through profit or loss. They are presented as current liability to the extent they are expected to be settled within 12 months after the reporting period.

The fair value has been determined using a proprietary pricing model which generates results from inputs. The market inputs to the model are derived from observable sources. Other inputs are unobservable but are estimated based on the market inputs or by using other pricing models.

	30 June 2022	31 Dec 2021
	$'000	$'000
Foreign currency options-crude oil hedges	2,920	3,745
	2,920	**3,745**

21. Cash and cash equivalents

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

	30 June 2022	31 Dec 2021
	$'000	$'000
Cash on hand	89	14,361
Short-term fixed deposits	21,384	70,498
Cash at bank	328,821	239,877
Gross cash and cash equivalent	**350,294**	**324,736**
Loss allowance	(246)	(246)
Net cash and cash equivalents	**350,048**	**324,490**

21.1 Restricted cash

	30 June 2022	31 Dec 2021
	$'000	$'000
Restricted cash (Current)	16,924	16,029
	16,924	**16,029**

Included in the restricted cash balance is $8 million and $6.2 million set aside in the stamping reserve account and debt service reserve account respectively for the revolving credit facility. The amount is to be used for the settlement of all fees and costs payable for the purposes of stamping and registering the Security Documents at the stamp duties office and at the Corporate Affairs Commission (CAC).

Also included in the restricted cash balance is $0.8 million and $1 million for rent deposit and unclaimed dividend respectively.

These amounts are subject to legal restrictions and are therefore not available for general use by the Group.

22. Share Capital

22.1 Authorised and issued share capital

	30 June 2022	31 Dec 2021
	$'000	$'000
Authorised ordinary share capital		
1,000,000,000 ordinary shares denominated in Naira of 50 kobo per share	3,335	3,335
Issued and fully paid		
584,035,845 (2021: 584,035,845) issued shares denominated in Naira of 50 kobo per share	1,862	1,862

Fully paid ordinary shares carry one vote per share and the right to dividends. There were no restrictions on the Group's share capital.

22.2 Movement in share capital and other reserves

	Number of shares	Issued share capital	Share Premium	Share based payment reserve	Treasury shares	Total
	Shares	$'000	$'000	$'000	$'000	$'000
Opening balance as at 1 January 2022	584,035,845	1,862	520,138	22,190	(4,915)	539,275
Share based payments	-	-	-	1,227	-	1,227
Closing balance as at 30 June 2022	**584,035,845**	**1,862**	**520,138**	**23,417**	**(4,915)**	**540,502**

22.3 Employee share-based payment scheme

As at 30 June 2022, the Group had awarded 93,523,737 shares (Dec 2021: 73,966,540 shares) to certain employees and senior executives in line with its share-based incentive scheme. During the six months ended 30 June 2022, no shares were vested (Dec 2021: 7,151,098 shares).

22.4 Treasury shares

This relates to Share buy-back programme for Group's Long-Term Incentive Plan. The programme commenced from 1 March 2021 and are held by the Trustees under the Trust for the benefit of the Group's employee beneficiaries covered under the Trust.

23. Interest bearing loans and borrowings

23.1 Reconciliation of interest-bearing loans and borrowings

Below is the reconciliation on interest bearing loans and borrowings for 30 June 2022:

	Borrowings due within 1 year	Borrowings due above 1 year	Total
	$'000	$'000	$'000
Balance as at 1 January 2022	60,661	705,953	766,614
Addition	-	-	-
Interest accrued	34,491	-	34,491

Interest capitalized	3,065	-	3,065
Principal repayment	-	-	-
Interest repayment	(26,138)	-	(26,138)
Other financing charges	(9,405)	-	(9,405)
Transfers	98	(98)	-
Carrying amount as at 30 June 2022	**62,772**	**705,855**	**768,627**

Below is the reconciliation on interest bearing loans and borrowings for 31 December 2021:

	Borrowings due within 1 year	Borrowings due above 1 year	Total
	$'000	$'000	$'000
Balance as at 1 January 2021	93,468	604,947	698,415
Additions	671,000	-	671,000
Interest accrued	74,322	-	74,322
Interest capitalized	12,473	-	12,473
Principal repayment	(600,000)	-	(600,000)
Interest repayment	(69,236)	-	(69,236)
Other financing charges	(20,360)	-	(20,360)
Transfers	(101,006)	101,006	-
Carrying amount as at 31 December 2021	**60,661**	**705,953**	**766,614**

$650 million Senior notes – April 2021

In March 2021, the Group offered 7.75% senior notes with an aggregate principal of $650 million due in April 2026. The notes, which were priced on 25 March and closed on 1 April 2021, were issued by the Group in March 2021 and guaranteed by certain of its subsidiaries.

The gross proceeds of the Notes were used to redeem the existing $350 million 9.25% senior notes due in 2023, to repay in full drawings of $250 million under the existing $350 million revolving credit facility for general corporate purposes, and to pay transaction fees and expenses. The amortised cost for the senior notes as at the reporting period is $661.7 million, although the principal is $650 million.

$110 million Reserved based lending (RBL) facility – March 2021

The Group through its subsidiary Westport on 5th December 2019 entered into a five-year loan agreement with interest payable semi-annually. The RBL facility has an initial contractual interest rate of 8% +Libor as at June 2022 (8.2%) and a settlement date of 29 November 2023.

The RBL is secured against the Group's producing assets in OML 40 via the Group's shares in Elcrest, and by way of a debenture which creates a charge over certain assets of the Group, including its bank accounts.

The available facility is capped at the lower of the available commitments and the borrowing base. The borrowing base is more than $100 million, with the available commitments at $100 million. The commitments were scheduled to reduce to $87.5 million on 31 March 2021. The first reduction in the commitments occurred on 31st December 2019 in line with the commitment reduction schedule contained within the Facility Agreement. This resulted in the available commitments reducing from $125.0 million to $122.5million, with a further reduction to $100 million as at December 2020.

The RBL is secured against the Group's producing assets in OML 40 via the Group's shares in Elcrest, and by way of a debenture which creates a charge over certain assets of the Group, including its bank accounts.

The RBL has a maturity of five years, the repayments of principal are due on a semi-annual basis so that the outstanding balance of the RBL will not exceed the lower of (a) the borrowing base amount and (b) the total commitments. Interest rate payable under the RBL is LIBOR plus 8%, as long as more than 50% of the available facility is drawn.

On 4th February 2020 Westport drew down a further $10 million increasing the debt utilised under the RBL from $90 million to $100 million.

The interest rate of the facility is variable. The interest accrued at the reporting period is $4.5 million using an effective interest rate of 8.2%. The interest paid was determined using 6-month LIBOR rate + 8 % on the last business day of the reporting period.

On 17th March 2021, Westport signed an amendment and restatement agreement regarding the RBL. As part of the new agreement, the debt utilised and interest rate remain unchanged at $100 million and 8% + USD LIBOR respectively, however, the maturity date was extended by either five years after the effective date of the loan (March 2026) or by the reserves tail date (expected to be March 2025). Due to the modification of the original agreement and based on the facts and circumstances, it was determined that the loan modifications were substantial. Therefore, the existing facility was derecognised, and a new liability was recognised, and the present value of the loan commitment was moved to long term liabilities (Borrowings due above 1 year).

On 24 May 2021 Westport drew down a further $10 million increasing the debt utilised under the RBL from $100 million to $110 million. The amortised cost for this as at the reporting period is $98 million (Dec 2021: $108.8 million), although the principal is $110 million.

$50 million Reserve based lending facility – July 2021

In July 2021, the Group raised a $50 million offtake line to the Reserved Based Lending Facility. The Facility has a 6-year tenor, maturing in 2027. The amortised cost for this as at the reporting period is $8.6 million (Dec 2021: $9.2 million), although the principal is $11 million.

24. Trade and other payables

	30 June 2022	31 Dec 2021
	$'000	$'000
Trade payable	86,723	120,426
Accruals and other payables	162,474	164,175
NDDC levy	8,345	12,826
Royalties payable	70,519	34,228
Overlift payable	47,666	35,403
	375,727	**367,058**

Included in accruals and other payables are field-related accruals of $55.7 million (Dec 2021: $83.5 million) and other vendor payables of $39.5 million (Dec 2021: $15.6 million). Royalties payable include accruals in respect of crude oil and gas production for which payment is outstanding at the end of the period.

Overlifts are excess crude lifted above the share of production. It may exist when the crude oil lifted by the Group during the period is above its ownership share of production. Overlifts are initially measured at the market price of oil at the date of lifting and recognised in profit or loss. At each reporting period, overlifts are remeasured at the current market value. The resulting change, as a result of the remeasurement, is also recognised in profit or loss and any amount unpaid at the end of the reporting period is recognised in overlift payable.

25. Computation of cash generated from operations

	Half year ended 30-June-22 $'000	Half year ended 30-June-21 $'000
Profit before tax	209,866	62,092
Adjusted for:		
Depletion, depreciation and amortization	72,550	67,188
Depreciation of right-of-use asset	2,225	1,805
Impairment losses on financial assets	6,377	737
Impairment losses on non-financial assets	8,492	-
Loss on disposal of oil and gas asset	13,073	-
Interest income	(262)	(11)
Interest expense on bank loans	34,491	46,972
Interest on lease liabilities	146	13
Unwinding of discount on provision for decommissioning	1,170	489
Unrealised fair value loss on derivatives	636	3,485
Realised fair value loss on derivatives	4,673	4,560
Unrealised foreign exchange (gain)/ loss	(5,905)	1,004
Share based payment expenses	1,227	2,274
Share of profit in joint venture	(136)	(106)
Defined benefit expenses	1,890	1,844
Changes in working capital:		
Trade and other receivables	(34,448)	13,553
Prepayments	(1,023)	(4,796)
Contract assets	(4,070)	(5,554)
Trade and other payables	8,669	(50,436)
Restricted Cash	(895)	(20.195)
Inventories	11,313	664
Net cash inflow from operating activities	**330,059**	**125,582**

26. Earnings per share (EPS)

Basic

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

Diluted

Diluted EPS is calculated by dividing the profit after taxation attributable to the ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the reporting period plus all the dilutive potential ordinary shares (arising from outstanding share awards in the share-based payment scheme) into ordinary shares.

	Half year ended 30 June 2022 $'000	Half year ended 30 June 2021 $'000	3 months ended 30 June 2022 $'000	3 months ended 30 June 2021 $'000
Profit attributable to Equity holders of the parent	79,788	56,566	63,304	20,919
Profit/(loss) attributable to non-controlling interests	3,513	(20,389)	95	(9,598)
Profit for the period	**83,301**	**36,177**	**63,399**	**11,321**

	Half year ended 30 June 2022	Half year ended 30 June 2021	3 months ended 30 June 2022	3 months ended 30 June 2021
	Shares '000	Shares '000	Shares '000	Shares '000
Weighted average number of ordinary shares in issue	584,036	582,927	584,036	582,927
Outstanding share-based payments (shares)	2,801	5,518	2,801	5,518
Weighted average number of ordinary shares adjusted for the effect of dilution	**586,837**	**588,445**	**586,837**	**588,445**
Basic earnings per shares for the period	**$**	**$**	**$**	**$**
Total basic earnings per share attributable to the ordinary equity holders of the Group	0.14	0.10	0.11	0.04
Diluted earnings per shares	**$**	**$**	**$**	**$**
Total diluted earnings per share attributable to the ordinary equity holders of the Group	0.14	0.10	0.11	0.04
Profit used in determining basic/diluted earnings per share	**79,788**	**56,566**	**63,304**	**20,919**

The weighted average number of issued shares was calculated as a proportion of the number of months in which they were in issue during the reporting period.

27. Proposed dividend

The Group's directors propose an interim dividend of 2.5 cents per share for the reporting period. (2021: 2.5 cents).

28. Related party relationships and transactions

The Group is controlled by Seplat Energy Plc (the parent Company). The Parent Company is owned 6.43% either directly or by entities controlled by A.B.C Orjiako (SPDCL(BVI)) and members of his family and 12.19% either directly or by entities controlled by Austin Avuru (Professional Support Limited and Platform Petroleum Limited). The remaining shares in the parent Company are widely held.

The goods and services provided by the related parties are disclosed below.

Shebah Petroleum Development Company Limited SPDCL ('BVI'): The Company provided consulting services to Seplat. Services provided to the Group during the period amounted to $509.1 thousand (2021: $610.9 thousand).

29. Commitments and contingencies

29.1 Contingent liabilities

The Company is involved in a number of legal suits as defendant. The estimated value of the contingent liabilities is $16.9 million (Dec 2021: $19.2 million). The contingent liability for the reporting period is determined based on possible occurrences, though unlikely to occur. 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.

30. Reclassification

Certain comparative figures in note 6 and 14 have been reclassified in line with the current period's presentation.

31. Events after the reporting period

During the period, the Nigerian National Petroleum Company Limited initiated an action at the State High Court of the Federal Capital Territory in Abuja, Nigeria in relation to the entire shares of Mobil Producing Nigeria Unlimited ("MPNU"). On 6 July 2022, the State High Court made an ex-parte order of interim injunction restraining the shareholders of MPNU from completing any divestment in MPNU, including the Share Sale and Purchase Agreement signed with Seplat Energy Offshore Limited.