MISEN ENERGY AB (publ.)
Corp. ID no. 556526-3968

Annual report and consolidated financial statements for financial year 2015

The Board of Directors and Managing Director present the following annual accounts and the consolidated financial statements.

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Unless otherwise stated, all amounts are reported in KSEK. Information in brackets refers to the previous year.

1. Administration report

1.1. The Misen Energy Group

About the Company

Misen Energy AB (publ) (herein after referred to as **“Parent Company”** or **“Company”)** is a Swedish public limited liability company with its registered offices in Stockholm. The address of the Head Office is Engelbrektsgatan 32, 411 37 Gothenburg, Sweden. The Company is listed on the First North List at NASDAQ Stockholm.

The Misen group **(“Misen Group”** or **“Group”)** comprises Misen Energy AB (publ) and two wholly owned subsidiaries Misen Enterprises AB and LLC Karpatygaz (Ukraine). Via these two subsidiaries, the Misen Group includes 50.01% interest in the Joint Activity (hereafter called “JA”) in Ukraine as described below.

The Misen Group specializes in an upstream oil and gas business dedicated to the production of hydrocarbons (mainly natural gas, oil and gas condensates) in Ukraine. The business concept of the Misen Group is to develop and significantly increase production in gas and oil fields by implementation of large scale investment programs and introduction of modern western know-how and technology.

Misen Energy AB (publ) is the Parent Company of the Misen Group and a Swedish holding entity for the subsidiaries operating in Ukraine. The Parent Company’s business focus is to carry out Group-wide tasks and, together with its subsidiary Misen Enterprises AB, to ensure the financing for operations in Ukraine when required.

The wholly owned Swedish subsidiary of the Parent Company, Misen Enterprises AB, has a 50% interest in the Joint Activity in Ukraine.

The wholly owned Ukrainian subsidiary of Misen Enterprises AB, LLC Karpatygaz, has a 0.01% interest in the JA and is the company that runs the project.

Altogether the Misen Group has a 50.01% participating interest in the JA. The remaining 49.99 % of participating interest in the JA is held by the Public Joint Stock Company Ukrgasvydobuvannya **(“PJSC Ukrgasvydobuvannya”)** (Ukraine), a wholly owned subsidiary of the National Joint Stock Company Naftogaz of Ukraine (Ukraine).

JA is governed by the Joint Activity Agreement No. 3, dated 10 June 2002 (hereafter called “**JAA**”), signed by PJSC Ukrgasvydobuvannya, LLC Karpatygaz and Misen Enterprises AB.

The Misen Group also includes the wholly owned subsidiary Capital Oil Resources Sweden AB (Sweden), which is dormant. Consolidated accounts as of 1 July 2011 represent the

Misen Group. The structure of the Misen Group remains the same since 1 July 2011.

History

The Parent Company, formerly Svenska Capital Oil AB (publ), was founded in 2004 and its shares have been traded on the First North List at OMX Stockholm since 12 June 2007. During the period from 2005 to 2010, the Company was engaged in the development of geo resources in Ukraine. As the former wholly owned subsidiary LLC Capital Oil Ukraine was sold on 30 December 2010, the Company's oil exploration in Ukraine came to an end. From 2011, the business has focused on gas extraction in a new cooperation project, the JA in Ukraine. Under this revised business focus, all shares in the Swedish company Misen Enterprises AB and its wholly owned Ukrainian subsidiary LLC Karpatygaz were acquired in 2011.

The Annual General Meeting on 30 June 2011 approved the Board's proposal to acquire all shares in Misen Enterprises AB. This acquisition was carried out on 1 July 2011. Payment was made through the issue of new shares in Svenska Capital Oil AB for the entire purchase price, which amounted to KSEK 999,999. Through this transaction, the five previous owners of Misen Enterprises AB became the dominant shareholders in Svenska Capital Oil AB, with a total shareholding of 98.8% of all shares. Through this, IFRS rules for reverse acquisitions in preparing the consolidated financial statements were applied.

Joint Activity (JA)

The Company's wholly owned subsidiaries Misen Enterprises AB and LLC Karpatygaz have between them rights to 50.01% of the net profit after taxes of a large gas and oil production project in Ukraine, the duration of which extends for twenty years starting from 2011. The remaining rights to 49.99% of net profits after taxes belong to PJSC Ukrgasvydobuvannya. The net profit from the gas and oil production project attributable to the parties is calculated based on the production volumes legally assigned to the JA. These volumes are calculated as the difference between a production level should investments be undertaken and a predetermined base line of production that would have been produced had the project not existed (i.e. no further investment had taken place).

These rights are established in a formal legally binding agreement JAA No.3, without establishing a legal entity, dated 10 June 2002, among the three participants PJSC Ukrgasvydobuvannya, LLC Karpatygaz and Misen Enterprises AB. The essential objective of the JAA No.3 is to increase hydrocarbon production by means of modernising infrastructure and production facilities and the introduction of the modern production technologies.

These measures will materially contribute to the energy security and independence of the Ukraine through sustainable growth in production, which is the primary objective of PJSC Ukrgasvydobuvannya.

To provide the management and supervision of the JA, the Management Committee consisting of the authorized representatives of the participants of the JAA No.3 has been established. It is the ultimate governing body of the JA, approving and monitoring implementation of the investment program of the JA. The Misen Group is represented at the Management Committee of the JA by directors of subsidiaries Misen Enterprises AB and LLC Karpatygaz.

1.2. Significant events in 2015

Gas balance

The Misen Group led JA has continued operating without any issues with the gas balancing during of 2015. All natural gas produced during the period January-December 2015 was sold and at the end of December 2015, there was no unsold gas.

The gas balance in Ukraine is maintained and revised monthly and management perceives this as if an uncertainty remains with regard to stability and continuity of this process. Considering that the JA did not have any problems with the gas balance for more than one year, including the fourth quarter of 2015, management can however confirm that the JA was formally included in the gas balance for 12 months in 2015 and that there were no indications that this pattern would change in the upcoming period.

The Group's financial standing and continued operation

In July 2015, the JA violated its obligation to pay off KUSD 2,240 (KSEK 18,858) of a total of KUSD 12,250 (KSEK 103,128) to Sberbank Russia. In August 2015, the JA violated its obligation to pay off the remaining debt KUSD 10,010 (KSEK 84,270) of a total of KUSD 12,250 (KSEK 103,128). In connection with this, the JA reached an agreement with Sberbank Russia to restructure the debt with new repayment terms. However, the restructuring agreement had not been signed at the end of December 2015 due to agreement not having been achieved between the JA participants. Sberbank Russia therefore has legal grounds to impose punitive interest on the JA amounting to KUAH 52,163 (KSEK 20,171). This punitive interest is recognized in the Misen Group's financial statements under financial expenses in an amount of KSEK 10,086.

At present, the parties in the JA have approved the terms for restructuring and a signing of the agreements is expected shortly.

In August 2015, Sberbank Leasing sued the JA for violation of a leaseback agreement. According to the suit, the JA has not delivered equipment in time according to the agreement and Sberbank Leasing therefore has legal grounds to sue the JA for breach of contract. However, the JA considers that the unrealized delivery of equipment has legal grounds as

Sberbank Leasing did not fulfil its obligations under the contract (full payment of the value of the equipment) at the time the agreement began to apply.

Based on experience from similar cases, the JA's management expects an outcome of this suit in the JA's favour, which is why no provisions have been made for expenses in the financial statements in this case.

Based on the facts described above and the fact that the JA has a stable production and positive cash flow, the Board and management believe that the JA has enough liquidity to cover its outstanding commitments to its creditors. The Board and management will monitor the situation and report on the future development.

Financing of the Group's Swedish operations

During 2015, the Swedish operations continued to borrow from the shareholder TCT Holding AB and from the external investors Powerful United and Stichting Bewaarder Pluribus Optimum Fund . The Swedish operations borrowedKUSD 2,251,KEUR 725 and KSEK 2 000 (26 940) . Of the borrowed funds KSEK 15 037 were used to finance the Company's Swedish operations and the remaining part, KSEK 11 903 to partly oay off the contribution to the JA..

At present, the Company needs additional financing for operations in 2016 and negotiations are being carried out with potential financiers. Also see the section "Significant events after the end of the financial year" for additional details.

Write-down of shares in the subsidiary Misen Enterprises

Due to the higher taxes on the extraction of natural assets and historically low natural gas prices, the Company included a write-down in the financial items in the Company's income statement of the subsidiary Misen Enterprises AB, which holds 50% of the JA. The write-down has been calculated through the use of the discounted cash flow in the JA and is based on the assumption that the tax on the extraction of natural resources (subsoil use charge) will remain at 70% during the JA's remaining lifetime. The discount rate in the calculations is set at 19.9% after tax in UAH. For additional information, see Note 30.

The operation of Khrestyshchenska Booster Compressor Station

In September 2015, the Khrestyshchenska Booster Compressor Station (BCS) was commissioned. This BCS is one of the largest in Ukraine and serves the extraction of up to 25% of the total domestic natural gas production.

However, after the commissioning of the Khrestyshchenska BCS, a dispute arose between the JA and the PJSC Ukrgasvydobuvannya regarding how the higher production of gas at Khrestyshchenska BCS should be allocated between the parties. According to the method used, the production at Khrestyshchenska BCS has not exceeded the “base line” which has led to no increase in production being able to be utilized by the JA. Due to this, the JA has been forced to use part of the produced gas for the operation of Khrestyshchenska BCS. The gas that has been used for operations amounts to 9 million cubic metres (“mmcm”) per month. During the period September-December 2015, this led to the JA incurring losses of KSEK 46,159, which has been included in the statement as other operating expenses.

Constructive negotiations between the parties in the JA are currently being conducted and a temporary solution has been achieved. For details, please refer to the section “Significant events after the end of the 2015 financial year”.

Subsoil use charge increase

Beginning in July 2015, the subsoil use charge increased to 70%. This took place in accordance with laws enacted in Ukraine in 2014.

The subsoil use charge is payable at the time of production and delivery of gas into the gas transport system. In 2015, the base price was set for the calculation of subsoil use charges by the state energy commission and this base price was comparatively higher than the average import price of natural gas and the JA’s selling price.

The Misen Group’s earnings for 2015 were negatively impacted by this and this will have a negative impact on the introduction of the JA’s investment programme.

In November 2015, Ukraine’s parliament adopted a change of the tax legislation, which was signed by the President in December 2015 and entered into effect on 1 January 2016. The change stipulates that the average import price for natural gas shall be the base for subsoil use charges. Historically, the average import price has been equal to or lower than the JA selling price. This new method for the calculation of the subsoil use charges will have a positive effect on the JA’s earnings.

Tax payment in Ukraine

Despite the difficult situation with raised subsoil use charges, the Misen-managed JA has continued to pay all taxes and charges to Ukrainian tax authorities. Since 2011, the JA has paid KUAH 7,970,450 (adjusted KSEK 4,204,282) in taxes to Ukraine. In 2015, the JA paid KUAH 4,213,217 (adjusted KSEK 1,629,251).

Exchange rate fluctuations and inflation

In 2015, the UAH exchange rate against SEK dropped from 0.4844 on 31 December 2014 to 0.3468 on 31 December 2015, i.e. by -28.4%. Since the Misen Group’s operations and net assets are almost entirely located in Ukraine, this has had a negative effect on the Group’s equity, which decreased by KSEK 199,037.

To counteract further weakening of the UAH, the Ukraine central bank introduced a number of restrictions in the handling of foreign currency including: a temporary prohibition on the disbursement of dividends in foreign currencies, a temporary prohibition on repayment of loans to foreign lenders, compulsory sale of 75% of income in foreign currency to the central bank and other restrictions concerning both liquid and non-liquid transactions. The Ukrainian central bank extended these temporary restrictions several times during 2015 and the restrictions are currently applicable up to and including 3 June 2016.

The weakening of UAH increased the pressure on the consumer price index in Ukraine. The official inflation rate in Ukraine amounted to 43.3% in 2015.

On 11 March 2015, the IMF approved a four-year extended fund facility (EFF) for Ukraine for more than USD 17 billion. In 2015, Ukraine received the first two disbursements according to the EFF amounting to USD 5 billion and USD 1.7 billion, respectively. In October 2015, Ukraine agreed with the majority of its creditors on a restructuring of part of the country's external debts in an amount of USD 15 billion. The restructuring postpones the repayment times for these debts to 2019-2027, establishes the interest rate at 7.75% and includes a conversion of 20% of the debt to bonds at a value of USD 2.9 billion.

A considerable part of the country's international debt still remains to be renegotiated.

After this restructuring of the country's debts to the majority of the country's creditors, Ukraine's credit rating improved.

Additional disbursements from IMF are dependent on reforms regarding Ukraine's governance, and other economic, legal and political factors.

Notice of Investment Dispute to Ukraine's government

At the beginning of October 2015, the Company submitted a Notice of Investment Dispute to Ukraine's government in accordance with the Bilateral Investment Treaty between Sweden and Ukraine ("**BIT**"). The Company notified Ukraine that a dispute had arisen between the Company and Ukraine regarding the Company's investments in Ukraine and has invited Ukraine to try to resolve the dispute through consultation and negotiations.

The Ukrainian government continues to exercise targeted discrimination of the Company's investments in Ukraine by charging a 70% tax on gas prices that are set by the supervisory authority.

A continued application of a 70% tax will make returns on the Company's investments in Ukraine impossible and can ultimately lead to the Company being forced to divest its operations in Ukraine and losing the full value of its investments and expected income during the investments' 30-year life cycle; the income is estimated at more than USD 3 billion.

If the problems described in the Notice of Investment Dispute cannot be settled with Ukraine's government within six months, the Company reserves the right to submit the dispute for international arbitration in accordance with the BIT.

Contribution to the JA

At the end of 2015, the subsidiary Misen Enterprises contributed KUSD 3,930 (KSEK 33,085) to the JA, which means that Misen Enterprises has not fulfilled the remaining financing commitment amounting to MUSD 8.6 that according to Amendment No. 6 to the JAA No. 3 should have been done no later than 31 December 2015.

Misen Enterprises has conducted negotiations with its partner in the JA, PJSC Ukrgasvydobuvannya, to extend the time frame for the contribution to the JA. At present, it is unclear when a new time for the contribution will be set because this, according to Misen Enterprises' standpoint, depends on the investment dispute with the Ukrainian government. The situation has worsened in connection with the change in the tax legislation in Ukraine in November 2015. This change stipulates that the subsoil use charges shall amount to 29% for private gas producers in the extraction of gas from a depth below 5,000 metres and 14% in the extraction of gas from a depth in excess of 5,000 metres. These supplements increase the discrimination of the JA, which still pays 70% subsoil taxes, in relation to other private gas producers.

In addition to this, the resolution from the Ukrainian central bank on 3 September 2015, which prevents the purchase of foreign currencies and transfers of them abroad as payment of dividends to foreign investors, creates uncertainty regarding Misen Enterprises' ability to obtain returns on its contribution and the possibility to obtain repayment of its contribution.

Investment programme report

Despite financial limitations as a result of the increased subsoil use charges, in the fourth quarter of 2015, the Company continued construction of booster compressor stations ("**BCS**"). In 2015, a total of KSEK 191,772 (KSEK 390,567) was invested in the JA development programmes (compared with the same period in 2014).

In 2015, the Company achieved the following milestones:

- Four BCS were commissioned
- Construction of four BCS entered a final phase
- 12 wells underwent renovations and/or stimulation
- Two measurement units were installed
- Five measurement units were begun

In December 2015, the JA commissioned four BCS in Ukraine. This was made possible by a renewed investment programme.

At present, the JA is operating six BCS in Ukraine, which stabilise and maintain necessary operating pressure in the associated gas and condensate fields and entails additional production of gas and condensate for the JA.

The four BCS that were commissioned in 2015 are: Khrestishchenska (the Charkiv region), Letnyanska and Svydnitska (the Lviv region) and Abazivska (the Poltava region).

- Khrestyshchenska BCS comprises Titan 130 CS gas turbines made by Solar Turbines International Company (USA), which comprises four units with a combined capacity of 60 MW. The JA’s total investment in this project amounts to KUSD 135,300 (KSEK 919,200 according to historical exchange rate). Khrestyshchenska BCS is the largest facility of its kind in Ukraine, and in principle supports up to one fourth of Ukraine’s total domestic production of natural gas. The operations at Khrestyshchenska BCS will enable a level of natural gas production in eight fields of 4.65 billion cubic metres (bcm) per year. For more details, please refer to the section “Significant events after the end of the 2015 financial year”.
- Letnyanska BCS consists of Ariel gas compressor units and Caterpillar units (USA) supplied by Propak Systems LTD (Canada) and has a total capacity of 1.23 MW. The JA’s total investment in this project amounts to KUSD 6,100 (KSEK 41,200). Operations at Letnyanska BCS will maintain necessary operating pressure in the Letnyanske field and the adjacent Oparske field and entail further natural gas production to the JA amounting to 9 mmcm per year. A block for dehydration of gas has been installed at Letnyanska BCS, which will improve the quality of natural gas supplied to PJSC Ukrtransgas’ main gas lines.
- Svydnytska BCS consists of Ariel gas compressor units and Caterpillar units (USA) supplied by Propak Systems LTD (Canada) and has a total capacity of 0.86 MW. The JA’s total investment in this project amounts to KUSD 4,800 (KSEK 33,100). Operations at Svydnytska BCS will maintain necessary operating pressure in the Svydnytske field and entail further natural gas production to the JA amounting to 7.5 mmcm per year.
- Abazivska BCS consists of Ariel gas compressor units and Caterpillar units (USA) supplied by Propak Systems LTD (Canada) and has a total capacity of 0.79 MW. The JA’s total investment in this project amounts to KUSD 5,300 (KSEK 35,500). Operations at Abazivska BCS will maintain necessary operating pressure in the Abazivske field and the Sementsivske field and entail further natural gas production to the JA amounting to 7 mmcm per year.

Production report

Adjustments of the JA's investment programme led to stagnant or even reduced production for certain product categories in the first quarter of 2015 (compared with earlier reporting periods). This was partially counteracted in the second, third and fourth quarters of 2015 due to the production increase of natural gas as a result of a renewed investment programme.

The table below presents ***accumulated production*** during the period indicated:

	January-December 2015	January-December 2014
Natural gas (mmcm)	687.5	672.0
Gas condensate (kt*)	31.9	28.6
Oil (kt)	11.1	18.8
LPG (kt)	6.6	--

*thousand tonnes

1.3. Significant events after the end of the 2015 financial year

Gas balance

In January-March 2016, the Misen Group-led JA continued operations without running into any problems in the gas balance.

Financing of the Company's Swedish operations and contribution to the JA

The Company continued to borrow from the shareholder TCT Holding AB. In January 2016, the Company borrowed KSEK 270.

In February 2016, the Company borrowed KEUR 700 (KSEK 6,607) from Prolux Resources AD, a company registered in Panama and controlled by the shareholder Blankbank.

Both of these loans have been used in their entirety to finance the Swedish companies' activities. These loans fall due for payment in the first half of 2017 and run with an interest rate of 9% and 5.5%, respectively. Additional financing is necessary to ensure the continued operation in 2016, which is why the Company is negotiating with external financiers to increase its lines of credit. At present, no agreements have been reached, which makes the Company's future financing for 2016 still appear uncertain.

The remaining part of the subsidiary Misen Enterprises' commitment, MUSD 8.6, to contribute to the JA is dependent on the investment dispute with the Ukrainian government and is currently not resolved.

Exchange rate fluctuations

During the period January - mid-February 2016, the UAH exchange rate against SEK dropped by 8.0% from 0.3486 to 0.3223.

The operation of Khrestyshchenska Booster Compressor Station

At the beginning of February 2016, Misen Enterprises and the JA partner PJSC Ukrgasvydobuvannya had a meeting regarding the operation of Khrestyshchenska BCS. During this meeting, the parties preliminarily agreed how the issue of the gas used for the operation of Khrestyshchenska BCS shall be resolved. According to the preliminary agreement, Misen Enterprises' subsidiary LLC Karpatygaz, which is in charge of operating the JA and renting out Khrestyshchenska BCS to PJSC Ukrgasvydobuvannya with an obligation for it to later cover the gas needed for operation. The agreement is presumed to be renewed on a monthly basis. This temporary agreement will have a positive impact on the JA's earnings in 2016 compared with 2015.

1.4. Results - the Misen Group and the Company

For 2015, the Misen Group's operating profit amounted to KSEK 14,609 (KSEK 550,418) and the Misen Group's loss after net financial items for 2015 was KSEK 48,687 compared with a profit of KSEK 414,085 in the same period in 2014. The lower earnings in 2015 is due to lower selling prices and higher subsoil use charges and provisions for bad debt loss of KSEK 20,571.

During January-December 2015, the gas production within the JA totalled 687.5 mmcm (671.9 mmcm in the same period 2014), generating an income for the JA of KSEK 1,706,289 (KSEK 2,275,444) of which 50.01% is attributable to the Misen Group's interest in the JA. The corresponding amounts in KUAH are 4,412,435 (3,941,527).

The Parent Company's loss after net financial items was KSEK 583,804 in 2015 compared with a loss of KSEK 26,392 in 2014. Earnings for 2015 were affected by the write-down of shares in the subsidiary Misen Enterprises AB by KSEK 560,000, which is described below.

During 2015, the Misen Group revenue was KSEK 884,873 (KSEK 1,163,253) while the Parent Company revenue in the same period amounted to KSEK 120 (KSEK 120).

The Parent Company’s financial items include a write-down of the shares in the subsidiary Misen Enterprises AB in an amount of KSEK 560,000. For more information, please see Note 30.

Amendments to the tax code

As of 1 January 2015, Ukraine adopted amendments to the tax code. According to the newly adopted amendments, JAs are not corporate profit tax (“CPT”) payers starting from 2015. Instead, participants of JAs are liable to pay income taxes monthly, calculations of which are based on the previous period tax returns (one twelfth of the total amount in return). The tax return will be submitted to tax authorities annually, before 1 June. Since the new rules came into effect in 2015, there is no previous period returns submitted by JA participants to tax authorities and, based on this, the first payments made by participants of JAs will be due in May 2016. Starting June 2016 participants will have to make monthly payments based on the results stated in tax return for 2015.

The new tax code however lacks clear description how this will be implemented for the participants who are foreign tax residents. Ukrainian state and tax authorities have not yet prepared rules for how the new amendments to the tax code shall be handled. Consequently, it is unclear how Misen Enterprise AB’s income and earlier profits in the JA will be viewed.

In this report, it has been presumed that the Misen Group will be a taxpayer under Ukrainian law with regard to taxes related to the JA, based on the assumption that the Misen Group has operations in Ukraine. In addition, in this report, it is presumed *that* the profits that arose in the JA before 1 January 2015 will not be taxed in Sweden, *that* the holding in the JA is considered to be commercially contingent shares until 31 December 2014 and *that* the difference in tax rate that exists between Sweden and Ukraine can be offset against Swedish income tax and Swedish tax loss carry forwards.

Cash position

As of 31 December 2015, the Misen Group had cash and cash equivalents of KSEK 7,413 (KSEK 80,976). Operating cash flow after changes in working capital in 2015 was KSEK 85,848 (KSEK 392,306).

Capital expenditure

The Misen Group’s capital expenditure on equipment for gas production in Ukraine related to the JA activity in January-December 2015 amounted to KSEK 103,108 (KSEK 209,031).

In January-December 2015, the total value of not yet delivered orders was KSEK 138,657. The capital expenditures are equipment, constructions and constructions in progress for the extraction of natural gas. The activities are capital intensive and the level of capital expenditures will be continuing on a high level.

Expected future development of the Company

The challenges of the gas balance in 2013-2014 affected the investment programme in 2015. This resulted in a stagnated and even reduced production growth during the year. Since the gas balance issue has been resolved, the operations in the JA developed positively in the second, third and fourth quarters of 2015. This is reflected in the increasing production of natural gas and the introduction of the new product category of LPG (also refer to the sections “Investment programme report” and “Production report”).

Sales of gas from underground storages had a positive effect on the Misen Group’s operating profit and cash flow in the first half of 2015, which enabled the resumption of the investment programme in 2015. This has however been counteracted by the increase in the subsoil use charges to 70%, which has inhibited production growth and has a negative impact on the Group’s earnings in the second half of 2015.

Management and the Board are concerned with the situation and will report on further developments in upcoming reports.

On condition that the subsoil use charges remain at 70%, the profit/loss and cash flow for the project’s remaining lifetime will be reduced considerably, which is reflected in the decision to write-down the value of Misen Enterprises in the Parent Company.

Environmental impact

Operations within the JA have an impact on the environment in Ukraine, which is regulated by laws and agreements, which in turn control the JA’s operations in the area of the environment. Oil and natural gas operations are subject to extensive regulations with respect to the environment at both international and national levels. Environmental legislation covers the control of water and air pollution, waste, licensing requirements, restrictions on operations in environmentally sensitive and coastal areas. Environmental regulations are expected to become more stringent over time, which will most likely result in increasing costs. The Misen Group meets current environmental requirements in order to maintain existing licences or to acquire new ones.

Financial assets and liabilities

In the fourth quarter of 2015, the JA had made reservations for bad debt losses in an amount of KUAH 106,372 (KSEK 41,166) of which 50.01% affected the Misen Group. As the responsible operator for the JA, the subsidiary LLC Karpatygaz conducts constructive negotiations with the debtors. An agreement regarding these outstanding obligations is also sought through legal proceedings in Ukraine.

Financial and other risks

The Misen Group works to increase the local production of hydrocarbons in Ukraine by implementing an extensive investment programme focused on development and modernisation of the infrastructure for gas production. In these operations, the Group works with a complex array of industry-specific risks, such as price trends of oil and gas, currency risks and interest rate risks, licensing issues regarding exploration, processing and the environment, as well as the uncertainty in the value of the exploration work done and of the subsequent field development work. With operations being focused on production rather than exploration, the risk exposure could be considered as being moderate.

The financing need that may arise in 2016 will be handled by extended credits, and if needed, adjustments in the investment programme.

As a result of the continued political instability in Ukraine in January-December 2015, the UAH exchange rate against the SEK dropped by 28.4%. Since the Misen Group's operations and net assets are almost entirely located in Ukraine, this has had a negative effect on the Group's equity, which decreased by KSEK 199,037.

For more information on the Group's financial and other risks, please see the Supplementary Information and Note 23.

1.5. The Board of Directors

The Boards of Directors of the Parent Company and Misen Enterprises AB each comprise the same members.

Dr. Andrius Smaliukas, Chairman of the board of directors, (Board member since 2013)

Dr. Smaliukas is Partner at Valiunas Ellex, the leading Pan - Baltic law firm. He works in energy and infrastructure sectors and serves as an arbitrator and counsel at numerous international arbitration proceedings. Dr. Smaliukas also has extensive corporate governance experience including experience serving as a board member and advising the board on corporate governance and legal compliance issues.

Other assignments include:

- Board Member at Lords LB Asset Management – the leading real estate, energy and infrastructure funds manager in the Baltics;

- Member of Permanent Court of Arbitration at the Hague, appointed by the Government of the Republic of Lithuania.

Dr. Smaliukas holds Ph.D. and Master of Laws degrees of Vilnius University. He did postgraduate research at Oxford University and completed executive education programs at University of Cambridge Judge Business School and Harvard Law School.

Hans Lundgren, Board member (since 2011)

Mr. Lundgren is a partner and investment director of the Swedish venture capital fund Sustainable Technologies Fund. In that capacity, he serves on the Board of Hexaformer AB, a transformer manufacturer.

His previous experience includes 12 years with Vattenfall AB in Sweden (EUs 4th largest electricity producer) where he was Vice President of Corporate Strategy and prior to that Deputy Head of Business Area International with responsibility for all overseas investments in Vattenfall AB, which were primarily located in Asia and Latin America.

Prior to these appointments, Mr. Lundgren was a management consultant for McKinsey and Co. for 10 years, first in Munich, Germany and then in Stockholm, Sweden.

Other assignments:

- Investment manager with Industor AB, Stockholm, a private equity company
- Undersecretary for planning with responsibility for privatizing Swedish state-owned companies at the Ministry for Industry and Commerce in Stockholm
- Assistant science counsellor at the Swedish Embassy in Bonn, Germany
- Research engineer at ABB in Västerås, Sweden

Hans Lundgren holds a Master of Science in Engineering Physics at the Royal Institute of Technology in Stockholm and an MBA at the Stockholm School of Economics and Business Administration.

Dimitrios Dimitriadis, Board member (since 2011)

Mr. Dimitriadis is a founding member and managing partner of DD Partners AG. DD Partners AG is a Zürich (Switzerland) based globally acting office offering broad wealth structuring and managing consulting services for international companies and individuals. He acts as a senior fund manager of several special opportunities funds. Prior to DD Partners AG, Mr. Dimitriadis worked for more than 15 years at various Swiss financial institutions. He shared responsibility for asset allocations and investment activities as a member of the management in mutual funds and major single portfolios. Furthermore he acted as a leading negotiation and contracting partner for financial services partners. His experience includes international relationship management of HNWI customers.

Other assignments:

- CEO HF SWISS, a global Wealth Management and Family Office Company in Switzerland
- Adviser and representative for eastern European and Greek clients, in the energy and construction industry
- Chairman of Sensap Swiss, a Technology Company in Switzerland
- Chairman of Innomedis, a global medical device company

Dimitrios Dimitriadis holds a degree in economics of the University of Zürich and AZEK, Swiss Training Centre for Investment Professionals. His earlier studies contain a Swiss federal degree in dental laboratory technique.

Oleg Batyuk, Board member (since 2014)

Oleg Batyuk is the Managing Partner of the Dentons (formerly Salans) Kiev office and the Head of Corporate Practice in Ukraine. In 2011, Oleg was elected and in 2013 re-elected for a two year term to serve as a member of the Board of Dentons Europe, the part of Dentons comprising France, Germany, Spain, Turkey, CEE and CIS countries.

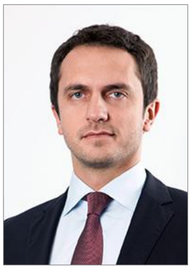
Mr. Batyuk has substantial experience in advising international and domestic clients on foreign investments in Ukraine, joint ventures, loan arrangements, banking regulations and transactions on international capital markets. Mr. Batyuk has advised major international companies and financial institutions on key infrastructure projects in Ukraine. He has been engaged as an expert witness on Ukrainian legal matters in several high-profile litigation and arbitration proceedings in the UK, USA, Canada and Sweden.

Other assignments:

- Lecturer on Ukrainian civil law at the Law Faculty of Taras Shevchenko National University of Kiev
- Author of numerous articles and books on Ukrainian law and practice, published in the US, UK, Netherlands, Ukraine and in other countries. He has been involved in drafting Ukrainian civil and criminal legislation

Oleg Batyuk graduated from the Centre for Commercial Law Studies, Queen Mary and Westfield College, University of London (1992). His earlier studies contain Candidate of Science degree in Law (1988) and degree in Law from Taras Shevchenko National University of Kiev (1985).

Pavel Prysiazhniuk, Board member (since 2014)



Mr. Prysiazhniuk is a founder and managing partner of AIM Group a financial and operational advisory consulting firm based in Ukraine. The company provides full range of financial advisory and capital markets services, advisory on alternative and individual investments for companies based in Ukraine and CEE. Prior to this appointment he served as Strategy and Business development director in leading Ukrainian Investment firm Concorde Capital.

Mr. Prysiazhniuk previous experience include more than 12 years with international corporations such as Siemens AG, NSN and Microsoft where he held an executive position in strategy, corporate finance and sales.

Other assignments:

- Advisor for strategy and investments to several committees of Ukraine Parliament

Pavel Prysiazhniuk holds a Master of Science in Electronics at the National Technical University of Ukraine and diplomas from special corporate programs in finance and business administration.

Board committees

Audit Committee:

- Dimitrios Dimitriadis as chair
- Pavel Prysiazhniuk as member

Remuneration Committee:

- Hans Lundgren as chair
- Andrius Smaliukas as member
- Oleg Batyuk as member

Nomination Committee, appointed by the 2014 AGM:

- Sergey Probylov as chair
- Andrius Smaliukas as member

- Dimitrios Dimitriadis as member
- Aurimas Augustinavicius as member

Auditor

PricewaterhouseCoopersAB, auditor-in-charge Johan Palmgren.

Management

At the balance sheet date, Management of the Parent Company comprises:

Göran Wolff, Managing Director and the Company's CFO

Mr. Wolff has been CFO of the Parent Company since February 2012 and became Managing Director later the same year. He has more than 30 years of experience from business administration in industrial operations. He has had a range of assignments as CFO and controller in Swedish listed as well as private owned companies, most recently with Geveko, a listed company on a small cap list at NASDAQ OMX. Mr. Wolff holds a BA in business administration from the University of Gothenburg.

Vaiva Burgytė Eriksson, Chief Legal Officer

Ms. Burgytė Eriksson has worked as an attorney-at-law for 13 years, initially with White & Case Advokat AB, both in Stockholm and Moscow, and later with Ashurst Advokatbyrå AB. She specializes in private and public M&A (including private equity), general corporate law and acquisition finance. Ms. Burgytė Eriksson holds LL.M. from the School of Business, Economics and Law at the University of Gothenburg. Ms. Burgytė Eriksson left the Company in the beginning of February 2016.

Pavel Stolayev, Group Controller, ACCA

Mr. Stolayev is experienced in investment banking and professional consulting. He worked at Ernst & Young LLC Ukraine in Transactions Advisory Services Department as Executive. Mr. Stolayev holds a diploma with a distinction from Donetsk University of Economics and Law. He has attended training programs at Deloitte Academy, International Business Institute, Kiev. Mr. Stolayev is member of the Association of Chartered Certified Accountants (ACCA) since 2011.

Ownership structure

Largest shareholders as of 30 December 2015:

Shareholder	**Number of shares and votes**	**Percent of shares and votes**
Nellston Holdings Ltd. (CY)	43,001,100	29.64
Norchamo Ltd. (CY)	43,001,100	29.64
Blankbank Investment Ltd. (CY)	28,667,400	19.76
TCT Holding AB (SE)	14,310,626	9.87
Forest Walkway AB (SE)	14,000, 000	9.65
Total, largest shareholders	**142,980,226**	**98.56**
Other	2,087,996	1.44
Total	**145,068,222**	**100**

Comparative performance indicators

Summary of the Misen Group's and the Parent Company's financial development, covering five past years. Unless otherwise stated, all amounts are in KSEK

	2015	2014	2013	2012	2011
Group					
Net sales, KSEK	853,359	1,138,001	618,332	586,549	191,113
EBITDA, KSEK	49,454	586,089	302,373	360,450	126,233
Profit/loss after financial items, KSEK	-48,687	414,085	267,561	342,892	110,482
Earnings per share before dilution*, SEK	-0.23	2.25	1.43	1.83	0.58
Earnings per share after dilution*, SEK	-0.23	2.25	1.43	1.83	0.58
Return on equity, %	Neg	57.1%	38.7%	74.9%	76.0%
Return on capital employed, %	Neg	69.4%	41.0%	111.6%	88.8%
Balance sheet total, KSEK	670,407	975,997	1,090,731	628,145	159,941
Equity/assets ratio, %	50.6%	58.6%	49.5%	56.4%	68.3%
Proportion of risk-bearing capital, %	50.6%	59.1%	51.0%	56.6%	68.3%
Debt/equity ratio, %	52.6%	37.0%	54.4%	25.1%	0.0%
Number of employees	118	122	86	87	32

* Adjusted for reverse split 100:1 in January 2012. Number of shares before and after dilution 145,068,222.

Parent Company					
Net sales, KSEK	-	-	-	9,542	-
EBITDA, KSEK	Neg	Neg	Neg	Neg.	Neg.
Profit/loss after financial items, KSEK	-583,804	-26,392	-24,565	-11,062	-5,644
Return on equity, %	Neg	Neg	Neg	Neg.	Neg.
Return on capital employed, %	Neg	Neg	Neg	Neg.	Neg.
Balance sheet total, KSEK	473,881	1,022,482	1,008,053	1,011,091	1,003,063
Equity/assets ratio, %	74.5%	91.6%	95.6%	97.7%	99.6%
Proportion of risk-bearing capital, %	74.5%	91.6%	91.7%	97.7%	99.6%
Debt/equity ratio, %	28.9%	7.7%	3.9%	2.0%	0.0%
Number of employees	4	4	2	2	2

* Adjusted for reverse split 100:1 in January 2012. Number of shares before and after dilution 145,068,222.

Definitions of key ratios are provided in the section "Supplementary information".

Proposed appropriation of profits

The following profits are at the disposal of the Annual General Meeting:

Retained earnings and additional paid-in capital	646,508,161
Net loss for the year	-583,804,103
	62,704,058

The Board of Directors proposes that profits brought forward be appropriated as follows:

To be carried forward	62,704, 058
	62,704, 058

For information regarding the result of the Company’s operations and its financial position, please refer to the income statement and balance sheet below, with accompanying supplementary information, which together with the administration report, constitute an integral part of this annual report.

2. Consolidated income statement

	Note	2015	2014
Net sales	1, 2	853,359	1,138,001
Other operating income	3	27,528	22,426
Share from associated companies	4	3,486	2,826
		884,373	1,163,253
Operating expenses			
Other external expenses	5, 6	-738,953	-527,918
Personnel costs	7, 8	-16,078	-16,331
Depreciation, amortisation and write-downs of tangible and intangible assets	9	-34,845	-35,671
Other operating expenses	10	-79,888	-32,915
Total operating expenses		-869,764	-612,835
Operating profit		14,609	550,418
Profit/loss from financial items			
Other interest income and similar profit/loss items	11	10,886	2,654
Interest expenses and similar profit/loss items	12	-74,182	-138,987
Total profit/loss from financial items		-63,296	-136,333
Profit/loss after financial items		-48,687	414,085
Tax on profit for the year	13	14,963	-87,342
Net profit/loss for the year attributable to the shareholders of the Parent Company		-33,724	326,743
Statement of Comprehensive Income - Group			
Items that may be subsequently reclassified to profit or loss			
Translation differences		-199,037	-293,834
Total comprehensive income for the year attributable to the shareholders of the Parent Company		-232,761	32,909

Earnings per share before and after dilution calculated on profit attributable to the shareholders of the Parent Company during the year amounted to negative SEK 0.23/share (2014: 2.25/share).

The average number of shares on the balance sheet date amounted to 145,068,222 (2014: 145,068,222).

3. Consolidated balance sheet

	Note	31 Dec. 2015	31 Dec. 2014
Assets			
Fixed assets	2		
Intangible fixed assets			
Rights and licences	14	31,859	35,115
		31,859	35,115
Tangible fixed assets			
Equipment, tools, fixtures and fittings	15	396,741	168,551
Construction in progress and advance payments regarding tangible fixed assets	16	158,059	520,183
		554,800	688,734
Financial fixed assets			
Participations in associated companies	4	2,282	2,383
Deferred tax assets		14,736	-
		17,018	2,383
Total fixed assets		603,677	726,232
Current assets			
Inventories, etc.	17	3,157	31,025
Current receivables			
Accounts receivable - trade	18, 19	44,763	100,633
Other receivables	20	10,265	17,932
Advance payments to suppliers		607	18,119
Prepaid expenses	21	525	1,080
		56,160	137,764
Cash and cash equivalents	18	7,413	80,976
Total current assets		66,730	249,765
TOTAL ASSETS		670,407	975,997

Equity and liabilities

	Note	31 Dec. 2015	31 Dec. 2014
Equity			
Share capital	22	290,136	290,136
Other contributed capital		-274,435	-274,435
Other reserves		-529,653	-330,616
Profit/loss brought forward		853,370	887,094
Total equity		339,418	572,179
Long-term liabilities			
Long-term borrowings	23	99,161	77,920
Liabilities attributable to financial leasing	23, 24	-	7,212
Deferred tax liability		-	4,327
Other liabilities		30,737	20,018
Total long-term liabilities		129,898	109,477
Current liabilities			
Short-term borrowings	23	72,151	103,532
Liabilities attributable to finance leases	23, 24	7,260	23,244
Accounts payable - trade		21,811	26,204
Current tax liability		4,414	50,442
Other current liabilities to JA		33,829	42,075
Other liabilities		55,896	43,845
Accrued expenses and deferred income	25	5,730	4,999
Total current liabilities		201,091	294,341
TOTAL EQUITY AND LIABILITIES		670,407	975,997
Pledged assets	26	438,487	519,735
Contingent liabilities	27	1,102,483	1,643,324

4. Changes in equity for the Group

	Share capital	Other contributed equity	Other reserves	Profit/loss brought forward	Total equity
Opening equity 1 Jan. 2014	**290,136**	**-274,435**	**-36,782**	**560,351**	**539,270**
Comprehensive income					
Net profit/loss for the year	-	-	-	326,743	326,743
Other comprehensive income		**-**	**-**	**-**	**-**
Translation differences	-	-	-293,834	-	-293,834
Total comprehensive income	**0**	**0**	**-293,834**	**326,743**	**32,909**
Closing equity 31 Dec. 2014	**290,136**	**-274,435**	**-330,616**	**887,094**	**572,179**
Comprehensive income					
Net profit/loss for the year	-	-	-	-33,724	-33,724
Other comprehensive income		**-**	**-**	**-**	**-**
Translation differences	-	-	-199,037	-	-199,037
Total comprehensive income	**0**	**0**	**-199,037**	**-33,724**	**-232,761**
Closing equity 31 Dec. 2015	**290,136**	**-274,435**	**-529,653**	**853,370**	**339,418**

5. Cash flow statement for the Group

	Note	2015	2014
Operating activities			
Operating profit/loss before financial items		14,609	550,418
Adjustment for non-cash items	29	70,264	51,641
Interest received		13,731	2,654
Interest paid		-8,148	-21,857
Income tax paid		-50,950	-24,585
		39,506	558,271
Cash flow from changes in working capital			
Increase/decrease Inventories		21,247	61,805
Increase/decrease Other current receivables		13,664	-156,267
Increase/decrease Other current operating liabilities		11,431	-71,503
Cash flow from operating activities		85,848	392,306
Investing activities			
Investments in intangible fixed assets		-161	-1,027
Investments in tangible fixed assets*		-102,947	-208,004
Tangible fixed assets sold		1,737	2,677
Investments in Joint Activity		-4,124	-4,040
Cash flow from investing activities		-105,495	-210,394
Financing activities			
Loans raised		26,940	42,364
Repayment of loan		-65,586	-130,409
Cash flow from financing activities		-38,646	-88,045
Cash flow for the year		-58,293	93,867
Cash and cash equivalents at the beginning of the year		80,976	949
Exchange rate differences in cash and cash equivalents		-15,270	-13,840
Cash and cash equivalents at year-end		7,413	80,976

6. Income statement for the Parent Company

	Note	2015	2014
Other operating income	1	120	120
Operating expenses			
Other external expenses	5, 6	-7,968	-14,864
Personnel costs	7, 8	-7,370	-5,083
Total operating expenses		-15,338	-19,947
Operating profit/loss		-15,218	-19,827
Profit/loss from financial items			
Result from participations in Group companies		-560,000	-
Other interest income and similar profit/loss items	11	1,459	1
Interest expenses and similar profit/loss items	12	-10,045	-6,566
Total profit/loss from financial items		-568,586	-6,565
Profit/loss after financial items		-583,804	-26,392
Net profit/loss for the year		-583,804	-26,392

Statement of comprehensive income - Parent Company

		2015	2014
Net profit/loss for the year		-583,804	-26,392
Other comprehensive income for the year		-	-
Total comprehensive income for the year		-583,804	-26,392

7. Balance sheet for the Parent Company

	Note	31 Dec. 2015	31 Dec. 2014
Assets			
Fixed assets			
Financial fixed assets			
Participations in Group companies	30	468,069	1,018,323
Total fixed assets		468,069	1,018,323
Current assets			
Current receivables			
Receivables from Group companies		3,536	3,280
Other current receivables	20	402	190
Prepaid expenses	21	171	331
		4,109	3,801
Cash and bank		1,703	358
Total current assets		5,812	4,159
Total assets		473,881	1,022,482

Equity and liabilities

Equity

Restricted equity			
Share capital	22	290,136	290,136
Statutory reserve		345	345
		290,481	290,481
Non-restricted equity			
Share premium reserve		714,285	714,285
Profit/loss brought forward		-67,777	-41,384
Net loss for the year		-583,804	-26,392
		62,704	646,509
Total equity		353,185	936,990
Long-term liabilities			
Liabilities to credit institutions	18, 23	99,161	72,587
Liabilities to Group companies	23	92	92
Total long-term liabilities		99,253	72,679
Current liabilities			
Accounts payable - trade		4,935	1,671
Liabilities to Group companies		11,617	7,238
Other current liabilities		462	330
Accrued expenses and deferred income	25	4,429	3,574
Total current liabilities		21,443	12,813
Total equity and liabilities		473,881	1,022,482
Pledged assets	26	233,985	254,709
Contingent liabilities	27	39	39

8. Changes in equity for the Parent Company

	Share capital	Statutory reserve	Share premium reserve	Profit/loss brought forward	Total equity
Opening equity 1 Jan. 2014	**290,136**	**345**	**714,285**	**-41,384**	**963,382**
Comprehensive income					
Net profit/loss for the year	-	-	-	-26,392	-26,392
Total comprehensive income	**0**	**0**	**0**	**-26,392**	**-26,392**
Closing equity 31 Dec. 2014	**290,136**	**345**	**714,285**	**-67,776**	**936,990**
Opening equity 1 Jan. 2015	**290,136**	**345**	**714,285**	**-67,776**	**936,990**
Comprehensive income					
Net profit/loss for the year	-	-	-	-583,805	-583,805
Total comprehensive income	**0**	**0**	**0**	**-583,805**	**-583,805**
Closing equity 31 Dec. 2015	**290,136**	**345**	**714,285**	**-651,581**	**353,185**

9. Cash flow statement for the Parent Company

	2015	2014
Operating activities		
Operating profit/loss before financial items	-15,218	-19,827
Interest received	-	1
Increase/decrease Other current receivables	-308	1,974
Increase/decrease Accounts payable - trade	3,264	-1,897
Increase/decrease Other current operating liabilities	381	-277
Cash flow from operating activities	-11,881	-20,026
Investing activities		
Shareholders' contribution - paid	-9,746	-8,572
Cash flow from investing activities	-9 746	-8,572
Financing activities		
Increase in financial liabilities	22,971	28,478
Cash flow from financing activities	22,971	28,478
Cash flow for the year	1,344	-120
Cash and cash equivalents at the beginning of the year	359	479
Cash and cash equivalents at year-end	1 ,703	359

10. Supplementary information

General disclosures

General information

The Group’s operations involve extraction of hydrocarbons, with the focus on continued oil and gas production in Ukraine.

The Parent Company is a limited liability company with its registered offices in Stockholm. The address of the Head Office is Engelbrektsgatan 32, 411 37 Gothenburg, Sweden. The Parent Company’s shares are listed on First North.

The Parent Company Misen Energy AB’s business focus is to undertake Group-wide tasks and, together with its subsidiary Misen Enterprises AB, provide financing for operations in Ukraine.

The Board of Directors and the Managing Director have, on 7 April 2016, approved this annual report and consolidated financial statements for publication.

Unless otherwise stated, all amounts are reported in KSEK. Information in brackets refers to the previous year.

Summary of important accounting principles

The most important accounting principles applied in the preparation of the consolidated financial statements are set out below. Unless otherwise stated, these principles have been consistently applied for all years disclosed.

Basis of preparation of the financial statements
The consolidated financial statements for the Misen Energy AB Group have been prepared in accordance with the Annual Accounts Act, RFR 1 Supplementary Accounting for Groups, and International Financial Reporting Standards (IFRS) as adopted by the EU. The consolidated financial statements have been prepared using the cost method.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires Management to exercise its judgement in applying the Group’s accounting principles. Areas involving a high level of judgement, which are complex, or areas where assumptions and estimates are of substantial significance to the consolidated financial statements are commented on, where applicable, in the notes.

Group concepts
The Annual General Meeting on 30 June 2011 approved the Board’s proposal to acquire all

shares in Misen Enterprises AB. This acquisition was made effective as of 1 July 2011. Payment was made through the issue of new shares in what was then Svenska Capital Oil AB, now Misen Energy AB, for the entire purchase price, which amounted to KSEK 999,999. Through this transaction, the five previous owners of Misen Enterprises AB became the dominant shareholders in Svenska Capital Oil AB, with a total shareholding of 98.8% of all shares. In this manner, the IFRS rules for reverse acquisitions were applied.

The Misen Enterprises Group, which is included in the consolidated financial statements, consists of Misen Enterprises AB, its wholly-owned Ukrainian subsidiary LLC Karpatygaz and 50.01% of the partner-owned, Joint Activity (JA), which Misen and Karpatygaz operate jointly with the Ukrainian state-owned gas company Ukrgazvydubovannya.

Standards, amendments and interpretations to existing standards that entered into effect in 2015

During the year, no standards, amendments or interpretations to existing standards entered into effect that had any material impact on the Group's financial statements.

New standards and interpretations not yet applied by the Group

A number of new standards and interpretations effective for financial years beginning after 1 January 2015 have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group:

IFRS 9 Financial instruments

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities and introduces new rules for hedge accounting. The complete version of IFRS 9 was issued in July 2014. It replaces the parts of IAS 39 that addressed the classification and measurement of financial instruments and introduces a new impairment model.

The standard is to be applied to financial years beginning on or after 1 January 2018. The Group does not expect any material impact on the classification, measurement or recognition of the Group's financial assets and liabilities.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 is the new standard for revenue recognition. IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction Contracts.

IFRS 15 is based on the principle that revenue is recognised when the customer takes control of the sold good or service – a principle that replaces the earlier principle that revenue is recognised when risks and benefits are transferred to the buyer. The principles on which IFRS is based should give users of financial statements more useful information about the company's revenues. The expanded disclosure obligation means that information shall be provided on the type of revenue, the time of recognition, uncertainties linked to revenue recognition and cash flow attributable to the company's customer contracts. Under IFRS 15, revenue shall be recognised when the customer takes control over the sold good or service and has the possibility of using or obtaining use from the good or service.

The standard enters into effect on 1 January 2018. Early application is permitted. The group has not yet assessed the effects of the introduction of the standard.

IFRS 16 Leases

In January 2016, IASB published a new standard for leases that will replace IAS 17 Leases and associated interpretations IFRIC 4, SIC-15 and SIC-27. This standard requires assets and liabilities attributable to all leases, with a few exceptions, to be recognised in the balance sheet. This recognition is based on the view that the lessee has a right to use an asset during a specific period of time and at the same time an obligation to pay for this right. Recognition for the lessor will essentially be unchanged.

The standard is to be applied to financial years beginning on or after 1 January 2019. Early application is permitted provided that IFRS 15 Revenue from Contracts with Customers is also applied. The EU has not yet adopted the standard.

The Group is the lessee in operating leases which are expected to be affected by IFRS 16 in that these agreements are to be recognised with an asset and liability on the balance sheet and in the income statement with depreciation of the asset and an interest expense on the leasing liability. According to current IAS 17, the leasing fee is expensed over the term of the lease. The Group has not yet fully evaluated how the effect impacts the Group's financial position.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

Consolidated financial statements

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method is used to report the Group's business combinations. The purchase price for the acquisition of a subsidiary comprises the fair value of assets and liabilities that the Group transfers to former owners of the acquired company and the shares issued by the Group. The purchase price also includes the fair value of all assets and liabilities resulting from an agreement on contingent consideration. Identifiable assets acquired and liabilities assumed at a business combination are measured initially at their fair values at the acquisition date. For each acquisition – i.e. on a case-by-case basis – the Group determines whether non-controlling interest in the acquired company is reported at fair value or at the proportionate share of the reported value of the acquired company's identifiable net assets.

Acquisition-related costs are expensed as incurred.

Any intra-Group transactions, balance sheet items, income and expenses on transactions between Group companies are eliminated. Gains and losses resulting from intra-Group transactions and reported as assets are also eliminated. Accounting standards of subsidiaries have been changed, where necessary, to ensure a consistent application of the Group's standards.

Joint operations / J

Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. The Group has only got investments in one Joint operation JA.The Group's interests in jointly controlled entities are recognised by proportionate consolidation. The Group combines its share of income and expenses, assets and liabilities and cash flows of the jointoperation, with the corresponding items in its own consolidated financial statements. The Group recognises the portion of gains or losses from its sale of assets to a joint operation which corresponds to the other participants' ownership share. The Group does not recognise any share of profits or losses in a joint operation which result from the Group's purchase of assets from the joint operation until the assets are sold on to an independent party. Nevertheless, if a transaction involves a loss, it is recognised immediately, provided that the loss is incurred due to overvaluation of an asset.

Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting.

Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the associate after the date of acquisition. The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. Dividends from associates are recognised as a decrease in the investment's carrying amount.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to "Share of profit/loss of associates" in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The group´s investment in JA 493 is reported as part in associated company.

Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision- maker. The chief operating decision-maker is the function responsible for allocating resources and assessing the performance of operating segments. In the Group, this function has been identified as the Board of Directors and Group Management.

The Board of Directors and Group Management do not monitor the business in any dimension other than the entire operations., for which reason reporting of a particular segment is not established.

Translation of foreign currencies

Functional currency and presentation currency
Items included in the financial statements of each of the Group's entities are estimated using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Swedish Crowns (SEK), which is the Parent Company' s functional and presentation currency.

Transactions and balance sheet items

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within financial income or expenses. All other foreign exchange gains and losses are presented in the income statement within Other operating income/expenses.

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

- income and expenses for each income statement are translated at average exchange rates; and
- all resulting exchange differences are recognised in other comprehensive income.

The following exchange rates have been applied in the financial statements:

Currency	Income statement	Balance sheet
EUR	9.3511	9.1806
UAH	0.3867	0.3468
USD	8.4291	8.4186

Revenue recognition
Revenue comprises the fair value of goods and services sold, net of VAT and discounts, and after elimination of internal Group sales. Revenues in the Parent Company relate to invoicing of services and expenses. The revenue from the Company's sale of goods is recognised as income when the significant risks and rewards of ownership of the goods pass to the buyer.

The Group recognises revenue when the amount can be measured in a reliable manner, it is probable that future economic benefits will flow to the Company and specific criteria have been met for each of the Group's operations.

Within the JA, there are, on occasion, exchanges of gas products with other companies, partly in order to reduce transportation costs. Such an exchange may mean that the company replaces gas in pipes with gas in storage and vice versa. This exchange can lead to gross invoicing taking place from both parties, but it is not recognised as income or expense in the financial statements.

Current and deferred income tax
The tax expense for the period comprises current tax calculated on the period's tax profit according to current tax rates. The current tax expense is adjusted with changes in deferred tax assets and liabilities related to temporary differences and unutilised tax loss carry forwards.

The current tax expense is calculated on the basis of the tax regulations that at the balance sheet date have been enacted or substantively enacted in countries where the Parent Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation. When deemed appropriate, Management makes provisions for amounts expected to be paid to the tax authorities.

Deferred tax is recognised on all temporary differences arising between the fiscal value of assets and liabilities and their reported values in the consolidated financial statements. Deferred tax is not recognised if it arises from the initial recognition of goodwill. Nor is deferred tax recognised if it arises as a result of a transaction that constitutes the initial recognition of an asset or liability in a business combination that, at the time of the transaction, affects neither the accounting or fiscal results. Deferred income tax is calculated using tax rates (and legislation) that have been determined or advised by the balance sheet date and which are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

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

Current and deferred tax are recognised in the income statement, except when the tax relates to items recognised in other comprehensive income or directly in equity. In such cases, tax is also recognised in other comprehensive income or equity.

Leasing
Leases in which a significant portion of the risks and benefits of ownership are retained by the lessor are classified as operating leases. Payments made during the lease term (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the lease period.

The Group leases certain tangible fixed assets. Lease agreements of fixed assets where the Group essentially takes all the risks and benefits associated with ownership are classified as financial leases. When the lease period commences, financial leases are capitalised in the balance sheet at whichever is the lower of the leased asset’s fair value and the present value of the minimum lease payments.

Each lease payment is allocated among the repayment of debt and financial charges. The corresponding payment obligations, net of finance charges, are included in the balance sheet items Long-term liabilities and Current liabilities. The interest portion of the financial expenses is reported in the income statement over the lease period so that each accounting period is charged with an amount corresponding to a fixed interest rate for the respective period’s reported liability.

Fixed assets held under finance leases are impaired over the shorter period of the asset’s useful life and the lease term.

Intangible assets
Intangible assets are recognised at acquisition cost less accumulated amortisation. Intangible

assets relate entirely to extraction licences and technical documentation. The development licences are amortised on a straight-line basis over the JAA (“Joint Activity Agreement”) contract’s duration, which expires in 2031, as it is anticipated that it will be possible to extend licences with expiration dates prior to 2031 while technical documentation is amortised straight-line over four years.

- Amortisation of development licences 8% per year
- Amortisation of technical documentation 25% per year

Tangible fixed assets
Tangible fixed assets for the extraction of natural gas are recognised at cost less depreciation according to plan based on the asset’s estimated useful life. Cost includes expenditure that is directly attributable to the acquisition of the asset, as well as capitalized interest and borrowing costs when applicable.

Subsequent costs are added to the asset’s reported value or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the asset will flow to the Group and that the cost of the asset can be measured reliably. All other forms of repairs and maintenance are expensed in the income statement in the period in which they arise. The assets’ residual values and useful lives are reviewed at each reporting date and adjusted if necessary. An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount exceeds its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds of the sale with the reported value and are recognised in the income statement.

Depreciation according to plan is made as per the following:
- Equipment, tools, fixtures and fittings 10-50%.

Constructions in progress also include advance payments. No depreciation is made for construction in progress. Depreciation is recognised when the facility is completed and taken into use.

Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Financial assets

The Group classifies its financial assets in the following categories: financial assets measured at fair value through profit or loss, loans and receivables, and financial assets available for sale. Classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition. Currently, the Group only has financial assets in the category Loans and receivables.

Loans and receivables
Loans and receivables are financial assets that are not derivatives, that have fixed or determinable payments and that are not quoted in an active market. They are included in current assets, with the exception of assets with maturities greater than 12 months after the reporting date, which are instead classified as fixed assets. The Group’s loans and receivables comprise accounts receivable and cash and cash equivalents in the balance sheet.

- Accounts receivable - trade

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any reserves for write-downs. The fair value of current receivables corresponds to their carrying amounts since the discount effect is not material. A reserve for write-downs of accounts receivable is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms. Significant financial difficulties on the part of the debtor, probability that the debtor will enter bankruptcy or financial restructuring, and default or delinquency in payments are considered indicators that an impairment requirement of accounts receivable may be present. Reserves are measured as the difference between the asset’s reported value and the present value of estimated future cash flows, discounted at the effective interest rate. The asset’s reported value is reduced through the use of a depreciation account and the loss is recognised in the income statement. When receivables cannot be collected, they are written off against the depreciation account for accounts receivable. Subsequent recoveries of amounts previously written off are credited to the income statement.

Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits and other short-term investments with maturities of three months or less.

Financial liabilities

Accounts payable - trade
Accounts payable are commitments to pay for goods or services which have been purchased from the supplier in the course of the day-to-day operations. Accounts payable are classified as current liabilities if they are due for payment within one year or less. If this is not the case, they are reported as long-term liabilities. Accounts payable are initially recognised at fair value and subsequently measured at amortised cost by applying the effective interest method.

The fair value of current accounts payable and other current liabilities corresponds to their carrying amounts as the discount effect is immaterial.

Borrowings
Borrowings are recognised initially at fair value, net of transaction costs. Borrowings are subsequently recognised at amortised cost and any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the borrowing period using the effective interest method.

Fees paid for loan facilities are recognised as transaction costs for the borrowing to the extent that it is probable that some or all of the facility will be utilised. In such cases, the fee is incurred when the facility is utilised. When there is no evidence that it is probable that some or all of the facility will be utilised, the fee is recognised as a pre-payment for financial services and amortised over the maturity of the loan facility.
Bank overdrafts are reported as borrowings under Current liabilities in the balance sheet.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. Borrowing costs are charged to profit or loss for the period to which they relate.

Borrowing expenses
General and specific borrowing expenses which are directly attributable to the purchase, establishment or production of qualified assets, that is, assets which necessarily require a considerable amount of time to prepare for their intended purpose or sale, are recognised as a portion of their acquisition cost. Capitalisation ceases when all activities required to prepare the asset for its intended use or sale have largely been completed. The Group has capitalised interest expenses for new constructions in progress regarding tangible fixed assets.

Financial income which has accrued when special borrowed capital has been temporarily invested while waiting to be utilised to finance assets, reduces the borrowing expenses which can be capitalised. All other borrowing expenses are written off as they arise.

Impairment

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Inventories
Inventories are valued at the lower of acquisition cost and net realisable value, whereby the

FIFO principle is applied. The net realisable value has been calculated as the selling price after deductions for estimated selling expenses. The inventory value comprises produced gas, other hydrocarbons and spare parts for future use. The inventory value comprises direct personnel costs, subsoil use charges, other direct expenses and a reasonable share of overhead costs excluding borrowing expenses. The net realisable value is estimated at the normal selling price less selling and completion expenses.

Provisions

Provisions for environmental restoration measures, restructuring costs and legal claims are recognised when the Group has a legal or informal obligation as a result of prior events and it is probable that an outflow of resources will be required in order to settle the obligation so that this does not take place and the amount has been calculated in a reliable manner. Provisions for restructuring include costs for lease terminations and severance pay. Provisions are not recognised for future operating losses.

If there are a number of similar obligations, the likelihood that an outflow of resources will be required in the regulation of the entire group of commitments is assessed. A provision is recognised even if the likelihood of an outflow with respect to any one item in this group of obligations is minimal. No such provisions have been recognised within the Group.

Remuneration of employees

Short-term remuneration of employees

Liabilities for salaries and benefits, including non-monetary benefits and paid leave, which are expected to be settled within 12 months of the end of the financial year, are recognised as current liabilities in the undiscounted amount expected to be paid when the liabilities are settled. The expense is recognised as the services are rendered by the employees.

Remuneration after concluded employment

The Group only has defined contribution pension plans. For defined contribution pension plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as personnel costs when they fall due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments may accrue to the Group.

Share capital

Ordinary shares are classified as equity. Transaction costs that can be directly attributed to the issue of new shares or options are recognised net after tax in equity as a deduction from the issue proceeds.

Earnings per share

Earnings per share before dilution

Earnings per share before dilution are calculated by dividing the profit or loss attributable to

Parent Company shareholders with a weighted average number of outstanding ordinary shares during the period.

Earnings per share after dilution

For the calculation of earnings per share after dilution, the amounts used for the calculation of earnings per share before dilution are adjusted by taking into account the effect after tax of dividends and interest expenses on potential ordinary shares and the weighted average of the additional ordinary shares that would have been outstanding in a conversion of all potential ordinary shares.

At present, the Group has no effect from dilution, which means that the earnings per share before dilution correspond to earnings per share after dilution.

Parent Company accounting principles

The Parent Company has prepared its annual report in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. RFR 2 states that the parent company, in the annual report for the legal entity, shall apply all EU-approved IFRS as far as possible within the framework of the Swedish Annual Accounts Act, taking into account the relationship between accounting and taxation. The recommendation states which exceptions and additions are to be made to the IFRS.

The Parent Company accordingly applies the principles presented above except for the exemptions presented below. Unless otherwise stated, these principles have been consistently applied for all years presented.

Formats
The income statement and balance sheet follow the format of the Annual Accounts Act.

Borrowing expenses
The Parent Company immediately expenses all borrowing expenses.

Participations in subsidiaries
Shares and participations in subsidiaries and associates are recognised at cost less potential write-downs. Cost includes acquisition-related costs and any additional purchase price. Received dividends are recognised as financial income. Dividends, which exceed the subsidiary's comprehensive income for the period or mean that the book value of the holding's net assets in the consolidated financial statements is below the book value of the participations, are an indication that there is an impairment requirement.

When there is an indication that shares or participations in a subsidiary or associate have decreased in value, an estimate of the recoverable amount is made. If this is lower than the carrying amount, a write-down is made. Write-downs are recognised in Result from participations in Group companies or Result from participations in associated companies.

Taxes
The Parent Company reports untaxed reserves including deferred tax where applicable. In the consolidated financial statements, however, untaxed reserves are divided between deferred

tax liabilities and equity.

Group contributions
Group contributions paid or received by the Parent Company with the aim of minimising the Group's total tax are recognised in the income statement as appropriations.

Significant estimates and assumptions for accounting purposes

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.

The Group makes estimates and assumptions concerning the future. The accounting estimates that result from these, by definition, seldom correspond to the actual results. The estimates and assumptions that imply a significant risk of material adjustments in the carrying values of assets and liabilities within the next financial year are outlined below.

Going concern

The board assesses on a continuing basis the Group´s liquidity and financial resources both in short- as well as in long-term perspective. When establishing the Annual Report it is the responsibility of the Board to scrutinize this from a twelve month perspective.
The JA had by the end of 2015 a negative working capital of KUAH 437,616 (KSEK 151,765) and reports a loss of KUAH 168,833 (KSEK 58,378). Furthermore, the JA had short-term loans amounting to KUAH 294,000 (KSEK 101,959) whish was due for payment 31st December 2015. The JA has not fulfilled the covenants for the financial debts and at present negotiations with the banks are taking place in order to prolong the loans.

The Swedish operations are depending of further financing in order to cover it´s running expenses and to be able to pay off the remaining part of the contribution to the JA about MUSD 8,6 (MSEK 72).

Since the financing for the upcoming twelve-month period is not secured there is a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. The report is drawn up suggesting that the Group can continue as a going concern based on the management's assessment that an agreement will be reached with the banks in Ukraine and that there are a number of realistic alternatives to receive financing for the Swedish operations in place, including financing through external investors and/or present shareholders.

Useful lives of property, plant and equipment.
The estimation of the useful life of an item of property, plant and equipment is a matter of management judgement based upon experience with similar assets. In determining the useful life of an asset, management considers the expected production volumes and remaining gas reserves, expected technical development, physical wear and tear and the physical

environment in which the asset is operated. Changes in these conditions can affect future depreciation periods. All of the Group’s depreciable assets are depreciated on a linear basis.

Were the estimated useful lives to differ by 10% from management’s estimates, the impact on depreciation for 2015 would be to increase it by KSEK 3,872 or decrease it by KSEK 3,168 (for 2014 increase by KSEK 3,399 or decrease by KSEK 2,781).

Accounting for joint arrangements and associated companies
The Group holds a 50.01% share in the joint activity (JA) according to the Joint Activity Agreement (JAA). The Group has joint control of the JAA as it, according to the agreement, requires consent from all parties for all relevant activities.

The Group’s JA is structured without incorporation and has been assessed by the Group as a joint operation, which means that the Group’s share of the joint operation’s assets and liabilities are accounted for by 50.01% in the consolidated financial statements by using proportional consolidation.

The Group has also a 10% share in the joint operation according to Joint Activity Agreement #493 (JAA #493). The Group’s joint operation, JAA #493, is structured without incorporation. The Group has assessed that it has significant influence in the joint operation even if the share is below 20%. This joint operation is therefore accounted for as an associated company in the Group’s consolidated financial statements.

Recognition of current tax and deferred tax
As of 1 January 2015, Ukraine adopted amendments to the tax code. According to the newly adopted amendments, JAs are not corporate profit tax (“CPT”) payers starting from 2015. Instead, participants of JAs are liable to pay income taxes monthly, calculations of which are based on the previous period tax returns (one twelfth of the total amount in return). The tax return will be submitted to tax authorities annually, before 1 June. Since the new rules came into effect in 2015, there is no previous period returns submitted by JA participants to tax authorities and, based on this, the first payments made by participants of JAs will be due in May 2016. Starting June 2016 participants will have to make monthly payments based on the results stated in tax return for 2015.

The new tax code however lacks clear description how this will be implemented for the participants who are foreign tax residents. Ukrainian state and tax authorities have not yet prepared rules for how the new amendments to the tax code shall be handled. Consequently, it is unclear how Misen Enterprise AB’s income and earlier profits in the JA will be viewed. At the preparation of this annual report, the Group made the following assumptions regarding current and deferred tax:

- The Misen Group will be a taxpayer under Ukrainian law with regard to taxes related to the JA, based on the assumption that the Misen Group has operations in Ukraine.
- Profits arisen in the JA before 1 January 2015 will not be taxed in Sweden.
- The holding in JA is considered to be commercially contingent shares for tax purposes in the legal entity Misen Enterprises AB until 31 December 2014

- The difference in income tax between Sweden and Ukraine is deductible against Swedish income tax and Swedish tax loss carry forwards.

Recognition of deferred tax assets and tax loss carry forwards
The Group continuously evaluates the possibility of utilising tax loss carry forwards in each legal entity. At present, there are tax loss carry forwards in the Group's Swedish units. Because it is uncertain when and to what extent the tax loss carry forwards can be utilised against future taxable profits, no deferred tax assets regarding tax loss carry forwards have been recognised. Tax loss carry forwards in Sweden can be rolled over and have no expiration date.

Impairment requirements on Group net assets and shares in subsidiaries

If there is an indication of an impairment requirement on the Group's net assets or Parent Company's shares in subsidiaries, impairment testing is done. The Group has assessed that there is only one cash-generating unit (CGU) which is the participation in the JA. The recoverable amount for the cash-generating unit has been determined by calculating the value in use, which requires that certain assumptions must be made. The calculations are based on cash flow forecasts based on budgets established by Management during the lifespan of the JA. There is consequently no indefinite growth factor in the forecasts. For more information on estimates and assumptions regarding impairment testing, please see Note 30.

Business risks

Oil and natural gas prices
The Misen Group's revenues and profitability is dependent on the prevailing price of oil and natural gas, which are macro factors beyond the control of the Misen Group. There are numerous such factors, including market fluctuations, proximity to and capacity in oil and natural gas pipelines, as well as decisions made by public authorities. In the case of Ukraine, prices for oil and natural gas are also affected by the geopolitics. The country is going through a challenging period in its history accompanied by the economic decline that is likely to continue in 2016. Demand from commercial consumers has been decreasing throughout 2015.

The price of oil and natural gas historically has been volatile and is expected to continue to be so in the future. In addition, prices for oil and natural gas in Ukraine are directly related to the pricing formula imposed by the OJSC Gazprom. This implies it will be difficult to predict future oil and natural gas prices. If the currently observed fall in oil and natural gas prices continues and proves to be substantial and long-term, this will have a significant negative effect on the earnings and financial position of the Misen Group. In the event of a significant fall in the price of natural gas, the conditions for production operations would worsen. A fall in price might lead to a decrease in the volumes of reserves that the Misen Group can harvest, as a result of the Group being potentially unable to establish profitable production in certain bore holes. In addition, the Misen Group will face difficulties in implementation of the JA investment program.

Production risk

Until an oil or natural gas development project reaches certain maturity, it is extremely difficult to assess whether or not production will be successful. Oil and natural gas reservoirs have an inherent uncertainty regarding the possibility of commercially extracting the oil and natural gas that only can be solved through actual production during a certain period of time. A production well generally needs three to six months before it is possible to draw conclusions about its stability. For a completely new field this time is even longer. In the case of Misen Group, most of the wells are representing depleted stock requiring heavy workovers. For this reason, it can be almost impossible to assess the level of extraction from a source before production tests have been carried out.

Local risk

Ukraine still suffers from heavy bureaucracy. Furthermore, all business activities are strongly dependent upon personal networks. It takes both time and resources to acquire information and obtain the necessary permits. On the other hand, it is a closed market in which access to specialised services and equipment is relatively good: drilling services, drilling equipment, etc. can be procured relatively quickly and efficiently.

Tax risk

The Misen Group currently conducts activities in Sweden and, through its participation in the JA, in Ukraine. The tax legislation in each country can change over time. Consequently, it cannot be ruled out that changes regarding the tax legislation and its enforcement might, in the future, affect the Misen Group’s profit.

Ukrainian tax, currency and customs legislation is under continued development. In cases of conflict between different legal systems, Management applies different interpretations. The Group Management considers that its interpretations are accurate and durable, but cannot guarantee that its judgement will not be questioned by the Ukrainian authorities.

In August 2014, Ukraine introduced a set of emergency laws addressing the turbulent situation in the country. Part of these laws arose to increase the state’s tax income. In particular, the subsoil use charge for production of natural gas in the depth of up to 5,000 meters has been raised from 28% to 55%. The Misen Group is producing primarily from these depths. In 2015, this charge gradually increased to 70%, which applies as of 1 July 2015.

The subsoil use charge is payable at the time of production and delivery of gas into the gas transport system. This puts additional financing constraints on the producing companies. In 2015, this increase was established for the JAs with private partners.

The Group’s profit for the financial year was affected by these changes since production in 2015 was taxed by the gradually increased charge. This will also have a negative effect on the implementation of the JA investment program during 2016.

As described in the 2014 annual report, amendments to the tax code in Ukraine were adopted as of 1 January 2015. According to the newly adopted amendments, JAs are not corporate profit tax (“CPT”) payers starting from 2015. Instead, participants of JAs are liable to pay income taxes monthly, calculations of which are based on the previous period tax returns (one twelfth of the total amount in return). The tax return will be submitted to tax authorities annually, before 1 June. Since the new rules came into effect in 2015, there is no previous period returns submitted by JA participants to tax authorities and, based on this, the first payments made by participants of JAs will be due in May 2016. Starting June 2016 participants will have to make monthly payments based on the results stated in tax return for 2015.

The new tax code however lacks clear description how this will be implemented for the participants who are foreign tax residents. Ukrainian state and tax authorities have not yet prepared rules for how the new amendments to the tax code shall be handled. Consequently, it is unclear how Misen Enterprise AB's income and earlier profits in the JA will be viewed.

It is likely that the subsidiary Misen Enterprises AB will need to pay income tax in Ukraine and Sweden. To finance any tax payments in Ukraine and Sweden, Misen Enterprises will need to receive a loan or dividend from the JA. In order for a dividend or loan to be received from the JA, all partners in the JA must consent. A further complication for the payment of tax in Sweden is that it is at present prohibited to pay dividends or interest from Ukraine.

Supply of equipment
Working with the extraction of oil and natural gas requires advanced drilling and production equipment. It can therefore not be ruled out that there might be a shortage of drilling equipment and/or other necessary equipment, or that such equipment would require further investment, which could result in increased costs and delays, despite a focus on production operations rather than exploration.

Key personnel risk
The Misen Group is dependent on a small number of professionals. An important condition for the Group to be successful is that we succeed in retaining, recruiting and developing qualified personnel.

The need for additional capital
The Misen Group's operations may require additional financial resources in the future if the Group is to continue expanding its operations. This will lead to the requirement for additional capital from the owners or for other types of financing. The Misen Group's future growth will, to a large extent, be dependent on prevailing oil and natural gas prices. A positive trend in this market may also result in the Group requiring financing, for example through a new share or bond issue. A longer period of falling oil and natural gas prices will have a negative impact on the Group's financial position and performance.

Environmental risks
Stricter laws regarding environmental control are continuously being drawn up in Ukraine, with stricter environmental directives being introduced and stricter regulations governing the environment constantly being considered.
The Misen Group continuously evaluates its obligations according to the prevailing environmental legislation. As soon as environmental obligations arise, they are taken into

account by the Misen Group. Potential obligations that can be introduced as a consequence of changes in environmental legislation or regulations or civil law legislation cannot be assessed, but can be significant. For the time being, the Group does not deem that there are any significant risks regarding environmental impact. With Ukraine moving towards a closer integration with the EU, it is likely that Ukrainian environmental standards will be harmonised with the EU standards, making the operational environment more foreseeable from the environmental risk perspective.

Licence risk
During 2014, the Misen Group concluded the previously announced investigation regarding measures required to secure extension of the licences expiring in 2018.

At present all licences concerning JAA No.3 are valid. All of these licences have been issued to the JA participant PJSC Ukrgasvydobuvannya, who made them available to the JA. According to the JAA No.3, it is the direct responsibility of PJSC Ukrgasvydobuvannya to observe timely extension of expiring licences

and the Misen Group trusts that PJSC Ukrgasvydobuvannya will make maximum effort to secure this process. Under the current legislation and accepted practice in Ukraine, licences that have been handled correctly are routinely extended without the Company having to take any special steps. In addition, in accordance with JAA No.3, the Parent Company has the right to claim compensation for all damages related to non-performance of the JA partner PJSC Ukrgasvydobuvannya, including failure to secure timely extension of applicable licences.

Before any amendments to JAA No.3, as well as before the commencement of the well workovers, the Misen Group carries out thorough investigations regarding risks related to each licence. Despite these investigations, the Misen Group cannot guarantee that it has obtained a correct picture of the ownership situation, which can result in the Company's rights being questioned. This can have a negative impact on the Group's earnings and financial position.

Geological risks
All estimations of extractable petroleum resources are based, to a large extent, on probabilities. The estimations of the oil and natural gas reserves are thus based on the investigations that are, in each case, made by reservoir engineers and based upon factors gathered from different types of geological and geophysical, and reservoir engineering methods of investigation. The Misen Group's activities continuously utilise the best available technology in each case in order to investigate probable outcomes with the highest precision and to improve the forecasts through well-balanced work programmes. The estimations that the Misen Group has reported in the form of the *Competent Persons Report* represents the latest information available for each development project. There are, therefore, no guarantees that the size of these estimations will remain constant over time.

Political risks
In recent years, Ukraine has undergone a profound political and social change. The value of the Misen Group assets may be affected by uncertainties such as political or diplomatic developments, social or religious instability, changes in government policies, taxation and interest rates, restrictions on currency repatriation and other political and economic development of laws and rules in Ukraine. These risks relate in particular to expropriation, nationalisation, confiscation of assets and legislative changes concerning the level of foreign ownership.

During 2014, major political changes took place in in Ukraine. The country elected a new president, new parliament and formed a new Government. New heads of Ukrainian State Company Naftogaz and of its subsidiary PJSC Ukrgasvydobuvannya were appointed. These changes proved to be positive for the Misen Group as the situation of being excluded from the gas balance ended and the Misen led JA managed to sell off its production from 2014 as well as liquidate the stock accumulated during 2013.
During the summer of 2014, the subsoil use charge to be paid in connection with production was increased from 25% to 55% and in 2015, this tax was gradually increased to 70% for JAs with private partners. This has a negative effect on the Group and complicates implementation of the investment program.

The tensions in relation to the neighbouring country of Russia were at the same high level in 2015 as before. These latest events clearly illustrate how the political risks affect the conditions for business activities in Ukraine.

Economic risks
Ukraine’s transformation from a rigid, centrally planned economy to a market economy has been hampered by strong economic and political special interests. A small number of people with substantial wealth have had a dominant position in the country and have influenced policies in a negative way. This has resulted in a deceleration of the reform towards a market economy. Ukraine’s economy is characterised by a strong dependence on heavy industry - chemicals, steel, shipbuilding, machine building and weaponry.

Ukraine also acts as a transit country for the Russian gas, which provides the state with much-needed revenue and offers a degree of security in the country’s energy supply. Meanwhile, the energy policy remains a foreign policy scene where the special interests between Ukraine, the transit country, and Russia, the supplier country, periodically are on display. After the Orange Revolution, there was an upswing in the business climate in the country thanks to the country’s new goodwill and a generally prevailing optimism. This development has taken a turn for the worse, largely due to the previous disagreement among the country’s political leadership. There is, however, still a desire within the country to increase trade and attract foreign investors. The presidential election of 2010 led to some stabilisation of the country’s political climate, but emerging closer ties with the Russian Federation started slowing down Ukraine’s transition to the market economy. The events of 2013-2014 introduced a new platform for economic development in Ukraine. The country is negotiating closer integration with the EU and substantial financial support from the IMF, EU and US is being offered, provided country accelerates the major reforms of its economy.

Economic risks remain, but should decrease provided Ukraine’s integration with Western Europe does not stall.

Foreign exchange risk

In 2015, the UAH exchange rate against SEK dropped from 0.4844 on 31 December 2014 to 0.3468 on 31 December 2015, i.e. by -28.4%. Since the Misen Group’s operations and net assets are almost entirely located in Ukraine, this has had a negative effect on the Group’s equity, which decreased by KSEK 199,037.

To counteract further weakening of the UAH, the Ukraine central bank introduced a number of restrictions in the handling of foreign currency including: a temporary prohibition on the disbursement of dividends in foreign currencies, a temporary prohibition on repayment of loans to foreign lenders, compulsory sale of 75% of income in foreign currency to the central bank and other restrictions concerning both liquid and non-liquid transactions. The Ukrainian central bank extended these temporary restrictions several times during 2015 and the restrictions are currently applicable up to and including 4 March 2016.

The weakening of UAH increased the pressure on the consumer price index in Ukraine. The official inflation rate in Ukraine amounted to 43.3% in 2015.

On 11 March 2015, the IMF approved a four-year extended fund facility (EFF) for Ukraine for more than USD 17 billion. In 2015, Ukraine received the first two disbursements according to the EFF amounting to USD 5 billion and USD 1.7 billion, respectively. In October 2015, Ukraine agreed with the majority of its creditors on a restructuring of part of the country’s external debts in an amount of USD 15 billion. The restructuring postpones the repayment times for these debts to 2019-2027, establishes the interest rate at 7.75% and includes a conversion of 20% of the debt to bonds at a value of USD 2.9 billion.

A considerable part of the country’s international debt still remains to be renegotiated.

After this restructuring of the country’s debts to the majority of the country’s creditors, Ukraine’s credit rating improved.

Additional disbursements from the IMF are dependent on reforms regarding Ukraine’s governance, and other economic, legal and political factors.

Definitions of key ratios

1. EBITDA (earnings before interest, tax, depreciation and amortisation) is defined as the Group's and Parent Company's respective operating profit plus depreciation.

2. Earnings per share before dilution are calculated by dividing the profit or loss attributable to Parent Company shareholders with a weighted average number of outstanding ordinary shares during the period.

3. Earnings per share after dilution are calculated by the amounts used for the calculation of earnings per share before dilution being adjusted by taking into account the effect after tax of dividends and interest expenses on potential ordinary shares and the weighted average of the additional ordinary shares that would have been outstanding in a conversion of all potential ordinary shares. At present, the Group has no effect from dilution, which means that the earnings per share before dilution correspond to earnings per share after dilution.

4. Return on equity is defined as the Group's and Parent Company's respective profit divided by equity at the end of the period.

5. Return on working capital is defined as the Group's and Parent Company's respective profit after financial items plus interest expenses plus/minus exchange rate differences for financial loans divided by total working capital (the average of the two most recent balance sheet totals less non-interest-bearing liabilities).

6. Debt/equity ratio is defined as the Group's and Parent Company's respective interest-bearing liabilities in relation to the reported equity.

7. Equity/assets ratio is defined as the Group's and Parent Company's respective equity (including minority interest) as a percentage of the balance sheet total.

8. The portion of risk-bearing capital is defined as the sum of the Group's and Parent Company's respective equity and deferred tax (including minority interest) divided by the balance sheet total.

9. Number of outstanding shares at full dilution is defined as the number of outstanding shares including maximum utilisation of warrants as well as outstanding paid subscribed shares.

10. The number of employees reflects the average number of employees converted into full-time equivalents and calculated as total hours of work during the year divided by the theoretical working hours. For JA, 50.01% of this number has been consolidated.

11. Notes, common for Parent Company and Group

Note 1 Revenue distribution

	Group		Parent Company	
	2015	2014	2015	2014
Income included in net sales:				
Natural gas	766,469	1,036,316	-	-
Oil products	86,778	101,574	-	-
Other	112	111	120	120
Total	853,359	1,138,001	120	120

All gas contained in the Ukrainian gas transportation system, including underground gas storage facilities, is accounted for in the technical gas balances. These gas balances are used for the transportation, accounting, storing and sales of hydrocarbons. It is only when the gas has been accepted in the gas balances that it is recognised as income. For other products, income is recognised once risks and benefits have been transferred.
Juust one customer, SOLAR-SKY TOV, represents more than 10% of the reveues.

Note 2 Segment information – Group

The Group has only got one segment. The Group's operational activities are located in Ukraine. Only administration is done in Sweden.

Geographical area	31 Dec. 2015	31 Dec. 2014
Net sales, external		
Ukraine	853,359	1,138,001
Fixed assets*		
Ukraine	588,941	726,232

*) excluding deferred tax assets.

Note 3 Other operating income

	Group 2015	Group 2014	Parent Company 2015	Parent Company 2014
Translation differences	14,938	18,808	-	-
Reversal of reserve for penalties	10,285	-	-	-
Other	2,305	3,618	-	-
Total	27,528	22,426	0	0

Note 4 Participations in associated companies

Indirectly owned	Country	Corp. ID no.	Domicile	Share of equity %	Share of votes %
JAA 493	Ukraine	e.t	e.t	10.0	10.0

	Group 2015	Group 2014
The Group's participation in JA 493		
Opening book value	2,383	-
Acquisition of participation share JA 493	-	2,840
This year's share in profits	3,486	2,826
Booked dividend from JA 493	-2,845	-2,826
Translation differences	-742	-457
Closing book value	2,282	2,383
Presentation in consolidated balance sheet		
Contribution to JA 493	1,706	2,383
Group's share of equity JA 493	576	-
	2,282	2,383

Note 5 Remuneration of auditors

	Group		Parent Company	
	2015	2014	2015	2014
PwC				
Audit assignment	890	1,616	557	1,406
Auditing activities other than auditing assignments	-	250	-	250
Tax advisory services	1,377	413	1,377	413
Other services	98	400	96	350
Total	2,365	2,679	2,030	2,419

Note 6 Other external expenses

	Group		Parent Company	
	2015	2014	2015	2014
Extraction expenses	643,397	354,466	-	-
Production and transport expenses	50,757	61,976	-	-
Refinery expenses	9,955	9,435	-	-
Change in inventories	21,246	69,819	-	-
Other	13,598	32,222	7,968	14,864
Total	738,953	527,918	7,968	14,864

Extraction expenses increased during the year as a result of the increased subsoil use charge even though the extraction volume only increased marginally. A detailed description of this is available in the administration report.

Note 7 Salaries and remuneration to the Board and Company management

2015	Basic salary/ Director's fee	Other re-muneration	Benefits	Pension	Total
Parent Company and Group					
Göran Wolff, Managing Director	1,600	112	26	218	1,844
Andrius Smaliukas, Chairman of the Board	214		-	-	214
Oleg Batyuk, Board of Directors	92	239		-	331
Dimitrios Dimitriadis, Board of Directors	92	-	-	-	92
Hans Lundgren, Board of Directors	230		-	-	230
Sergiy Petukhov, Board of Directors	3				3
Pavel Prysiazihniuk, Board of Directors	9	1,141			1,150
Other senior executives, 4 in total	2,725	2,256	-	269	4,953
Total	**4,965**	**3,748**	**26**	**487**	**8,817**

2014	Basic salary/ Director's fee	Other remuneration	Benefits	Pension	Total
Parent Company and Group					
Göran Wolff, Managing Director	1,396	-	-	227	1,623
Tore I. Sandvold, Chairman of the Board until 27 October 2014	284	1,949	-	-	2,233
Andrius Smaliukas, Chairman of the Board as of 27 October 2014	95	-	-	-	95
Dimitrios Dimitriadis, Board of Directors	95	-	-	-	95
Hans Lundgren, Board of Directors	237	60	-	-	297
Knud H. Nørve, Board of Directors	227	-	-	-	227
Sergiy Petukhov, Board of Directors	9	-	-	-	9
Oleg Batyuk, Board of Directors	95	-	-	-	95
Pavel Prysiazhniuk	9	2,309	-	-	2,318
Other senior executives	1,877	1,504	-	209	3,590
Total	**4,324**	**5,822**	**0**	**436**	**10,582**

Other remuneration refers to invoiced fees for consulting services.
During 2015 variable bonus-scheme pointed to the management of the Company been in place. The scheme is based on the cost level of the Company. The outcome of the scheme amounts to KEUR 48. Payment will be executed as soon as the Company's liquidity allows it.

Note 8 Wages, salaries, other remuneration and social security contributions

	Group		Parent Company	
	2015	2014	2015	2014
Average number of employees				
Women	29	26	2	2
Men	89	96	2	2
Total	118	122	4	4
Total salaries, remuneration, social security contributions and pension costs				
Salaries and remuneration to the Board of Directors, Managing Director and other senior executives	5,374	3,510	5,249	3,352
Salaries and remuneration to other employees	8,939	11,435	339	344
	14,313	14,945	5,588	3,696
Statutory and contractual social security contributions	1,253	926	1,253	926
Pension costs for Board of Directors, Managing Director or other senior executives	487	436	487	436
Pension costs for other employees	25	24	25	24
Total	16,078	16,331	7,353	5,082

No agreements regarding severance pay are in place.

Members of the Board and senior executives				
No. of members of the Board at balance sheet date				
Men	5	5	5	5
Total	5	5	5	5
No. of Managing Directors and other senior executives at the balance sheet date				
Women	1	1	1	1
Men	3	3	2	2
Total	4	4	3	3

Note 9 Depreciation/amortisation and write-downs

	Group	
	2015	2014
Depreciation, amortisation and write-downs of tangible and intangible assets		
Amortisation of intangible assets	2,928	2,887
Depreciation of equipment and buildings	31,917	27,704
Write-down of machinery	-	5,080
Total	34,845	35,671

Note 10 Other operating expenses

	Group		Parent Company	
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
Maintenance costs Booster Compressor Station 1)	37,729	-	-	-
Expenses for legal cases	3,269	15,462	-	-
Bad debt losses 2)	20,571	-	-	-
Supplemental charges for extraction	-	14,863	-	-
Non-deductible VAT 1)	8,430	-	-	-
Cost due to delayed customer payments has been discounted	5,468	-	-	-
Capital losses	1,293	2,227	-	-
Other operating expenses	3,128	363	-	-
Total	79,888	32,915	0	0

1) Pertains to operating costs for Khrestyschenska Booster Compressor Station, see the administration report.
2) A detailed description is available in the administration report and Note 19

Note 11 Other interest income and similar profit/loss items

	Group		Parent Company	
	2015	2014	2015	2014
Interest income	10,886	2,654	-	1
Translation differences	-	-	1,459	-
Total	10,886	2,654	1,459	1

Note 12 Other interest expenses and similar profit/loss items

	Group		Parent Company	
	2015	2014	2015	2014
Other interest expenses	28,515	24,668	10,045	3,227
Translation differences	45,667	114,319	-	3,339
Total	74,182	138,987	10,045	6,566

Note 13 Tax on profit for the year

Distribution of income tax	Group 2015	Group 2014	Parent Company 2015	Parent Company 2014
Current tax	-4,921	-94,910	-	-
Deferred taxes	19,885	7,568	-	-
Total	**14,963**	**-87,342**	**0**	**0**

	Group		Parent Company	
	2015	2014	2015	2014
Reported profit before taxes	-48,687	414,085	-523,804	-26,392
Tax according to national tax rates	10,098	-72,848	115,237	5,596
Tax effect of:				
Result from associated companies	627	-	-	-
Non-deductible expenses	-2,127	-5,528	-110,017	-17
Non-taxable income	3,357	-	-	-
Fiscal losses for which no deferred tax asset is recognised	-6,711	-8,966	-5,220	-5,579
Adjustment of prior year tax	6,007	-	-	-
Changes in tax code	4,375	-	-	-
Other	-613	-	-	-
Tax expenses for the year	14,963	-87,342	0	0

Weighted average tax rate was 21% (2014: 18%).

The change in the weighted average tax rate is a result of the change in profitability in the entities of the group.

As per 31 December 2015, the Group had a fiscal deficit amounting to SEK 227 506 852, of which the Parent Company’s deficit amounted to SEK 202 413 386. A total of 132 138 450 SEK is non-usable for group contributions. Deferred tax assets totalling SEK 50 051 507 for the Group and SEK 44 530 945 for the Parent Company have not been recognised as an asset, as the possibility of utilizing these amounts against tax loss carry forwards in the foreseeable future is uncertain. As mentioned previously in this annual report, the subsidiary Misen Enterprises AB will need to pay income tax in Ukraine. To finance any tax payments in Ukraine, Misen Enterprises will need to receive a loan or dividend from the JA or secure other external financing.

Note 14 Rights and licences

	Group	
	31 Dec. 2015	31 Dec. 2014
Opening acquisition value	44,081	44,370
Purchases	161	1,027
Translation differences	-678	-1,108
Sales and scrapping	-10	-208
Closing accumulated acquisition value	43,554	44,081
Opening amortisation/depreciation	-8,966	-6,686
Sales and scrapping	10	208
Depreciation/amortisation for the year	-2,928	-2,887
Translation differences	189	399
Closing accumulated depreciation/amortisation	-11,695	-8,966
Closing residual value according to plan	31,859	35,115

Note 15 Equipment, tools, fixtures and fittings

	Group		Parent Company	
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
Opening acquisition value	209,607	254,733	403	403
Purchases	14	8	-	-
Translation differences	-95,516	-105,003	-	-
Sales and scrapping	-187	-5	-	-
Reclassifications	340,747	59,874	-	-
Closing accumulated acquisition value	454,665	209,607	403	403
Opening amortisation/depreciation	-41,056	-28,381	-403	-403
Sales and scrapping	106	-	-	-
Depreciation/amortisation for the year	-31,917	-27,704	-	-
Translation differences	14,943	15,029	-	-
Closing accumulated depreciation/amortisation	-57,924	-41,056	-403	-403
Closing residual value according to plan	396,741	168,551	0	0

Not 16 Construction in progress and advance payments regarding tangible fixed assets

	Group	
	31 Dec. 2015	31 Dec. 2014
Opening acquisition value	520,183	640,620
Expenses accrued during the year	98,449	192,558
Sales	-1,984	-2,274
Reclassifications	-340,747	-59,874
Capitalised interest expenses incl. exchange rate differences	-	17,114
Translation differences	-118,114	-263,698
Write-downs for the year	272	-4,263
Closing expenses accrued	158,059	520,183

Note 17 Inventories

	Group	
	31 Dec. 2015	31 Dec. 2014
Valued at acquisition value		
Spare parts	432	382
Oil products and natural gas	2,725	30,643
Total	3,157	31,025

Note 18 Financial instruments by category

	Group		Parent Company	
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
Assets				
Loans and receivables				
Accounts receivable - external	44,763	100,633	-	-
Accounts receivable - JA	-	-	3,536	3,280
Cash and cash equivalents	7,413	80,976	1,704	358
Total	52,176	181,609	5,240	3,638
Liabilities				
Other financial liabilities				
Borrowing (excluding liabilities attributable to financial leasing)	171,312	181,452	99,1610	72,587
Liabilities attributable to finance leases	7,260	30,456	-	-
Accounts payable and other financial liabilities	111,536	112,124	17,107	9,165
	290,108	324,032	116,2689	81,752

Note 19 Accounts receivable - trade

	Group	
	31 Dec. 2015	31 Dec. 2014
Accounts receivable - external	44,763	100,633
Total	44,763	100,633

As per 31 December 2015, Accounts receivable (excluding doubtful debts) amounted to KSEK 44,763 (2014: KSEK 100,633) after deduction for write-offs, totalling KSEK 20,571 (KSEK 0).

As per 31 December 2015, Accounts receivable amounting to KSEK 35,981 was overdue, but no reservation was necessary for this amount. The overdue Accounts receivable are attributable to customers that have not previously encountered financial difficulties.

Maturity analysis of accounts receivable:		
Not overdue	8,782	19,987
< 30 days overdue	2,523	10,766
> 30 days overdue	33,458	69,880
Total	44,763	100,633

Note 20 Other receivables

	Group		Parent Company	
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
VAT recoverable	10,240	15,477	376	190
Other receivables	25	2,455	26	-
Total	10,265	17,932	402	190

Note 21 Prepaid expenses

	Group		Parent Company	
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
Other prepaid expenses	525	1,080	171	331
Total	525	1,080	171	331

Note 22 Share capital

Share information	2015	2014
Parent Company		
Weighted average number of shares for the year	145,068,222	145,068,222
No. of outstanding shares at balance date before dilution	145,068,222	145,068,222
No. of outstanding shares at balance date after full dilution	145,068,222	145,068,222

Note 23 Financial risk management and borrowing

Financial risk management

Financial risk factors
Through its operations, the Group is subject to various financial risks: Market risk (comprehensive foreign exchange risk, interest rate risk and price risk), credit risks and liquidity risks. The Group strives for awareness of potentially negative effects on the Group's financial performance. Interest rates on bank accounts are variable. No foreign exchange hedging has been undertaken during 2015.

Foreign exchange risk
Through its operations in different countries, the Group is exposed to fluctuations in a number of currencies. Therefore, effects on the Company's earnings and financial position from foreign exchange volatility cannot be disregarded.

Transaction risk
Out of the Group's total sales and expenses in 2015, SEK 853 million and SEK 856 million, respectively, were denominated in UAH, implying that a +/- 10% change in the UAH exchange rate would affect the Group's profit by SEK +/- 0 million.

Translation risk
The Group's net assets with UAH as reporting currency amounted to SEK 487 million. Thereby, a +/- 10% change in the UAH exchange rate would affect the Group's equity by SEK +/- 49 million.

Interest rate risk
As per 31 December 2015, the Group had interest-bearing liabilities amounting to SEK 179 million and an interest rate change of +/- 1% would affect the Group's result before taxes by SEK +/- 2 million.

All loans in the Group are subject to fixed interest during the remaining duration.

Price risk
The Group's profit for the year is primarily affected by natural gas prices. A +/- 10% change in natural gas prices in Ukraine would affect Group income by SEK +/- 85 million. A +/-

10% change of cost level in Ukraine would affect Group expenses by SEK +/- 86 million.

Credit risk
The Group takes on exposure to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to fulfil an obligation. Exposure to credit risk arises as a result of the Joint Activity's sales of products in accordance with applicable payment terms and transactions with counterparties giving rise to financial assets.

The Group's maximum exposure to credit risk amounts to the figures reported in the balance sheet. The Group's risks are structured by setting credit limits on counterparties. Limits on the level of credit risk are monitored on an on-going basis and approved regularly by Management. The Joint Activity's management undertakes regular age analyses and follows up on overdue accounts receivable.
The Group's main bank in Ukraine has got Caa3 (Moody's) ranking

Liquidity risk
Liquidity risk refers to the risk that financing of the Group's capital requirements and the refinancing of outstanding loans is made more complicated and expensive. Financing requirements are dependent on the Joint Activity's needs for investments in fixed assets and financing for working capital. The Group's financing requirements are estimated to primarily be covered by the surplus from the Joint Activity. However, in the long term, there will likely be a need for external financing to fulfil the investment needs at hand. The amount of external financing depends on production volume and future price levels for oil and gas. The financing need that may arise within the JA in 2016 will be handled through extended credits, and if needed, adjustments in the investment programme.

The table below shows liabilities at 31 December 2015 by their remaining contractual maturity. The amounts disclosed in the maturity table are the contractual undiscounted cash flows, including gross finance lease obligations (before deducting future finance charges), and gross loan commitments. Such undiscounted cash flows differ from the amount included in the balance sheet because the amounts in the balance sheet are based on discounted cash flows.

Payment obligations in currencies other than the report currency (SEK) are reported after translation at the closing rate of exchange.

Payment dates for financial liabilities as per 31 December 2014	< 1 month	1 month – 1 year	1 year – 2 years	> 2 years	Total
Liabilities to credit institutions	78,304	3,305	116,509		198,118
Liabilities attributable to finance leases	1,372	6,467			7,839
Accounts payable and other financial liabilities	37,071	74,465		-	111,536
Total	**116,747**	**84,237**	**116,509**	**0**	**317,493**

Payment dates for financial liabilities as per 31 December 2014					
Liabilities to credit institutions	2,170	109,334	89,639		201,143
Liabilities attributable to finance leases	2,399	24,278	7,643		34,320
Accounts payable and other financial liabilities	60,533	102,033		-	162,566
Total	**65,102**	**235,645**	**97,282**	**0**	**398,029**

Covenants

Borrowing in the Group is based on compliance with a certain set of covenants. If these covenants are not met, this could lead to negative effects for the Group, such as increased borrowing costs and early repayment obligations. As a result of the outstanding disagreements between the partners in the JA, not all covenants in the JA were met in 2015. The JA violated its commitment to repay KUSD 12,250 to external financiers even though new repayment terms had been agreed with the financier. Due to this, the financier had legal grounds to charge penalties to the JA. These penalties are included in the Misen Group's financial statements in an amount of KSEK 10,086 under financial expenses.

All liabilities where the covenants are not met are recognised as current liabilities.

At 31 December 2015, the Group did not fulfil all covenants. However, the partners in the JA approved the terms for the restructuring of the loans and agreements with the financier are expected to be signed shortly.

Please also see section "Significant accounting estimates and assumptions"

	Group		Parent Company	
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
Interest-bearing liabilities				
Long-term liabilities				
Liabilities to credit institutions	99,161	77,920	99,161	72,587
Liabilities attributable to financial leases	-	7,212	-	-
Liabilities to Group companies	-	-	92	92
Total	99,161	85,132	99,253	72,679
Current liabilities				
Liabilities to credit institutions	72,151	103,532	2,917	-
Liabilities attributable to finance leases	7,260	23,244	-	-
Liabilities to Group companies	-	-	-	7,238
Total	79,411	126,776	2,917	7,238
Total interest-bearing liabilities	178,572	211,908	102,170	79,917

Interests

Weighted average effective interest rates on borrowing amounted to:

	Group		Parent Company	
	2015	2014	2015	2014
Long-term liabilities to credit institutions	10.3%	11.1%	10.3%	10.0%
Current liabilities to credit institutions	9.8%	10.2%	-	2.6%
Liabilities to Group companies	ET	ET	2.6%	2.0%

Currencies

	Group		Parent Company	
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
Interest-bearing liabilities per currency				
EUR	78,587	65,375	773,766	65,375
USD	86,908	97,613	25,394	7,212
UAH	11,078	49,256	-	
SEK	2,000	-	92	-
Total	**178,573**	**212,244**	**102,170**	**72,587**

Financial liabilities valued at accrued acquisition value

The fair values of interest-bearing liabilities with a fixed maturity have been calculated on the basis of estimated future cash flows expected to be received discounted at current interest rates for instruments with similar credit risk and remaining maturity. The book value for interest-bearing loans, liabilities attributable to finance leases, accounts payable and other financial liabilities are deemed to correspond to the fair values taking in consideration the short remaining duration. The amounts in the tables are presented in KSEK at the closing-date rate.

Note 24 Finance leases

The Group's finance lease agreements relates to fixed assets reported as Equipment, tools, fixtures and fittings

Group KSEK	Maturity within 1 year	Maturity between 1 and 5 years	Total
2015			
Minimum payments as per 31 December 2015	7,839		7,839
Minus future financing expenses	-579		-579
Total	**7,260**	**0**	**7,260**
2014			
Minimum payments as per 31 December 2014	26,677	7,643	34,320
Minus future financing expenses	-3,433	-431	-3,864
Total	**23,244**	**7,212**	**30,456**

Note 25 Accrued expenses and deferred income

	Group		Parent Company	
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
Accrued interest expenses	2,341	5	2,127	-
Accrued salaries and other staff expenses	6	652	640	497
Accrued holiday pay	1,156	298	580	277
Accrued social security contributions	-	74	115	77
Other items	2,227	3,970	967	2,723
Total	5,730	4,999	4,429	3,574

Note 26 Pledged assets

	Group		Parent Company	
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
For the Group's and the Company's own liabilities				
Pledged bank balances	-	153	-	153
Pledged fixed assets	210,69	355,878	-	-
Pledged shares in subsidiaries	227,797	163,704	233,985	254,556
Total pledged assets	438,487	519,735	233,985	254,709

Note 27 Contingent liabilities

	Group		Parent Company	
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
Contingent liabilities				
Rental guarantee	39	39	39	39
Attributable to liabilities in JA	62,044	129,523	-	-
Other contingent liabilities	1,040,400	1,513,762	-	-
Total contingent liabilities	1,102,483	1,643,324	39	39

The Group is jointly liable for liabilities arising in JA. The difference between the Group's share and total external liabilities in JA has been reported as a contingent liability.

According to Addendum No. 6 to JAA No. 3, the Group has a commitment to when necessary arrange supplemental financing of JA in an amount of KUAH 3,000,000 (KSEK 1,040,400), which is recognised under Other contingent liabilities.

Note 28 Transactions with related parties

	Group 2015	Group 2014	Parent Company 2015	Parent Company 2014
Sales to related parties				
Misen Enterprises AB	-	-	120	120
Ukrgazvydobuvannya 2)	-	34,345	-	-
Total	0	34,345	120	120
Purchases and interest from related parties				
Ukrgazvydobuvannya 2)	129,131	164,740	-	-
Sandvold Energy AS 1)	-	1,949	-	1,949
HL Development 1)	-	60	-	-
Balit LLC 4)	1,959	2,223	1,959	-
Dentons 1)	650	-	-	-
Lexford Investment 1)	1,141	610	1,141	610
AIM Partners 1)	347	1,364	-	-
TCT Holding 5)	350	-	350	-
Sergiy Probylov, salary 3)	181	236	-	-
Total	183,768	171,182	3,450	2,559

Operating receivables/liabilities attributable to related parties
Receivables/liabilities from the sale/purchase of goods/services are stated below.

	Group 2015	Group 2014	Parent Company 2015	Parent Company 2014
Receivables from related parties				
JA	-	-	3,536	3,280
Ukrgazvydobuvannya 2)	-	464	-	-
Total	0	464	3,536	3,280
Liabilities to related parties				
Misen Enterprises AB	-	-	11,617	7,238
Capital Oil Resources AB	-	-	92	92
Ukrgazvydobuvannya 2)	14,708	9,526	-	-
Balit LLC 4)	910	-	910	-
Dentons 1)	239	-	-	-
Sandvold Energy AS 1)	-	731	-	731
TCT Holding 5)	10,613	-	10,613	-
Lexford Investment 1)	1,041	32	1,041	32
Total	27,511	10,289	21,355	8,093

Amounts related to JA are recognised at 100% of the transaction and balance amount.

1) Refers to purchases of management services from Board member/company owned by Board member.
2) Refers to sales and purchases from JA partner with substantial influence on JA operations. According to JAA, Ukrgazvydobuvannya - the owner of licences for JA's oil and gas extraction - is compensated for rental payments and drilling in direct relation to extra gas extraction within JA in addition to the base level for gas and oil extracted by Ukrgazvydobuvannya. JA also compensates Ukrgazvydobuvannya for oil and gas production, processing and transportation performed by Ukrgazvydobuvannya's staff and JA's utilizing of Ukrgazvydobuvannya's production and infrastructure buildings.
3) Refers to salaries to employees who are a significant shareholder with substantial influence in the Group.
4) Refers to purchases of management services from the Managing Director in the subsidiaries
Separate notes contain information about
- Salaries and remuneration to Board of Directors and Managing Director
- Participations in Group companies and associated companies
5) Refers to interest and liabilities to major shareholders

Note 29 Adjustment for non-cash items

	Group		Parent Company	
	2015	2014	2015	2014
Depreciation/amortisation	34,845	30,591	-	-
Write-downs	-	5,080	-	-
Profit/loss from sales of fixed assets	327	-398	-	-
Participations in Associated companies	-3,486	-2,826	-	-
Unrealised exchange rate result	-	-4,090	-	-
Bad debt loss	20,571	1,766	-	-
Change in provisions	18,442	21,518	-	-
Other non-cash items	-435	-	-	-
Total	70,264	51,641	0	0

Note 30 Participations in Group companies

Group	Corp. ID no.	Domicile	Share of equity (%)
Misen Enterprises AB	556526-3968	Sweden	100
LLC Karpatygaz	30162340	Ukraine	100
JA*	ET	Ukraine	0.01%
JA*	ET	Ukraine	50%
Capital Oil Resources Sweden AB	556754-4878	Sweden	100

* Joint Activity between Ukrgazvydobuvannia (a subsidiary of NJSC Naftogaz of Ukraine), LLC Karpatygaz and Misen Enterprises AB in accordance with regulations in the Joint Activity Agreement, without establishment of a legal entity, on 10 June 2002.

Parent Company	Share of equity %	Share of votes %	No. of shares	Book value, 31 Dec. 2015 31 Dec. 2015	Book value, 31 Dec. 2014 31 Dec. 2014
Misen Enterprises AB	100	100	50,000	467,969	1,018,223
Capital Oil Resources Sweden AB	100	100	1,000	100	100
Total				468,069	1,018,323

The Company’s financial items include a write-down of the shares in the subsidiary Misen Enterprises AB in an amount of KSEK 560,000. The write-down has been taken into account according to the discounted cash-flow method and has been based on the following conditions:

- JA is considered to be a cash-generating unit
- Subsoil use charge will remain at 70%
- The average natural gas price has been set at USD 217 per thousand cubic metres to then develop during the JA’s lifetime according to forecasts for European consumers prepared by the Economist Intelligence Unit
- JA will complete its investment programme according to the JAA depending on access to financing
- The production volumes have been based on the forecasts found in the Competent Persons Report prepared by AGR-TRACS International Consultancy Ltd. (Norway-Russia) adjusted for the disruptions in the operations’ surroundings presented earlier in this report
- The Weighted Average Cost of Capital (WACC) after tax used for the calculations

amounts to 19.9% in UAH and 21.2% in UAH including cost of equity

To illustrate the uncertainty that the forecast contains, a sensitivity analysis of the forecast has been done. The results of this sensitivity analysis are presented below:

- A change in the natural gas price of +/- 10% yields a change in the value of the JA of +/- 14%
- A change in the UAH/SEK exchange rate by +/- 10% affects the JA's value by +/- 24%
- A change in the WACC by +/- 20% (from 19.9% to 23.9% and from 19.9% to 15.9%) yields a change in the value of the JA by -21 % and 30%, respectively
- A reduction in the subsoil use charge to 29% results in an increase in the value of the JA by 246% which would mean that no write-down would be needed.

The Group's participation in the JA	2015	2014
Income Statement		
Income	8880,833	1,160,351
Expenses	887,628	793,252
Balance Sheet		
Fixed assets	602,748	691,800
Current assets	6260,745	281,116
Long-term liabilities	30,737	36,890
Current liabilities	141,058	236,476

	2015	2014
Participations in Group companies		
Opening acquisition value	1,018,323	1,001,799
Capital contribution	9,746	16,524
Closing accumulated acquisition value	1,028,069	1,018,323
-Write-downs	-560,000	-
Closing book value	468,069	1,018,323

Affirmation

The Board of Directors and the Managing Director hereby affirm that the annual report has been prepared in accordance with Generally Accepted Accounting Principles, gives a true and fair view of the Parent Company's financial position and performance, and that the administration report gives a fair overview of the development of the Parent Company's operations, financial position and performance and, additionally, describes the significant risks and uncertainty factors faced by the Parent Company. The Board of Directors and the Managing Director also confirm that the consolidated financial statements have been prepared in accordance with international financial reporting standards, IFRS, as adopted by the EU, that they give a true and fair view of the Group's financial position and performance, and that the administration report for the Group gives a fair overview of the Group's operations, financial position and performance, and, additionally, describes significant risks and uncertainty factors faced by the Group.

The income statements and balance sheets will be submitted for adoption at the Annual General Meeting on 28 April 2016.

Stockholm 14 April 2016

Andrius Smaliukas Chairman	Hans Lundgren Board member
Dimitrios Dimitriadi Board member	Oleg Batyuk Board member
Pavel Prysiazhniuk Board member	
Göran Wolff Managing Director	

Our audit report deviates from the standard wording and was submitted
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PricewaterhouseCoopers AB

Johan Palmgren
Authorised Public Accountant

Auditor's report

To the annual meeting of the shareholders of Misen Energy AB (publ), corporate identity number 556526-3968

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Misen Energy AB (publ) for the year 2015.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

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

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2015 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Emphasis of matters

Without qualifying our opinion, we draw your attention to the conditions described in the annual report in the section "Significant Events in 2015" under the headings "Subsoil use charge increase" and "Exchange rate fluctuations and inflation" as well as the section "Supplementary information" under the headings "Tax risk" and "Political risks" where it is mentioned that the Group's activities, and activities of other enterprises in Ukraine, have been affected and may continue to be affected for the foreseeable future by the continued political and economic uncertainty in Ukraine. The impact of these factors on the Group's activities and the future development of the political and economic situation in Ukraine is very difficult to assess, and these factors may also continue to significantly affect the financial conditions of the Group's activities in general.

Further, without qualifying our opinion set out above, we would like to draw attention to the conditions described in the section "Significant estimates and assumptions for accounting purposes" under the heading "Going concern". The activities in Joint Activity (JA) have significant short-term bank loans maturing before 31 December 2015. Furthermore, JA has not met the terms and conditions for loans and credits and negotiations are underway with the banks concerned.

The Group's Swedish operations are dependent on additional funding for ongoing operations and to pay the remaining part of the contribution to JA. As funding for the next twelve months is not secured there is a material uncertainty that may lead to significant doubts about the Group's ability to continue with the planned business.

In a situation where the Group's continued operations can no longer be assumed, which is not the case for the Group, there is a risk of significant write-downs of the Group's assets as well as the parent company's book value of shares in subsidiaries.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Misen Energy AB (publ) for the year 2015.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

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

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year

Göteborg 14 April 2016

PricewaterhouseCoopers AB

Johan Palmgren
Authorized Public Accountant