Year-end report January - December 2016

1. Summary

MISEN ENERGY AB (publ)
Reg. No. 556526-3968

Group definition

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. The Company is listed at Nasdaq First North Stockholm.

On 26 June 2016 the Board of the Parent Company approved the sale of 37.5 % of the shares and shares capital in its subsidiary Misen Enterprises AB to the Hong Kong based company Powerful United Limited ("**PUL**"). The same owners that control the shareholder TCT Holding AB also control PUL. The sale was concluded on 5 July 2016. Misen Energy AB (publ.) remains the owner of 62.5% of Misen Enterprises AB shares and maintains full control of the company. The Misen group ("**Misen Group**" or "**Group**") comprises Misen Energy AB (publ) and the partially owned subsidiaries LLC Karpatygaz (Ukraine) and Misen Enterprises AB (Sweden). Misen Enterprises AB is consolidated in the Misen Group accounts and the 37,5% held by PUL is accounted for as a non-controlling interest within equity.

Joint Activity and Joint Activity Agreement

Misen Group together with PUL, as a shareholder of Misen Enterprises AB, has a 50.01% participation interest in the Joint Activity ("**JA**") dedicated to the hydrocarbon production and sales business in Ukraine. The remaining 49.99% interest in JA is held by the Public Joint Stock Company Ukrgasvydobuvannya ("**PJSC Ukrgasvydobuvannya**" or "**UGV**") (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 ("**JAA**" or "**JAA No.3**") (as further restated and amended) signed by PJSC Ukrgasvydobuvannya and LLC Karpatygaz. Misen Enterprises AB entered into JAA together with PJSC Ukrgasvydobuvannya and LLC Karpatygaz on 25 February 2011.

The Misen Group operates solely in Ukraine, where it's partially owned subsidiary LLC Karpatygaz, as the operator of JA, performs all industrial operations within a framework of JAA.

Results for the fourth quarter 2016 (within brackets same period 2015)

Consolidated operating group profit/loss	KSEK 8,135 (-35,500)
Consolidated group net turnover	KSEK 125,028 (210,452)
Earnings per share	SEK -0.01 (-0.33)
Parent company operating loss	KSEK -5,620 (-4,406)
Parent company net turnover	KSEK 1,394 (30)

Results for January – December 2016 (within brackets same period 2015)

Consolidated operating group income	KSEK 33,387 (14,609)
Consolidated group net turnover	KSEK 675,340 (884,373)
Earnings per share	SEK 0.01 (-0.23)
Parent company operating loss	KSEK -15,801 (-15,218)
Parent company net turnover	KSEK 5,577 (120)

2. Essential Events during the Period January – December 2016

Group financial situation

In July 2015, JA failed to pay off KUSD 2,240 (KSEK 20,316) of a total of KUSD 12,250 (KSEK 111,104) to Public Joint Stock Company Sberbank ("**PJSC Sberbank**"). In August 2015, JA failed to pay off the remaining debt KUSD 10,010 (KSEK 90,787) of a total of KUSD 12,250 (KSEK 111,104). As a solution for this, JA agreed with PJSC Sberbank to restructure the debt with new repayment terms. However, the restructuring agreement was not signed by the end of December 2016 due to agreement not having been achieved between the JA's participants. PJSC Sberbank therefore might impose punitive interest on the JA amounting to KUAH 66,529 (KSEK 21,960) as of end of December 2016. This punitive interest is recognized in the Misen Group's financial statements. As of 31 December 2016, the Misen's share of the punitive interest makes up KSEK 10,982. During January – December 2016 financial expenses related to punitive interest amounts to KSEK 2,382.

JA is subject to certain covenants related primarily to its borrowings. As of 31 December 2016, JA did not fully implement financial covenants under the agreements with PJSC Sberbank. The borrowings are classified as short term as of 31 December 2016.

During January – December 2016, JA repaid KUSD 5,600 (KSEK 47,909) of the PJSC Sberbank loan making outstanding balance KUSD 6,650 (KSEK 60,313) as of 31 December 2016.

In August 2015, besides restructuring agreement negotiations with PJSC Sberbank, Sberbank Leasing Ukraine LLC ("**Sberbank Leasing**") filed suit against JA for violation of the leaseback agreement. Sberbank Leasing claims that JA has not delivered equipment on time and Sberbank Leasing therefore could sue JA for breach of the respective contract. However, JA considers that it was entitled to non-delivery of the equipment as Sberbank Leasing failed to pay for this equipment.

In April 2016 the trial court as well as in July 2016 the appeal court rejected the claims of Sberbank Leasing to JA regarding its alleged breaches of the leaseback agreement. Sberbank Leasing filed a cassation appeal before the Supreme Economic Court of Ukraine. On 13 October 2016 the Supreme Court of Ukraine annulled all the lower court decisions and ordered to reconsider the case.

On 6 December 2016 and 13 December 2016 the trial court hearings were held. Trial court requested the litigating parties to provide additional information and postponed the hearing by 28 February 2017.

On 29 December 2016, Sberbank Leasing filed another suit to trial court against JA for violation of a leaseback agreement whereby it increased the claimed amount to KUAH 1,397,704 (KSEK 461,358). In its claim Sberbank Leasing requires to return the amount of prepayment for equipment under leaseback agreement. The total claim consists of KUAH 1,000,950 (KSEK 330,397) of amount of prepayment, which was subject to indexation due to change of Ukrainian currency exchange rate, and of KUAH 396,754 (KSEK 130,962) in fines due to breach of the agreement. The court hearing is held on 22 June 2017. JA continues to consider that it was entitled to non-delivery of the equipment due to failure of Sberbank Leasing to pay for that equipment under the leaseback agreement. Also, JA insists that it has already repaid the amount of prepayment within finance lease arrangement. Moreover, JA rejects all the claims due to changes of the Ukrainian currency exchange rate since leaseback agreement does not stipulate such indexation for amount of prepayment to be repaid.

Based on the analysis of liquidity position, the Board and management believe that the JA has enough proceeds and available cash to cover the fixed costs of its operations for the next twelve months. The Board and management will monitor the situation and report on the future development.

Financing of the Company's Swedish operations

The Company continued to borrow from its shareholders during the first half of 2016. In January 2016, Company borrowed KSEK 270 from TCT Holding AB. In February and April 2016, Company borrowed KEUR 700 (KSEK 6,607) and KEUR 500 (KSEK 4,591) from Prolux Resources AG, a company controlled by Blankbank Investment Ltd. This secured financing of the Company's Swedish operations until August 2016.

On 26 June 2016 the Board of the Parent Company approved the sale of 37.5 % of the shares and shares capital in its subsidiary Misen Enterprises AB to PUL.

On 5 July 2016 the Company and PUL completed the Share Purchase Agreement. The purchase sum amounted to MSEK 166.2 and was paid by PUL by taking over Company's existing debt plus a cash payment amounting to approximately MSEK 25.7. As a consequence of the sale, 37.5 % of any future dividends from Misen Enterprises AB will go to PUL. Misen Energy AB maintains full control of Misen Enterprises AB. As of completion of the deal, the Board of Misen Enterprises AB comprises three representatives from Misen Energy AB and one representative from PUL.

The operation of Khrestyshchenska Booster Compressor Station

In September 2015, 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 commissioning of Khrestyshchenska BCS, a dispute arose between JA and PJSC Ukrgasvydobuvannya regarding allocation of the incremental production of gas as well as allocation of costs related to fuel gas and electricity. The Company's position is that according to the currently applicable methodology for calculating incremental production volumes, the production at Khrestyshchenska BCS did not exceed the "base line" which led to no increase in production to be utilized by JA. Due to this, JA was forced to use part of the produced gas for operation of Khrestyshchenska BCS. As mentioned in the previous reports, the gas used for operations amounted to 9 million cubic meters ("**mmcm**") per month.

At the beginning of February 2016, Misen Enterprises AB and PJSC Ukrgasvydobuvannya had a meeting regarding operation of Khrestyshchenska BCS. At the meeting, the parties agreed that JA temporary rents out Khrestyshchenska BCS to PJSC Ukrgasvydobuvannya on a monthly basis with an obligation of the latter to cover gas needed for operation.

Based on this arrangement, during January – August 2016 the JA concluded 8 lease agreements with PJSC Ukrgasvydobuvannya. However, in September - October 2016 PJSC Ukrgasvydobuvannya refused to sign the lease agreement. JA was forced to use part of produced gas to cover the technical needs of Khrestyshchenska BCS operations, although UGV received all the produced hydrocarbons. In September - October 2016 volumes of natural gas directed to cover technical needs of Khrestyshchenska BCS amounted to 15.0 million cubic meters. As a result, Misen Group and PUL incurred losses of KSEK 10,843, which are represented in accounts as other operating costs.

Seeking to avoid continuously accruing costs of power supply used to pump-over volumes of base production, Misen Enterprises AB and LLC Karpatygaz opt to continue leasing Khrestyshchenska BCS to PJSC Ukrgasvydobuvannya on a temporary basis. On 14 November 2016 PJSC Ukrgasvydobuvannya and JA signed Khrestyshchenska BCS lease agreement for November 2016 – April 2017.

This issue is a part of the dispute submitted for resolution to the arbitral tribunal constituted under JAA No. 3.

For further information, please also refer to chapter Essential events after the end of October-December 2016 ("Q4 2016").

Subsoil use charge

The Ukrainian government continues to exercise targeted discrimination by charging a 70% subsoil use charge for enterprises established under Joint Activity Agreements. This was done in accordance with the laws adopted by Ukraine during 2014.

The situation has deteriorated with the adoption of the amendments to the Tax Code of Ukraine in November 2015. The amendments establish 29% subsoil use charge for private gas producers with the extraction operations from the depth below 5,000 meters and 14% with the extraction operations from the depth above 5,000 meters. These amendments extend targeted discriminatory conditions for JA in relation to other private gas producers.

In October 2015 Company submitted an investment dispute notice to the Government of Ukraine in the light of applied discriminatory subsoil use charge. The initiated consultations and negotiations aim to reduce the subsoil use charge rate to level of private producers.

Please see section Investment dispute notice to the Government of Ukraine.

Tax payments in Ukraine

Despite difficult situation with the increased subsoil use charge, JA continued paying all taxes to Ukrainian tax authorities during Q4 2016. Since 2011 JA has contributed to Ukraine KUAH 11,120,261 (adjusted KSEK 5,248,646) as subsoil use charge, value added tax and corporate profit tax. During January-December 2016, JA paid KUAH 3,149,811 (adjusted KSEK 1,044,364) as subsoil use charge, value added tax and corporate profit tax.

Ukraine's economy

Cooperation with the international Monetary Fund (IMF). IMF resumed financing of Ukraine in September 2016. It had been stalled for nearly a year, which had raised concerns over authorities' willingness to proceed within the IMF's guidelines. Despite the prolonged delay, the Government of Ukraine made one the most vital steps required to unlock the tranche flow: in April 2016 it raised regulated utility tariffs. On 16 September 2016 a USD 1 bln (SEK 8.6 bln) tranche from the IMF was received increasing foreign currency reserves of National Bank of Ukraine.

GDP Growth. In the first quarter of 2016 (“**Q1 2016**”) real GDP growth was a near-flat at 0.1% compared to the same period of the previous year. Starting from the second quarter 2016 (“**Q2 2016**”) real GDP accelerated growing by 1.4% and reached 2.0% in the third quarter of 2016 (“**Q3 2016**”) compared to the same period of the previous year. Thus, the Ukraine’s economy has been demonstrated upward momentum and been in recovery since the third quarter of 2015. This rebound in economic activity is mainly explained by growth in fixed investments. Fixed investments grew by 9% and 4.7% quarter on quarter in Q2 2016 and Q3 2016 resulting in 17.6% and 24.8% growth in Q2 2016 and Q3 2016 compared to the same period of the previous year. Stronger household consumption, which has been gradually recovering over 2016, grew by 4.3% and 4.9% in Q2 2016 and Q3 2016 compared to the same period of the previous year.

Industrial production. Ukraine's industrial output has gradually recovered since the active phase of the Russian military aggression in 2014–2015. Industrial production was affected on the downside due to creation of the territories still frozen in conflict in the east of the country, which is part of a supply chain of the broader industrial zone of the Eastern Ukraine. In January – December 2016 industrial production growth stabilized at the level of 2.4% compared to the same period of the previous year. In January – December 2016 oil and gas condensate production decreased by -1.8% and -10.9% compared to the same period of the previous year, whereas gas production grew by 0.6% compared to the same period of the previous year.

Inflation. In January – December 2016 consumer inflation continued to slow and made up 13.9% down from 48.7% in January – December 2015 compared to the same period of the previous year. Reduced inflationary pressure was of fundamental nature: the stable exchange rate, weak domestic demand (despite upward trend) and decreased pace of utility tariff raising. The food prices grew by 9.0% in January – December 2016 compared to the growth of 45.9% in January – December 2015 compared to the same period of the previous year, utility tariffs rose by 35.1% in January – December 2016 compared to the 115.8% increase in January – December 2015 compared to the same period of the previous year. The increase in commodity prices in global markets along with the stable Ukrainian currency caused industrial inflation to increase up to 20.5% in January – December 2016 versus 15.0% in January – June 2016 compared to the same period of the previous year.

Exchange rate. During January – December 2016, the rate for UAH towards SEK has decreased from 0.3468 on 31 December 2015 to 0.3301 on 31 December 2016, or by -4.8%. Main contributor was current account deficit, which was mainly covered from National Bank of Ukraine foreign currency reserves. Since the Misen Group’s operations and net assets are almost entirely located in Ukraine this has negatively affected the Group’s equity, decreasing it by KSEK 24,452.

Currency restrictions. In 2016 the National Bank of Ukraine (“NBU”) has made certain steps to ease the currency control restrictions introduced in 2014–2015. In particular, the required share of foreign currency for mandatory sale was decreased from 75% to 65% starting from 9 June 2016 and the settlement period for export-import transactions in foreign currency was increased from 90 to 120 days starting from 28 July 2016. Also starting from 13 June 2016, the NBU allowed Ukrainian companies to pay dividends related to 2014 – 2015 to non-residents with a limit of USD 5 million per month.

The central bank of Ukraine prolonged these restrictions several times during 2015 – 2016 years and the current restrictions are effective until rescinded by the NBU (with minor exceptions, including mandatory conversion of foreign currency proceeds, which are set to expire on 16 June 2017).

Investment dispute notice to the Government of Ukraine

In early October 2015, Company notified the Government of Ukraine that a dispute had arisen concerning the Company's investments in Ukraine.

The Company has engaged in meaningful discussions with the Government of Ukraine what regards application of the exorbitant subsoil use charge and its increasing negative effect to the Company's investments in Ukraine. No amicable settlement with Ukraine has been reached as of the end Q4 2016.

During the reporting period Ukraine continued to apply the exorbitant subsoil use charge to the joint activities implemented pursuant to the JAA No. 3. This prevented the Company from implementing the investment program and realizing any return on its investments. Continuing application of the exorbitant subsoil use charge might force the Company to close its operations in Ukraine.

Please also refer to the chapter Essential events after the end of Q4 2016.

Request for Arbitration from PJSC Ukrgasvydobuvannya

In August 2016 PJSC Ukrgasvydobuvannya referred to the Arbitration Institute of Stockholm Chamber of Commerce and requested termination of the JAA No.3, which results in allocation of the JA's property.

Misen Enterprises AB and LLC Karpatygaz requested the tribunal to reject all of UGV's claims and award compensation of damages suffered due to PJSC Ukrgasvydobuvannya's violations of the JAA No.3. The tribunal constituted under the JAA No. 3 determined the procedural issues that the disputing parties shall follow during the entire arbitration proceeding. The hearing is held in November 2017.

The arbitration proceeding has no immediate impact on Misen Enterprises' AB and LLC Karpatygaz's business in Ukraine.

Please also refer to the chapter Essential events after the end of Q4 2016.

Criminal investigation

In 2014 the General Prosecutor's Office of Ukraine initiated the criminal investigation, on suspicion of embezzlement and misappropriation of property allegedly committed by certain officials of the Ministry of Ecology and Natural Resources., rather than based on the fact that LLC Karpatygaz committed any criminal offence. On 5 September 2016 UGV submitted a complaint, which was replicated by the General Prosecutor requesting to arrest the JA's property.

In October and November 2016 Pechersk District Court in Kyiv arrested the JA's property and prohibited LLC Karpatygaz from disposing in any manner of that property. LLC Karpatygaz has not been prevented from using the JA's property and, therefore, could implement the JAA No.3.

The court rulings arresting the JA's property have been fully enforced. LLC Karpatygaz confirmed enforcement of the rulings by signing the respective documents in November 2016.

Misen Group considers the criminal investigation to be ungrounded and denies all the possible criminal accusations in their entirety.

Please also refer to the chapter Essential events after the end of Q4 2016.

Request for Interim Measures submitted by Misen Enterprises AB and LLC Karpatygaz

In November 2016 Misen Enterprises AB and LLC Karpatygaz submitted the Request for Interim Measures to the tribunal constituted under the JAA No.3.

Misen Enterprises AB and LLC Karpatygaz requested the tribunal to declare that it has exclusive jurisdiction to decide the disputes arising out of or in connection with the JAA No.3. Misen Enterprises AB and LLC Karpatygaz also requested the tribunal to instruct PJSC Ukrgazvydobuvannya to refrain from any further or future actions before Ukrainian authorities in relation to the dispute concerning JAA No.3 pending the rendering of a final award by the tribunal.

Please also refer to the chapter Essential events after the end of Q4 2016.

Sale of hydrocarbons

Since October 2016 sale of hydrocarbons owned by JA have encountered certain issues.

During October-November 2016, the end consumers accepted sales of gas produced by JA as the ownership rights for gas were confirmed by national gas pipeline operator, which in its turn received confirmation of the volumes produced from PJSC Ukrgazvydobuvannya.

During October-November 2016, several regional units of PJSC Ukrgasvydobuvannya refused to ship the gas condensate, oil and LPG to the JA's clients. However, JA managed to sell the October-November 2016 volumes to its clients and PJSC Ukrgasvydobuvannya signed corresponding delivery-acceptance certificates. During December 2016, JA continued its business operations. However, PJSC Ukrgazvydobuvannya continued its manifestly unlawful actions and refused provide services with respect to production, collection, treatment and transportation of natural gas, gas condensate, oil and LPG to JA. Being prevented from selling the hydrocarbons, Misen Group could not properly implement JAA No.3 and pay the exorbitant subsoil use charge to Ukraine.

LLC Karpatygaz, as an Operator of JA, commenced a court proceeding and requested the court to order PJSC Ukrgazvydobuvannya to implement the respective agreements concluded between the JA and PJSC Ukrgazvydobuvannya. The respective agreements oblige PJSC Ukrgazvydobuvannya to provide services with respect to production, collection, treatment and transportation of hydrocarbons to JA.

Please also refer to chapter Essential events after the end of Q4 2016.

Contribution to the JA

During January-December 2016, Misen Enterprises AB did not contribute any additional funds towards its commitment to the JA in the amount of MUSD 8.6 (MSEK 73.8). The total amount contributed remains at KUSD 3,930 (KSEK 35,644).

It was indicated that for any additional contribution to be made, UGV first should remedy its breaches of JAA and that UGV's direct and indirect shareholders cease targeting JA with discriminatory subsoil use charge. As of the date of publishing of this report, there is no clarity as for these conditions to finalize the additional contribution to JA.

Investment program report

Despite financial constraints imposed by the increased subsoil use taxation, Misen Group continued construction of booster compressor stations during January – December 2016. During this period, JA invested KSEK 22,932 (KSEK 191,772) into the development program (compared to the same period of 2015).

During January-December 2016, Company has reached the following major milestones:

- 2 wells undergone workover and/or well stimulation works,
- 2 wells were put into production,
- 6 metering units were constructed and put into operations,
- 4 BCS were at the final stages of construction.

Production report

The renewed investment program in 2015 has allowed to achieve stable levels of production during January-December 2016 (when compared to the previous reporting periods).

The table below sets forth the ***accumulated production*** indicators for the specified period:

	January – December 2016	January – December 2015	January – December 2014
Natural Gas (mmcm)	596.6	687.5	672.0
Gas Condensate (ktons*)	31.1	31.9	28.6
Oil (ktons)	5.4	11.1	18.8
LPG (ktons)	8.3	6.06	-

** thousand tons*

Essential events after the end of the Q4 2016

Currency fluctuations

During the period 1 January 2017 to mid-February 2017, Ukrainian currency was relatively stable depreciating by -0.2% in relation to SEK from 0.3301 to 0.3293.

Investment dispute notice to the Government of Ukraine

The Company is in meaningful discussions with the Government of Ukraine regarding application of the exorbitant subsoil use charge and its increasing negative effect to the Company's investments in Ukraine. The Company reserves its right to submit the dispute to international arbitration in accordance to the Treaty.

Request for Arbitration from PJSC Ukrgasvydobuvannya

Misen Enterprises AB and LLC Karpatygaz participate in an arbitration proceeding commenced by UGV in 2016 under the JAA No.3 and vigorously defend the legitimate interests of their investors.

In accordance to the procedural timetable for merits, the disputing parties shall submit their positions on the merits. Misen Enterprises AB and LLC Karpatygaz shall submit their Statement of Defence and Counterclaim in May 2017. The hearing on the merits is held in November 2017.

The operation of Khrestyshchenska BCS

During January – February 2017 JA and PJSC Ukrgasvydobuvannya continued to implement conditions of Khrestyshchenska BCS lease agreement. Thus, JA had no losses in connection with the additional costs of power supply used to pump-over volumes of base production.

The board and management continue monitoring the situation and will report on the future development.

Criminal investigation

The criminal investigation commenced by the General Prosecutor's Office of Ukraine in 2014 and supplemented with the UGV's complaint dated 5 September 2016 is ongoing.

On 23 February 2017 a District Court in Kyiv arrested the booster compressor stations that form part of the JA's assets. The court ruling prevents LLC Karpatygaz, a partially owned subsidiary of Misen Energy AB (publ), from operating the BCSs and obliges to transfer the BCSs to PJSC Ukrgasvydobuvannya, wholly owned by the Ukrainian State. The court ruling is effective from the date on which it was made. As a result, LLC Karpatygaz cannot perform its daily operations and properly implement JAA No. 3. LLC Karpatygaz will comply with the court ruling in accordance with Ukrainian law.

The court ruling was issued in the context of a previously reported criminal investigation. LLC Karpatygaz and Misen Enterprises AB consider the criminal allegations to be ungrounded, deny them in their entirely, consider that all court rulings issued in this context are illegal and amount to expropriation of their assets. Misen Group has been always cooperative with the investigation authorities and are ready to evidence the legitimate nature of the JAA No.3 in Ukraine.

Request for Interim Measures submitted by Misen Enterprises AB and LLC Karpatygaz

Misen Enterprises AB and LLC Karpatygaz continue to defend the legitimate interests of their investors seeking interim measures from the tribunal constituted under the JAA No.3.

In the light of the procedural timetable determined by the tribunal, the disputing parties shall submit their respective positions regarding the Respondents' Request for Interim Measures.

Sale of hydrocarbons

As of publishing of this report PJSC Ukrgazvydobuvannya continued its manifestly unlawful actions and refused to provide services with respect to production, collection, treatment and transportation of natural gas, gas condensate, oil and LPG to JA to JA. Being prevented from selling the hydrocarbons Misen Group could not properly implement JAA No.3 and pay the exorbitant subsoil use charge to Ukraine. If this situation continues, JA could be inoperative and have not enough liquidity to cover its commitments, including payment to its employees.

Misen Enterprises AB and LLC Karpatygaz will continue to defend the legitimate interests of their investors. The companies reserve all their rights in this respect, including the right to address this question in the ongoing arbitration under JAA No.3.

Changes of the Board

Mr Hans Lundgren has decided to leave the Board in January 2017.

3. Results – the Misen Group and the Company

Q4 2016

The Misen Group accounted for an operating income of KSEK 8,135 in Q4 2016 (loss of KSEK -35,500 for the same period 2015). Profit after financial items for the period was KSEK 2,147 (loss of KSEK -65,369 for the same period 2015). The higher operating results and results after financial items are mainly explained by the higher natural gas margins due to changed basis of calculation of subsoil use charge (since January 2016 instead of price established by regulator the average import price is applied). Refusal to deliver hydrocarbons by PJSC Ukrgazvydobuvannya in December 2016 had the opposite effect on the operating income as well as results after financial items had.

Loss after financial items for the Parent Company in Q4 2016 amounted to KSEK -5,620 (KSEK -565,307). During 2015 the Parent Company result was affected by write-down amounting to KSEK 560,000 of shares in Misen Enterprises AB.

January – December 2016

During January – December 2016, the Misen Group net turnover amounted to KSEK 675,340 (KSEK 884,373) while the Parent Company revenue in the same period amounted to KSEK 5,577 (KSEK 120). Starting from Q3 2016 the Company started invoicing its subsidiaries for group common costs.

For January – December 2016, operating income of the Misen Group was KSEK 33,387 (KSEK 14,609) and the Group result after the financial items for January – December 2016 was KSEK 9,046 to be compared to KSEK -48,687 for the same period 2015.

During January – December 2016, the JA gas production totalled 596.6 mmcm (687.5 mmcm during the same period 2015), generating a turnover of KSEK 1,135,685 (KSEK 1,706,289) of which 50.01 % is attributable to the Misen Group´s interest in the JA, the corresponding numbers in KUAH are KUAH 3,425,236 (KUAH 4,412,435). The decrease in production and, thus, in turnover was mainly caused by sluggish investment program due to increased subsoil use charge rates, violation of JAA by PJSC Ukrgasvydobuvannya as well as lower sales prices.

During January – December 2016 the Parent Company's loss after financial items made up KSEK -33,079 (KSEK -583,804). During the year the Company has had loss on sales of shares in Misen Enterprises AB amounting to KSEK 9,309.

Proposed disposition of parent company earnings

Retained earnings for the parent company amounts to KSEK 29,625. The Board proposes that the retained earnings are carried forward and no dividend is paid.

Amendments to the tax code

As reported in previous reports, as of 1 January 2015 Ukrainian Parliament adopted amendments to the tax code. According to the adopted amendments, Joint Activities are not corporate profit tax ("**CPT**") payers starting from 2015. Instead, Joint Activities' operators are liable to pay income taxes on behalf of the participants. In December 2015 Ukrainian Parliament adopted additional amendments to the tax code. According to these amendments the CPT return is submitted within 40 days after the end of reporting period on a quarterly basis. The CPT obligations are based on the tax returns for the previous quarter and are paid within 10 days after submission of the return.

In this report it has been assumed that Misen Group with regard to the taxes related to JA will be tax payer according to Ukrainian legislation based on the presumption that it has an operating activities within the country. Joint operations such as the JA in Ukraine has no clear definition in the Swedish Tax Legislation. JA has in the tax return of Misen Enterprises for 2015 been treated as a foreign legal entity taxed by the participants (Sw. I utlandet delägarbeskattad juridisk person). This report has been prepared on the assumption that the income in the JA accrued before 1 January 2015 will not be subject to Swedish tax, that the holding in the JA is considered as business-related shares (Sw. *näringsbetingade aktier*) until 31 december 2014 and that the Ukrainian income tax may be deducted from Swedish income tax.

After the sale of 37,5% of the shares in Misen Enterprises AB the Parent Company can no longer utilize the tax losses carried forward through group contribution from Misen Enterprises AB.

During January-December 2016 JA paid KUAH 28,167 (KSEK 9,339) as CPT on behalf of Misen Group to Ukrainian tax authorities.

Financial assets and liabilities

During the January-December 2016 JA wrote-off KUAH 143,593 (KSEK 47,610) in bad debt. Out of the total amount 50,01% has affected the Misen Groups´ result. Subsidiary LLC Karpatygaz as the operator of JA is engaged in constructive negotiations with the debtors. The settlement of these outstanding obligations is also sought through the legal proceedings in Ukraine.

Book value of financial assets and liabilities corresponds to fair value.

Cash position

As of 31 December 2016, the cash balance of the Misen Group was KSEK 12,498 (KSEK 7,413). The cash flow from operations after changes in working capital was KSEK 15,211 in January-December 2016 (KSEK 85,848).

Capital expenditure

The Misen Group´s capital expenditure on equipment for gas production in Ukraine related to the JA activity during January – December 2016 amounted to KSEK 14,508 (KSEK 103,108).

During January – December 2016, capital expenditure orders not yet delivered have been placed at an aggregate value of KSEK 18,302. The capital expenditures are equipment, constructions and constructions in progress for extraction of natural gas.

Expected future development of the Company and going concern

On-going sales of natural gas produced had a positive impact on the Group’s income and cash flows in 2016, providing grounds for continued investment program. However, this has been offset by the increased subsoil charges to 70%, what has hampered production growth and will continue to give a negative effect to the Misen Group's results during 2017.

Provided that the subsoil charge remains at the level of 70% the result and cash-flow for the remaining life time of the project will be seriously reduced, which was reflected in the decision taken to write down the value of Misen Enterprises in the Company as presented in the annual report 2015.

Depending on how the arbitration cases develop where the Misen Group is involved a need for increased financing of the Swedish operations might arise during the second half of 2017. The need for funding will be handled through new credits.

Based on the abovementioned facts related to the arbitration proceedings with UGV, ongoing criminal investigation as well as issues with sale of hydrocarbons, there is a material uncertainty related to events or conditions that may cast significant doubt on the Misen Group's ability to continue as a going concern. Therefore, Misen Group may be unable to realize its assets and discharge its liabilities in the normal course of business.

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

Environmental impact

The JA operations have an impact on the environment in Ukraine, which is governed by laws and conventions, which in turn control the JA´s operations as regards to 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 the environmental requirements in order to maintain existing licenses or obtain new ones.

Accounting principles

This report is prepared according to the International Financial Reporting Standards (IFRS), as adopted by EU. This report is prepared according to IAS 34 and The Swedish Annual Accounts Act as well as RFR 2, Accounting for legal entities. The accounting principles for the Misen Group as well as for the Company are identical to the last annual and quarterly reports.

Financial and other risks

The Misen Group focuses on increasing the local hydrocarbons production in Ukraine by undertaking a large-scale investment program focused on development and modernization of gas production infrastructure. In this activity, the Group works with a complex set of industry-specific risks such as price trends for oil and gas, currency risk and interest rate risks, regulatory matters relating to investigations, processing and environment and uncertainty in the value of the completed exploration work and the subsequent field development. With operations being focused on production rather than exploration, the risk exposure could be considered as being moderate.

A more in-depth explanation of the different risk exposures in the Company´s business is included in the annual report 2015.

First North

Misen Energy AB (publ) is listed on First North, which is an alternative market place operated by Nasdaq First North Stockholm and the Company adheres to the rules and regulations for First North. The Certified Adviser of the Company is Erik Penser Bank AB.

Sector information - the Misen Group

The Misen Group operational activities are located in Ukraine. Solely administrative issues are undertaken in Sweden.

Geographical area

	31 Dec 2016	31 Dec 2015
(All amounts in KSEK)		
Sales, external:		
Sweden	--	--
Ukraine	653,122	853,359
Fixed assets:		
Sweden	--	--
Ukraine	508,677	588,941

Transactions with related parties

	31 Dec 2016	31 Dec 2015
(All amounts in KSEK)		
Ukrgasvydobuvannya:		
Sale	43,503	--
Purchase	128,208	129,131
Short-term receivables	--	--
Short-term debts	72	14,708
Management, Board and major Shareholders:		
Purchase of services	7,759	4,097
Interest	1,632	350
Salaries and remunerations	5,608	5,146
Short-term debts	1,862	2,190
Long-term debts	--	10,613

Publication of the January - December 2016 report

This January - December 2016 report is published at the Company's website (http://www.misenenergy.se), and a printed version can be ordered at info@misenenergy.se.

This information is information that Misen Energy AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 12:00 CET on 28 February 2017.

Future reports

Next report, the annual report 2016, will be published on 5 April 2017. The AGM will be held 26 April 2017 and the report for the first quarter 2017 will be published 31 May 2016.

This report has not been subject to review by the Company's auditors.

Stockholm, 28 February 2017

Misen Energy AB (publ)

The Board and Managing Director

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Misen Energy AB (publ) (formerly Svenska Capital Oil AB (publ)) is a Swedish upstream oil and gas company with operations in Ukraine. The company was founded in 2004 and its shares are traded on Nasdaq First North since 12 June 2007.

In 2011, Misen Energy AB (publ) acquired Misen Enterprises AB and its Ukrainian subsidiary, LLC Karpatygaz, including the rights to 50.01% of the revenue and profit from a gas production project in Ukraine. Under IFRS rules, this transaction is classified as a reverse takeover. In consideration of the acquisition, a new share issue was carried out. The gas producing assets were acquired by production cooperation via a joint activity project governed by a Joint Activity Agreement between at that time the wholly-owned direct and indirect subsidiaries of Misen Energy AB (publ), i.e. Misen Enterprises AB and LLC Karpatygaz (together 50.01%) and PJSC Ukrgasvydobuvannya (49.99%), a subsidiary of the National Joint Stock Company Naftogaz of Ukraine. PJSC Ukrgasvydobuvannya is the largest producer of natural gas in Ukraine. The purpose of the Joint Activity Agreement is to significantly increase production of gas and oil by providing modern technologies via a large-scale investment program for the purposes of attainment of profits.

In June 2016 Misen Energy AB (publ) sold 37.5 % of Misen Enterprises AB shares to the Hong Kong based company Powerful United Limited. Owning (the remaining) 62.5% of Misen Enterprises AB shares, Misen Energy AB (publ) maintains full control of the company and preserves a right to obtain 62.5% of the future dividends from the operations in Ukraine.

The registered office of Misen Energy AB (publ) is in Stockholm and the shares are traded on First North under identification ticker MISE. The Certified Adviser of the company at Nasdaq First North is Erik Penser Bank AB.

For further information, please visit our website www.misenenergy.se.

CONDENSED INCOME STATEMENT-THE GROUP

All amounts in KSEK	1 Oct -31 Dec 2016 3 months	1 Oct -31 Dec 2015 3 months	1 Jan - 31 Dec 2016 12 months	1 Jan - 31 Dec 2015 12 months
Operating revenue				
Net sales	117,599	196,747	653,122	853,359
Other operating income	7,424	13,115	21,868	27,528
Result from associated companies	5	590	350	3,486
	125,028	**210,452**	**675,340**	**884,373**
Operating expenses				
Other external expenses	-87,438	-170,335	-547,881	-738,953
Personnel expenses	-6,430	-4,480	-17,812	-16,078
Depreciation and amortisation of tangible and intangible fixed assets	-8,757	-11,632	-36,457	-34,845
Other operating cost	-14,268	-59,505	-39,803	-79,888
	-116,893	-245,952	-641,953	-869,764
Operating income/loss	**8,135**	**-35,500**	**33,387**	**14,609**
Financial items	**-5,988**	**-29,869**	**-24,341**	**-63,296**
Profit/loss after financial items	**2,147**	**-65,369**	**9,046**	**-48,687**
Taxes for the period	-1,634	16,813	-12,089	14,963
Profit for the period	**513**	**-48,556**	**-3,043**	**-33,724**
Profit is attributable to:				
Owners of Misen Energy AB (publ)	-1,788	-48,556	1,273	-33,724
Non-contolling interests	2,301	-	-4,316	-
	513	-48,556	-3,043	-33,724

Statement of comprehensive income - The Group

Net profit for the period	513	-48,556	-3,043	-33,724
Other comprehensive income				
Items possible for later reclassification in income statement:				
Translation differences	3,081	-59,841	-24,452	-199,037
Other comprehensive income for the period, net after taxes	3,081	-59,841	-24,452	-199,037
Total comprehensive income for the period	**3,594**	**-108,397**	**-27,495**	**-232,761**
Total comprehensive income for the period is attributable to:				
Owners of Misen Energy AB (publl)	138	-108,397	-18,436	-232,761
Non-contolling interests	3,456	-	-9,059	-
	3,594	-108,397	-27,495	-232,761

Net earnings per share, attributable to the owners of Misen Energy AB's (publ) (in SEK per share)

Net earnings for the period, before and after dilution	-0.01	-0.33	0.01	-0.23

Average number of shares for the period was 145,068,222

CONDENSED BALANCE SHEET-THE GROUP

All amounts in KSEK	31 Dec 2016	31 Dec 2015
ASSETS		
Non-current assets		
Intangible fixed assets	28,951	31,859
Tangible fixed assets	507,312	554,800
Shares in associated companies	-	2,282
Deferred tax receivables	9,256	14,736
Total non-current assets	**545,519**	**603,677**
Current assets		
Stock	579	3,157
Accounts receivable	24,660	44,763
Other receivables	18,706	10,872
Prepaid expenses and accrued income	4,015	525
Total current assets	**47,960**	**59,317**
Cash and bank balances	**12,498**	**7,413**
Total current assets	**60,458**	**66,730**
TOTAL ASSETS	**605,977**	**670,407**

All amounts in KSEK	31 Dec 2016	31 Dec 2015
EQUITY AND LIABILITIES		
Equity attributable to owners of Misen Energy AB (publ)	305,386	339,418
Non-controlling interests	172,716	-
Total equity	**478,102**	**339,418**
Non-current liabilities		
Long-term loans	-	99,161
Deferred tax liability	-	-
Other long-term liabilities	36,197	30,737
Total non-current liabilities	**36,197**	**129,898**
Current liabilities		
Accounts payable	6,581	21,811
Tax debts	1,711	4,414
Short-term loans	29,848	79,411
Other short-term debt to JA	44,426	33,829
Other short-term debt	3,521	55,896
Accrued expenses and deferred income	5,591	5,730
Total current liabilities	**91,678**	**201,091**
TOTAL EQUITY AND LIABILITIES	**605,977**	**670,407**
Pledged assets	186,469	438,487
Contingent liabilities	1,020,086	1,102,483

CONDENSED STATEMENT OF CHANGES IN EQUITY - THE GROUP

	Attributable to owners of Misen Energy AB (publ)						
All amounts in KSEK	Share capital	Other equity	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Equity brought forward 2015-01-01	**290,136**	**-274,435**	**-330,616**	**887,094**	**572,179**	**0**	**572,179**
Net result	**0**	**0**	**0**	**0**	**0**	0	0
Net result for the year	-	-	-	-33,724	-33,724	0	-33,724
Other comprehensive income							
Translation difference	**-**	**-**	-199,037	**0**	-199,037	0	-199,037
Total comprehensive income	**-**	**-**	**-199,037**	**-33,724**	**-232,761**	**0**	**-232,761**
Equity brought forward 2015-12-31	**290,136**	**-274,435**	**-529,653**	**853,370**	**339,418**	0	**339,418**
Equity brought forward 2016-12-31	**290,136**	**-274,435**	**-529,653**	**853,370**	**339,418**	0	**339,418**
Profit for the period							
Net result for the year	-	-	-	1,273	1,273	-4,316	-3,043
Other comprehensive income							
Translation difference	**-**	**-**	-19,709	**-**	**-19,709**	-4,743	**-24,452**
Total comprehensive income	**0**	**0**	**-19,709**	**1,273**	**-18,436**	**-9,059**	**-27,495**
Transactions with non-contolling interests							
Sale of shares in subsidiary	0	0	0	-12,331	-12,331	178,510	**166,179**
Other transactions with non-controlling interests	0	0	0	-3,265	-3,265	3,265	**0**
Total transactions with non-controlling interests	**0**	**0**	**0**	**-15,596**	**-15,596**	**181,775**	**166,179**
Equity brought forward 2016-12-31	**290,136**	**-274,435**	**-549,362**	**839,047**	**305,386**	**172,716**	**478,102**

CONDENSED STATEMENT OF CASH FLOWS - THE GROUP

All amounts in KSEK	1 Jan-31 Dec 2016 12 months	1 Jan-31 Dec 2015 12 months
Operating activities		
Operating income	33,387	14,609
Adjustment for non-cash items	55,511	70,264
Interest and dividends received	2,714	13,731
Interest paid	-7,390	-8,148
Income tax	-9,807	-50,950
Cash flow from operating activities before working capital changes	**74,415**	**39,506**
Decrease(+)/increase in stocks	2,437	21,247
Decrease(+)/increase in receivables	1,146	13,664
Decrease(-)/increase in short-term debts	-62,787	11,431
Cash-flow from operating activities	**15,211**	**85,848**
Investing activities		
Acquisition of tangible and intangible assets	-14,508	-103,108
Sale of tangible and intangible assets	1,464	1,737
Sale of share in subsidiary	25,517	-
Contibution to JA	-	-4,124
Cash flow from investing activities	**12,473**	**-105,495**
Financing activities		
Change in long-term debt (increase+)	-22,330	-38,646
Cash flow from financing activities	**-22,330**	**-38,646**
Cash flow for the period	5,354	-58,293
Cash at the beginning of the period	7,413	80,976
Exchange rate difference in cash	-269	-15,270
Cash at the end of the period	**12,498**	**7,413**

CONDENSED INCOME STATEMENT - PARENT COMPANY
(Misen Energy AB (publ))

All amounts in KSEK	1 Oct - 31 Dec 2016 3 months	1 Oct - 31 Dec 2015 3 months	1 Jan-31 Dec 2016 12 months	1 Jan-31 Dec 2015 12 months
Operating revenue				
Net sales	1,394	30	5,577	120
	1,394	**30**	**5,577**	**120**
Operating expenses				
Other external expenses	-2,484	-1,791	-10,960	-7,968
Personnel expenses	-4,530	-2,645	-10,418	-7,370
	-7,014	-4,436	-21,378	-15,338
Operating result	**-5,620**	**-4,406**	**-15,801**	**-15,218**
Interest income	-	1,459	-	1,459
Write-down of shares in sudsidiary	-	-560,000	-	-560,000
Loss on sale of subsidiary	-	-	-9,309	-
Interest expense	-	-2,360	-7,969	-10,045
	0	-560,901	-17,278	-568,586
Profit/loss after financial items	**-5,620**	**-565,307**	**-33,079**	**-583,804**
Taxes for the period	-	-	-	-
Net profit/loss	**-5,620**	**-565,307**	**-33,079**	**-583,804**
Statement of comprehensive income - Parent company				
Net loss for the period	-5,620	-565,307	-33,079	-583,804
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	**-5,620**	**-565,307**	**-33,079**	**-583,804**

CONDENSED BALANCE SHEET - PARENT COMPANY
(Misen Energy AB (publ))

All amounts in KSEK	31 Dec 2016	31 Dec 2015
ASSETS		
Non-current assets		
Financial fixed assets		
Shares in subsidiaries	301,287	468,069
Total financial fixed assets	**301,287**	**468,069**
Total fixed assets	**301,287**	**468,069**
Total non-current assets	**301,287**	**468,069**
Current receivables		
Other receivables	-	402
Short-term receivables subsidiaries	17,265	3,536
Prepaid expenses and accrued income	269	171
	17,534	**4,109**
Cash and bank balances	**7,034**	**1,703**
Total current assets	**24,568**	**5,812**
TOTAL ASSETS	**325,855**	**473,881**

All amounts in KSEK	31 Dec 2016	31 Dec 2015
EQUITY AND LIABILITIES		
Equity		
Restricted equity		
Share capital	290,136	290,136
Statutory reserves	345	345
	290,481	290,481
Non-restricted equity		
Profit/Loss brought forward	62,704	646,508
Profit/loss for the year	-33,079	-583,804
	29,625	62,704
Total equity	**320,106**	**353,185**
Non-current liabilities		
Long-term loans	-	99,161
Other long-term debts to group companies	92	92
Total non-current liabilities	**92**	**99,253**
Current liabilities		
Accounts payable	730	4,935
Other short-term liabilities	406	462
Other short-term liabilities group	-	11,617
Accrued expenses and deferred income	4,521	4,429
Total current liabilities	**5,657**	**21,443**
TOTAL EQUITY AND LIABILITIES	**325,855**	**473,881**
Pledged assets	**-**	**233,985**
Contingent liabilities	**-**	**39**

CONDENSED STATEMENT OF CHANGES IN EQUITY - PARENT COMPANY
(Misen Energy AB (publ))

All amounts in KSEK	Share capital	Statutory reserves	Share Premium reserve	Retained earnings	Total equity
Equity brought forward 2015-01-01	**290,136**	**345**	**714,285**	**-67,776**	**936,990**
Net result					
Net result of the year	-	-	-	-583,804	-583,804
Other comprehensive income					
Translation difference	-	-	-	-	-
Total comprehensive income	**-**	**-**	**-**	**-583,804**	**-583,804**
Equity brought forward 2015-12-31	**290,136**	**345**	**714,285**	**-651,580**	**353,185**
Equity brought forward 2016-01-01	**290,136**	**345**	**714,285**	**-651,579**	**353,185**
Net result					
Net result of the year	-	-	-	-33,079	**-33,079**
Other comprehensive income					
Translation difference	-	-	-	-	-
Total comprehensive income	**-**	**-**	**-**	**-33,079**	**-33,079**
Equity brought forward 2016-12-31	**290,136**	**345**	**714,285**	**-684,660**	**320,106**

CONDENSED STATEMENT OF CASH FLOWS - PARENT COMPANY
(Misen Energy AB (publ))

All amounts in KSEK	1 Jan-31 Dec 2016 12 months	1 Jan-31 Dec 2015 12 months
Operating activities		
Operating result	-15,801	-15,218
Adjustment for non-cash items		
Interest received	-	-
Interest paid	-	-
Cash flow from operating activities before working capital changes	**-15,801**	**-15,218**
Decrease(+)/increase in receivables	-2,158	-308
Decrease(-)/increase in accounts payable	-4,205	3,264
Decrease(-)/increase(+) in short term debts	-9,796	381
Cash flow from operating activities	**-31,960**	**-11,881**
Investment activities		
Payment of shareholders contribution	-	-9,746
Sale of shares in subsidiary	25,517	-
Cash flow from investing activities	**25,517**	**-9,746**
Financing activities		
Increase in long-term debt	11,774	22,971
Cash flow from financing activities	**11,774**	**22,971**
Cash flow for the period	5,331	1,344
Cash at the beginning of the period	1,703	359
Cash at the end of the period	**7,034**	**1,703**

Alternative Performance Measures – Group

As of July 3, 2016 new guidelines on APMs (Alternative Performance Measures) are issued by ESMA (the European Securities and Markets Authority). APMs are financial measures other than financial measures defined or specified by International Financial Reporting Standards (IFRS).

Misen Energy AB (publ) regularly uses alternative performance measures to enhance comparability from period to period and to give deeper information and provide meaningful supplemental information to analysts, investors and other parties. It is important to know that not all companies calculate alternative performance measures identically, therefore these measurements have limitations and should not be used as a substitute for measures of performance in accordance with IFRS.
Below you find our presentation of the APMs and how we calculate these measures.

CONDENSED FINANCIAL AND OPERATIONAL KEY RATIOS

	1 Jan - 31 Dec 2016 12 months	1 Jan-31 Dec 2015 12 months
The Group		
Financial key ratios		
EBITDA (KSEK)	69,844	49,454
Financial cost	31,096	74,182
Profit/loss per share before dilution SEK*	0.01	-0.22
Profit/loss per share after dilution SEK*	0.01	-0.22
Return on equity (ROE)	n.a.	neg
Return on capital employed (ROCE)	n.a.	neg
Debt/equity ratio	6.2%	52.6%
Equity ratio	78.9%	50.6%
Share of risk bearing capital	78.9%	50.6%
Weighted average number of shares for the period*	145,068,222	145,068,222
Number of outstanding shares before dilution *	145,068,222	145,068,222
Number of outstanding shares after dilution *	145,068,222	145,068,222
Weighted average number of shares for the period after dilution*	145,068,222	145,068,222
The Parent Company (Misen Energy AB)		
EBITDA (KSEK)	-15801	-15218
Profit/loss per share before dilution SEK*	-0.23	-4.02
Profit/loss per share after dilution SEK*	-0.23	-4.02
Return on equity (ROE)	n.a.	neg
Return on capital employed (ROCE)	n.a.	neg
Debt/equity ratio	0%	28.1%
Equity ratio	98.2%	74.5%
Share of risk bearing capital	98.2%	74.5%
Weighted average number of shares for the period*	145,068,222	145,068,222
Number of outstanding shares before dilution *	145,068,222	145,068,222
Number of outstanding shares after dilution *	145,068,222	145,068,222
Weighted average number of shares for the period after dilution*	145,068,222	145,068,222

Definition of financial key ratios

1 EBITDA (profit before interest, tax, depreciation, write-downs) defined as the group and the parent company's operating profit/loss before depreciation.
2. Profit/loss per share before dilution defined as the group and the parent company's net profit/loss after tax divided by the number of outstanding shares before dilution at the end of period.
3.Profit/loss per share after dilution defined as the group and the parent company's net profit/loss after tax divided by the number of outstanding shares after dilution at the end of period.
4.Return on equity defined as the group and the parent company's profit/loss divided by total equity at the end of period.
5.Return on working capital is defined as the group and the parent company's profit/loss after financial items plus interest expense plus/minus exchange differences on financial items divided by total capital employed (average of the two latest periods balance sheet total with reduction for non-interest bearing debt).
6.Debt/equity ratio defined as the group and the parent company's interest bearing debt divided by equity.
7.Equity ratio defined as the group and the parent company's equity including minority owner shares divided by balance sheet total.

Share capital information
8. On the 12th of January 2012 an amalgamation of shares 100:1 was registered whereby the number of shares were reduced to 145,068,222 and the quota value became approximately 2 SEK.