

## Interim report January - September 2016

### 1. Summary

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#### MISEN ENERGY AB (publ)

Reg. No. 556526-3968

#### Group definition

Misen Energy AB (publ) (herein after referred to as the “**Parent Company**” or the “**Company**”) is a Swedish public limited liability company with its registered offices in Stockholm. The address of the Head Office is Engelbrektsgratan 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 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

The 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 the JA is held by the Public Joint Stock Company Ukrigasvydobuvannya (“**PJSC Ukrigasvydobuvannya**” 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 Ukrigasvydobuvannya and LLC Karpatygaz. Misen Enterprises AB entered into the JAA together with PJSC Ukrigasvydobuvannya 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 the JA, performs all industrial operations within a framework of the JAA.

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

Consolidated operating group loss	KSEK -15,850 (-12,083)
Consolidated group net turnover	KSEK 156,942 (256,760)
Earnings per share	SEK -0,09 (-0,08)
Parent company operating loss	KSEK -1,919 (-3,423)
Parent company net turnover	KSEK 4,123 (30)

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

Consolidated operating group income	KSEK 25,252 (50,109)
Consolidated group net turnover	KSEK 550,312 (673,921)
Earnings per share	SEK 0,02 (0,10)
Parent company operating loss	KSEK -10,181 (-10,812)
Parent company net turnover	KSEK 4,183 (90)

## 2. Essential Events during the Period January – September 2016

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### Group financial situation

In July 2015, the JA breached its obligation to pay off KUSD 2,240 (KSEK 18,858) of a total of KUSD 12,250 (KSEK 103,128) to Public Joint Stock Company Sberbank (“**PJSC Sberbank**”). In August 2015, the JA breached 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 PJSC Sberbank to restructure the debt with new repayment terms. However, the restructuring agreement had not been signed at the end of September 2016 due to agreement not having been achieved between the JA’s participants. PJSC Sberbank therefore has legal grounds to impose punitive interest on the JA amounting to KUAH 66,529 (KSEK 21,839) as of end of September 2016. This punitive interest is recognized in the Misen Group’s financial statements. As of 30 September 2016 amount of provision recognized in the Misen Group’s balance sheet makes up KSEK 10,922. During January – September 2016 financial expenses related to punitive interest recognized in the Misen Group’s income statement amounted to KSEK 2,349.

The JA is subject to certain covenants related primarily to its borrowings. As of 30 September 2016, the JA was in breach of the financial covenants under its agreements with PJSC Sberbank. The borrowings are classified as short term as of 30 September 2016.

During January – September 2016 JA repaid KUSD 4,000 (KSEK 33,573) of PJSC Sberbank loan making outstanding balance as of 30 September 2016 of KUSD 8,250 (KSEK 70,807).

In August 2015, besides restructuring agreement negotiations with PJSC Sberbank, Sberbank Leasing Ukraine LLC (“**Sberbank Leasing**”) filed suit against the JA for violation of a leaseback agreement. According to the suit, the JA has not delivered equipment in time based on 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.

On 13 April 2016 trial court hearings regarding leaseback agreement with Sberbank Leasing took place. According to the decision taken, the trial court rejected the claims of Sberbank Leasing to JA related to the contract. On 26 July 2016, the Ukrainian appeal court hearings regarding leaseback agreement with Sberbank Leasing took place. Per the decision taken, the appeal court rejected the claims of Sberbank Leasing to the JA related to the contract. The decision came into force on the day of court hearings. Sberbank Leasing reserved its right to file a cassation to the Supreme Economic Court of Ukraine. Please also refer to chapter Essential events after the end of the third quarter 2016 (“**Q3 2016**”).

The JA has a stable production and positive cash flow and despite the facts described above, 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 Company’s Swedish operations

The Company continued to borrow from its shareholders during the first half of 2016. In January 2016, the Company borrowed KSEK 270 from TCT Holding AB. In February 2016, the Company

borrowed KEUR 700 (KSEK 6,607) from Prolux Resources AG, a company registered in Panama and controlled by the shareholder Blankbank Investment Ltd.

On 20 April 2016 the Company borrowed an additional KEUR 500 (KSEK 4,591) from Prolux Resources AG with a due date of 1 May 2017. This secured financing of Misen'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 Misen Energy AB (publ) existing debt plus a cash payment amounting to approximately MSEK 25,7. As a consequence of the deal, 37.5 % of the future dividends from Misen Enterprises AB will go to PUL. The Company maintains full control of Misen Enterprises AB. By completion of the deal, the Board of Misen Enterprises AB comprise two representatives from Misen Energy AB and one representative from PUL.

### **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 commissioning of the Khrestyshchenska BCS, a dispute arose between the JA and the PJSC Ukrigasvydobuvannya regarding how the incremental production of gas at Khrestyshchenska BCS should be allocated. According to the currently applied 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 the JA. Due to this, the JA was forced to use part of the produced gas for the operation of Khrestyshchenska BCS. As mentioned in the previous reports, the gas that was used for operations amounted to 9 million cubic meters ("mmcm") per month.

At the beginning of February 2016, Misen Enterprises AB and PJSC Ukrigasvydobuvannya had a meeting regarding the operation of Khrestyshchenska BCS. During this meeting, the parties agreed how the issue of the gas used for the operation of Khrestyshchenska BCS shall be resolved. According to the agreement, Misen Enterprises' subsidiary LLC Karpatygaz, which is in charge of operating the JA, temporarily rents out Khrestyshchenska BCS to PJSC Ukrigasvydobuvannya on a monthly basis with an obligation of the latter to cover the gas needed for operation.

Based on this arrangement, during January – August 2016 the JA concluded 8 lease agreements with PJSC Ukrigasvydobuvannya. However, in September 2016 PJSC Ukrigasvydobuvannya refused to sign the lease agreement. Thus, JA was forced to use part of produced gas to cover the technical needs of Khrestyshchenska BCS operations, although UGV received all the gas produced as a result of the operation of this BCS. In September 2016 volumes of technical gas amounted up to 7.2 million cubic meters. As a result, Misen Group incurred losses of KSEK 5,366, which are represented in accounts as other operating costs.

For further information, please also refer to chapter Essential events after the end of Q3 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 under 5,000 meters and 14% with the extraction operations from the depth above 5,000 meters. These amendments deepen targeted discriminatory conditions for JA in relation to other private gas producers.

The Company submitted an investment dispute notice to the Government of Ukraine in the light of applied discriminatory subsoil use charge. The initiated proceedings are aimed 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, the Misen led JA continued paying all taxes to Ukrainian tax authorities during Q3 2016. Since 2011, the JA has contributed to Ukraine KUAH 10,368,176 (adjusted KSEK 4,987,793) as subsoil use charge, value added tax and corporate profit tax. During January-September 2016 alone, the JA paid KUAH 2,391,905 (adjusted KSEK 781,908).

## 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 has made the most vital step 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 first quarter 2016 (“Q1 2016”) and second quarter 2016 (“Q2 2016”) real GDP expanded 0.1% and 1.4% correspondingly compared to the same period of the previous year. The accelerated growth in Q2 2016 allowed to escape technical recession. This rebound in economic activity is mainly explained by growth in fixed investments (by 9% quarter on quarter) as well as stronger household consumption, which has been gradually recovering over January-June 2016. Performance of the economy in July – December 2016 depends on further fiscal support – budget expenditures are set to increase in nominal and real terms both versus July – December 2015 and versus January – June 2016 – as well as on whether recovery in household consumption and fixed investments takes hold.

**Industrial production.** In January – September 2016 industrial production growth stabilized at the level of 2.0% compared to the same period of the previous year, which is significantly lower than 3.7% in Q1 2016. The main reason for the growth slowdown is oil and gas as well as iron ore

production decrease. In January – September 2016 oil and gas condensate production decreased by -9.0%, whereas gas production grew by 1.0%. Iron ore production fell -2.2% in January – September 2016 compared to the same period of previous year.

**Inflation.** In January – September 2016, consumer inflation continued to slow and made up 14.5% versus 18.1% in January – June 2016 compared to the same period of the previous year. Reduced inflationary pressure was of fundamental nature: the stable exchange rate and weak domestic demand. The increase in commodity prices in world markets along with stable Ukrainian currency caused industrial inflation to slightly increase up to 16.4% in January – September 2016 versus 15.0% in January – June 2016 compared to the same period of the previous year.

**Exchange rate.** During January – September 2016, the rate for UAH towards SEK has decreased from 0.3468 on 31 December 2015 to 0.3283 on 30 September 2016, or by -5.3%. 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 caused a negative effect on the Group's equity, decreasing it by KSEK 27,533.

### **Investment dispute notice to the Government of Ukraine**

In early October 2015, the Company has submitted an investment dispute notice to the Government of Ukraine under the Ukrainian Swedish Bilateral Investment Treaty ("**Treaty**"). The Company notified Ukraine that a dispute has arisen between it and Ukraine concerning the Company's investment in Ukraine, and invited Ukraine to resolve the dispute by consultation and negotiation.

The Company has engaged in meaningful discussions with Ukraine what regards application of the exorbitant subsoil use charge and its increasing negative effect to the Company's investments in Ukraine. Upon the date of this report, no amicable settlement with the Government of Ukraine has been reached. The Company reserves its right to submit the dispute to international arbitration in accordance to the Treaty.

As explained in previous reports and the Company's announcements, the Ukrainian Government continues targeted discrimination against the Company's investments in Ukraine by applying a 70% royalty. Due to the application of the exorbitant subsoil charge, the Company was unable to realize any return on its investments in Ukraine. If it continues to be applied, the 70% royalty may force the Company to close its operations in Ukraine and lose the total value of its investment as well as the expected revenue for the remaining life cycle of the investments.

Please also refer to chapter Essential events after the end of Q3 2016.

### **Request for Arbitration from PJSC Ukrgasvydobuvannya**

Misen Enterprises AB and LLC Karpatygas, the two partially owned subsidiaries of the Company, received the Request for Arbitration from PJSC Ukrgasvydobuvannya on 18 July 2016. PJSC Ukrgasvydobuvannya submitted the Request for Arbitration to the Arbitration Institute of the Stockholm Chamber of Commerce and requested termination of the JAA and allocation of the property.

The two partially owned subsidiaries of the Company have previously notified PJSC Ukrgasvydobuvannya that a dispute had arisen between them, therefore, the claims of PJSC Ukrgasvydobuvannya and the subsequent Request for Arbitration were anticipated.

Please also refer to chapter Essential events after the end of Q3 2016.

### Contribution to the JA

During January-September 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 33,730).

It was indicated that for any additional contribution to be made, UGV first should remedy its breaches of the JAA and that UGV's direct and indirect shareholders cease targeting the Joint Activity 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 the Joint Activity.

### Investment program report

Despite financial constraints imposed by the increased subsoil use taxation, the Misen Group continued construction of booster compressor stations during January – September 2016. During this period, JA invested KSEK 24,461 (KSEK 89,259) into development program (compared to the same period of 2015).

During January-September 2016, the 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-September 2016 (when compared to the previous reporting periods).

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

	January – September 2016	January – September 2015	January – September 2014
Natural Gas (mmcm)	493.8	523.7	515.0
Gas Condensate (ktons*)	25.8	24.7	21.4
Oil (ktons)	4.7	7.95	24.4
LPG (ktons)	6.2	3.08	-

\* thousand tons

## **Essential events after the end of the Q3 2016**

### ***Currency fluctuations***

During the period October to mid-November 2016, Ukrainian currency was relatively stable appreciating by 0.8% in relation to SEK from 0.3283 to 0.3309.

### ***Investment dispute notice to the Government of Ukraine***

The Company is in meaningful discussions with Ukraine what regards application of the exorbitant subsoil use charge and its increasing negative effect to the Company's investments in Ukraine. Upon the date of this report, no amicable settlement with the Government of Ukraine has been reached. 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 and vigorously defend the legitimate interests of their investors. Misén Enterprises AB and LLC Karpatygaz requested the tribunal to reject all claims of PJSC Ukrgasvydobuvannya and order PJSC Ukrgasvydobuvannya to compensate the losses that Misén Enterprises AB and LLC Karpatygaz incurred as a result of PJSC Ukrgasvydobuvannya's failure to implement the JAA. The case was transferred to the arbitral tribunal for final resolution of the present dispute. The hearing on the merits should be held in November 2017.

This arbitration proceeding has no immediate impact on Misén Enterprises' AB and LLC Karpatygaz's business in Ukraine. Misén Energy AB (publ) will update the market on the further developments of the arbitration proceeding.

### ***Group financial situation***

On 13 October 2016 Supreme Economic Court of Ukraine hearings regarding leaseback agreement with Sberbank Leasing took place. The Supreme Economic Court of Ukraine rejected all the previously made decisions by lower courts and ordered to reconsider the case in the lower jurisdiction Commercial Court of Kyiv city. This ruling implies that the case should go through all the lower jurisdictions once again before the final decision is taken.

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

### ***The operation of Khrestyshchenska BCS***

PJSC Ukrgasvydobuvannya continues to refuse to implement the JAA participants' agreement on the allocation of fuel gas costs between PJSC Ukrgasvydobuvannya and the Joint Activity. Seeking to avoid continuously accruing costs of power supply used to pump-over volumes of base production, Misén Enterprises AB and LLC Karpatygaz opt to lease Khrestyshchenska BCS to PJSC

Ukrasvydobuvannya on a temporary basis. However, PJSC Ukrasvydobuvannya has refused to sign lease agreements for September and October 2016. PJSC Ukrasvydobuvannya thus forced the Joint Activity to bear the entirety of the costs of operating the Khrestyshchenska BCS for that period, even though PJSC Ukrasvydobuvannya received all gas produced as a result of the operation of this BCS.

On 14 November 2016 PJSC Ukrasvydobuvannya signed Khrestyshchenska BCS lease agreement for November 2016 – April 2017, thus, relieving JA from bearing additional costs of power supply used to pump-over volumes of base production during this period.

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

### ***Ongoing criminal investigation***

On 26 October 2016 Pechersk District Court in Kyiv issued an order barring the sale or transfer of engineering equipment for oil and gas production partially owned by Misen Enterprises AB and LLC Karpatygas under the JAA. The court prohibited LLC Karpatygas from disposing in any manner of that equipment. The court ruling does not impose any restriction on the use of the assets of the JA. LLC Karpatygas continues performing its obligations and, thus, implementing joint activities in Ukraine in accordance to the JAA. LLC Karpatygas appealed against the court ruling in the Court of Appeal in Kyiv city. The court rendered a ruling as a result of satisfaction of the application submitted by the investigator of the General Prosecutor's Office of Ukraine within the criminal proceedings commenced in 2014 in respect of criminal offences, which might be qualified under the Criminal Code of Ukraine. A complaint filed by PJSC Ukrasvydobuvannya on 5 September 2016 was adjoined to this criminal investigation. The General Prosecutor's Office of Ukraine has not brought any criminal charges against Misen Group to Ukrainian courts yet.

On 18 November 2016 Pechersk District Court in Kyiv issued an additional order and prevented LLC Karpatygas from disposing its share of the booster compression stations that fall under the scope of the JA's assets. Specifically, the court's ruling barred the sale and/or transfer of these assets.

Misen Group considers the criminal investigation to be ungrounded and denies all the possible criminal accusations in their entirety. Misen Group has been always cooperative with the investigation authorities and are ready to evidence the legitimate nature of the JA in Ukraine. The board and management continue monitoring the situation and will report on the future development.

### ***Sale of gas condensate, oil and LPG***

In the end of October 2016, after the decision to prohibit disposing of JA's assets was taken by Pechersk District court, JA has been encountering with a fundamental breach of JAA by PJSC Ukrasvydobuvannya. Since then PJSC Ukrasvydobuvannya has been preventing the transfer of ownership rights for extracted volumes of gas condensate, oil and LPG to JA. Thus, several regional units of PJSC Ukrasvydobuvannya refused to ship the hydrocarbons to the JA's clients without stating any clear reason, therefore the JA was not able to sell any hydrocarbons other than gas since the end of October 2016.

Misen Group is initiating court proceedings to resolve the situation. The board and management continue monitoring the situation and will report on the future development.



### ***Sale of gas***

In October-November 2016 JA continued to sell the gas produced. However, since the end of October 2016 PJSC Ukrgezvydobuvannya has been refusing to sign delivery certificates for gas transferred by PJSC Ukrgezvydobuvannya to JA, which is a fundamental breach of JAA by PJSC Ukrgezvydobuvannya. Despite this fact, the end consumers have been accepting sales of the gas produced by JA since the ownership rights for gas are confirmed by national gas pipeline operator during this period.

Misen Group is initiating court proceedings to resolve the situation. The board and management continue monitoring the situation and will report on the future development.

### 3. Results – the Misen Group and the Company

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The Misen Group accounted for an operating loss of KSEK -15,850 (KSEK -12,083 for the same period 2015) for the Q3 2016. Loss after financial items for the period was KSEK -16,950 (KSEK -17,161 for the same period 2015). The operating loss and loss after financial items in the quarter is mainly explained by the bad debts written-off during the period (please see section Financial assets and liabilities).

For January – September 2016, operating income of the Misen Group was KSEK 25,252 (KSEK 50,109) and the Group result after the financial items for January – September 2016 was KSEK 6,899 to be compared to KSEK 16,682 for the same period 2015.

During January – September 2016, the JA gas production totalled 493.8 mmcm (523.7 mmcm during the same period 2015), generating a turnover of KSEK 902,947 (KSEK 1,312,888) of which 50.01 % is attributable to the Misen Group's interest in the JA, the corresponding numbers in KUAH are KUAH 2,762,165 (KUAH 3,334,742). The decrease in production and, thus, in turnover was mainly caused by sluggish investment program due to increased subsoil use charge rates.

Loss after financial items for the Parent Company in Q3 2016 amounted to KSEK -11,228 (KSEK -7,659). During January – September 2016 the Parent Company's loss after financial items made up KSEK -27,459 (KSEK -18,497). During Q3 the sale of shares in Misen Enterprises AB resulted in a capital loss of KSEK -9 309.

Misen Group net turnover for Q3 2016 was KSEK 156,942 (KSEK 256,760) and the Parent Company net turnover for this period was KSEK 4,123 (KSEK 30). During January – September 2016, the Misen Group net turnover amounted to KSEK 550,312 (KSEK 673,921) while the Company revenue in the same period amounted to KSEK 4,183 (KSEK 90). During Q3 the Company started invoicing its subsidiaries for group common costs.

#### Amendments to the tax code

As reported in the annual report 2014, 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 Company can not longer utilize the tax losses carried forward through group contribution from Misen Enterprises AB.

During January-September 2016 JA paid KUAH 20,088 (KSEK 6,986) as CPT on behalf of Misen Group to Ukrainian tax authorities.

### **Financial assets and liabilities**

Booked value of financial assets and liabilities is equal to fair value.

During the Q3 2016 JA wrote-off KUAH 150,230 (KSEK 49,110) in receivable. Partially the amount written-off represents previously reversed provisions for bad debts due to unfulfilled obligations by counterparties. Out of the total amount 50,01% has affect 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.

### **Cash position**

As of 30 September 2016, the cash balance of the Misen Group was KSEK 27,642 (KSEK 59,803). The cash flow from operations after changes in working capital was KSEK 18,970 in January-September 2016 (KSEK 109,763).

### **Capital expenditure**

The Misen Group's capital expenditure on equipment for gas production in Ukraine related to the JA activity during January – September 2016 amounted to KSEK 11,875 (KSEK 89,259).

During January – September 2016, capital expenditure orders not yet delivered have been placed at an aggregate value of KSEK 12,101. The capital expenditures are equipment, constructions and constructions in progress for extraction of natural gas. The activities are capital intensive and the level of capital expenditures will be on a continuing high level.

### **Expected future development of the Company and going concern**

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

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 in the annual report 2015.

Depending on how the arbitration cases develop in which 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 extended credits and, if necessary, adjustments in the investment program.

Based on the abovementioned facts related to the arbitration proceedings with PJSC Ukgazvydobuvannya, ongoing criminal investigation as well as issues with sales of gas, gas condensate, oil and LPG, 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 Consensus Asset Management AB.

## Sector information - the Misen Group

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

### Geographical area

	30 Sept 2016	30 Sept 2015	31 Dec 2015
<i>(All amounts in KSEK)</i>			
Net sales, external:			
Sweden	--	--	--
Ukraine	535,523	656,612	853,359
Fixed assets:			
Sweden	--	--	--
Ukraine	540,367	661,418	588,941

### Transactions with related parties

	30 Sept 2016	30 Sept 2015	31 Dec 2015
<i>(All amounts in KSEK)</i>			
Ukrigasvydobuvannya:			
Sale	31,622	--	--
Purchase	103,636	123,717	129,131
Short-term receivables	--	--	--
Short-term debts	11,076	6,835	14,708
Management, Board and major Shareholders:			
Purchase of services	3,630	2,393	4,097
Interest	1,632	--	350
Salaries and remunerations	5,106	3,077	5,146
Short-term debts	982	1,280	2,190
Long-term debts	--	--	10,613

## Publication of the January - September 2016 report

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

*This information is information that Misen Energy AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 14:00 CET on 30 November 2016.*

## Future reports

Next report, the full year interim report for 2016, will be published on 28 February 2017

Stockholm, 30 November 2016

## Misen Energy AB (publ)

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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 Karpatygas, 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 Karpatygas (together 50.01%) and PJSC Ukrasvydobuvannya (49.99%), a subsidiary of the National Joint Stock Company Naftogaz of Ukraine. PJSC Ukrasvydobuvannya 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 Consensus Asset Management AB.

For further information, please visit our website [www.misenenergy.se](http://www.misenenergy.se).

**CONDENSED INCOME STATEMENT-THE GROUP**

<i>All amounts in KSEK</i>	1 July -30 Sept 2016 3 months	1 July -30 Sept 2015 3 months	1 Jan - 30 Sept 2016 9 months	1 Jan - 30 Sept 2015 9 months	1 Jan - 31 Dec 2015 12 months
<b>Operating revenue</b>					
Net sales	155,608	254,639	535,523	656,612	853,359
Other operating income	1,331	2,154	14,444	14,413	27,528
Result from associated companies	3	-33	345	2,896	3,486
	<b>156,942</b>	<b>256,760</b>	<b>550,312</b>	<b>673,921</b>	<b>884,373</b>
<b>Operating expenses</b>					
Other external expenses	-136,133	-241,584	-460,443	-568,618	-738,953
Personnel expenses	-5,188	-3,833	-11,382	-11,598	-16,078
Depreciation and amortisation of tangible and intangible fixed assets	-8,372	-5,460	-27,700	-23,213	-34,845
Other operating cost	-23,099	-17,966	-25,535	-20,383	-79,888
	<b>-172,792</b>	<b>-268,843</b>	<b>-525,060</b>	<b>-623,812</b>	<b>-869,764</b>
<b>Operating income/loss</b>	<b>-15,850</b>	<b>-12,083</b>	<b>25,252</b>	<b>50,109</b>	<b>14,609</b>
<b>Financial items</b>	<b>-1,100</b>	<b>-5,078</b>	<b>-18,353</b>	<b>-33,427</b>	<b>-63,296</b>
<b>Profit/loss after financial items</b>	<b>-16,950</b>	<b>-17,161</b>	<b>6,899</b>	<b>16,682</b>	<b>-48,687</b>
Taxes for the period	-2,612	5,313	-10,455	-1,850	14,963
<b>Profit for the period</b>	<b>-19,562</b>	<b>-11,848</b>	<b>-3,556</b>	<b>14,832</b>	<b>-33,724</b>
<b>Profit is attributable to:</b>					
Owners of Misen Energy AB (publ)	-12,946	-11,848	3,061	14,832	-33,724
Non-controlling interests	-6,617	-	-6,617	-	-
	<b>-19,562</b>	<b>-11,848</b>	<b>-3,556</b>	<b>14,832</b>	<b>-33,724</b>
<b>Statement of comprehensive income - The Group</b>					
Net profit for the period	-19,562	-11,848	-3,556	14,832	-33,724
Other comprehensive income					
Items possible for later reclassification in income statement:					
Translation differences	-15,729	1,788	-27,533	-139,196	-199,037
Other comprehensive income for the period, net after taxes	-15,729	1,788	-27,533	-139,196	-199,037
<b>Total comprehensive income for the period</b>	<b>-35,291</b>	<b>-10,060</b>	<b>-31,089</b>	<b>-124,364</b>	<b>-232,761</b>
<b>Total comprehensive income for the period is attributable to:</b>					
Owners of Misen Energy AB (publ)	-22,776	-10,060	-18,574	-124,364	-232,761
Non-controlling interests	-12,515	-	-12,515	-	-
	<b>-35,291</b>	<b>-10,060</b>	<b>-31,089</b>	<b>-124,364</b>	<b>-232,761</b>
<b>Net earnings per share, attributable to the owners of Misen Energy AB's (publ) (in SEK per share)</b>					
Net earnings for the period, before and after dilution	-0.09	-0.08	0.02	0.10	-0.23
Average number of shares for the period was 145,068,222					

**CONDENSED BALANCE SHEET-THE GROUP**

<i>All amounts in KSEK</i>	30 Sept 2016	30 Sept 2015	31 Dec 2015
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible fixed assets	29,640	32,736	31,859
Tangible fixed assets	510,727	618,136	554,800
Shares in associated companies	-	1,911	2,282
Deferred tax receivables	7,306	8,635	14,736
<b>Total non-current assets</b>	<b>547,673</b>	<b>661,418</b>	<b>603,677</b>
<b>Current assets</b>			
Stock	3,971	3,116	3,157
Accounts receivable	47,585	88,756	44,763
Other receivables	20,779	13,546	10,872
Prepaid expenses and accrued income	3,864	693	525
<b>Total current assets</b>	<b>76,199</b>	<b>106,111</b>	<b>59,317</b>
<b>Cash and bank balances</b>	<b>27,642</b>	<b>59,803</b>	<b>7,413</b>
<b>Total current assets</b>	<b>103,841</b>	<b>165,914</b>	<b>66,730</b>
<b>TOTAL ASSETS</b>	<b>651,514</b>	<b>827,332</b>	<b>670,407</b>

<i>All amounts in KSEK</i>	30 Sept 2016	30 Sept 2015	31 Dec 2015
<b>EQUITY AND LIABILITIES</b>			
Equity attributable to owners of Misen Energy AB (publ)	305,249	447,815	339,418
Non-controlling interests	169,259	-	-
<b>Total equity</b>	<b>474,508</b>	<b>447,815</b>	<b>339,418</b>
<b>Non-current liabilities</b>			
Long-term loans	-	92,831	99,161
Deferred tax liability	-	-	-
Other long-term liabilities	33,200	14,439	30,737
<b>Total non-current liabilities</b>	<b>33,200</b>	<b>107,270</b>	<b>129,898</b>
<b>Current liabilities</b>			
Accounts payable	15,174	47,502	21,811
Tax debts	1,099	13,929	4,414
Short-term loans	35,094	85,184	79,411
Other short-term debt to JA	41,699	33,865	33,829
Other short-term debt	47,320	80,195	55,896
Accrued expenses and deferred income	3,420	11,572	5,730
<b>Total current liabilities</b>	<b>143,806</b>	<b>272,247</b>	<b>201,091</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>651,514</b>	<b>827,332</b>	<b>670,407</b>
Pledged assets	185,438	606,553	438,487
Contingent liabilities	1,019,856	1,235,846	1,102,483



CONDENSED STATEMENT OF CHANGES IN EQUITY - THE GROUP

	Attributable to owners of Misen Energy AB (publ)				Total	Non-controlling interests	Total equity
	Share capital	Other equity	Other reserves	Retained earnings			
<i>All amounts in KSEK</i>							
<b>Equity brought forward 2015-01-01</b>	290,136	-274,435	-330,616	887,094	572,179	0	572,179
<b>Net result</b>	0	0	0	0	0	0	0
Net result of the period Jan-Sept 2015	-	-	-	14,832	14,832	0	14,832
<b>Other comprehensive income</b>							
Translation difference	-	-	-139,196	0	-139,196	0	-139,196
<b>Total comprehensive income</b>	290,136	-274,435	-469,812	901,926	447,815	0	447,815
<b>Equity brought forward 2015-09-30</b>	290,136	-274,435	-469,812	901,926	447,815	0	447,815
<b>Equity brought forward 2015-10-01</b>	290,136	-274,435	-469,812	901,926	447,815	0	447,815
<b>Net result</b>							
Net result of the period Oct-Dec 2015	-	-	-	-48,556	-48,556	0	-48,556
<b>Other comprehensive income</b>							
Translation difference	-	-	-59,841	-	-59,841	0	-59,841
<b>Total comprehensive income</b>	0	0	-59,841	-48,556	-108,397	0	-108,397
<b>Equity brought forward 2015-12-31</b>	290,136	-274,435	-529,653	853,370	339,418	0	339,418
<b>Equity brought forward 2016-01-01</b>	290,136	-274,435	-529,653	853,370	339,418	0	339,418
<b>Profit for the period</b>							
Net result of the period Jan- Sept 2016	-	-	-	3,061	3,061	-6,617	-3,556
<b>Other comprehensive income</b>							
Translation difference	-	-	-21,633	-	-21,633	-5,900	-27,533
<b>Total comprehensive income</b>	0	0	-21,633	3,061	-18,573	-12,517	-31,089
<b>Transactions with non-controlling interests</b>							
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
<b>Total transactions with non-controlling interests</b>	0	0	0	-15,596	-15,596	181,775	166,179
<b>Equity brought forward 2016-09-30</b>	290,136	-274,435	-551,286	840,835	305,250	169,259	474,508

## CONDENSED STATEMENT OF CASH FLOWS - THE GROUP

	1 Jan-30 Sept 2016 9 months	1 Jan-30 Sept 2015 9 months	1 Jan-31 Dec 2015 12 months
<i>All amounts in KSEK</i>			
<b>Operating activities</b>			
Operating income	25,252	50,109	14,609
Adjustment for non-cash items	34,327	14,499	70,264
Interest and dividends received	2,247	9,024	13,731
Interest paid	-7,583	-9,612	-8,148
Income tax	-6,986	-9,635	-50,950
<b>Cash flow from operating activities before working capital changes</b>	<b>47,257</b>	<b>54,385</b>	<b>39,506</b>
Decrease(+)/increase in stocks	-979	22,058	21,247
Decrease(+)/increase in receivables	-31,602	-1,202	13,664
Decrease(-)/increase in short-term debts	4,294	34,522	11,431
<b>Cash-flow from operating activities</b>	<b>18,970</b>	<b>109,763</b>	<b>85,848</b>
<b>Investing activities</b>			
Acquisition of tangible and intangible assets	-11,875	-89,259	-103,108
Sale of tangible and intangible assets	484	1,680	1,737
Sale of share in subsidiary	25,717	-	-
Contribution to JA	-	-	-4,124
Liquidation of JA 493	2,475	-	-
<b>Cash flow from investing activities</b>	<b>16,801</b>	<b>-87,579</b>	<b>-105,495</b>
<b>Financing activities</b>			
Change in long-term debt (increase+)	-15,270	-28,979	-38,646
<b>Cash flow from financing activities</b>	<b>-15,270</b>	<b>-28,979</b>	<b>-38,646</b>
Cash flow for the period	20,501	-6,795	-58,293
Cash at the beginning of the period	7,413	80,976	80,976
Exchange rate difference in cash	-272	-14,378	-15,270
<b>Cash at the end of the period</b>	<b>27,642</b>	<b>59,803</b>	<b>7,413</b>

**CONDENSED INCOME STATEMENT - PARENT COMPANY**

(Misen Energy AB (publ))

	1 July - 30 Sept 2016 3 months	1 July - 30 Sept 2015 3 months	1 Jan-30 Sept 2016 9 months	1 Jan-30 Sept 2015 9 months	1 Jan-31 Dec 2015 12 months
<i>All amounts in KSEK</i>					
<b>Operating revenue</b>					
Net sales	4,123	30	4,183	90	120
	<b>4,123</b>	<b>30</b>	<b>4,183</b>	<b>90</b>	<b>120</b>
<b>Operating expenses</b>					
Other external expenses	-4,313	-1,958	-8,476	-6,177	-7,968
Personnel expenses	-1,729	-1,495	-5,888	-4,725	-7,370
	-6,042	-3,453	-14,364	-10,902	-15,338
<b>Operating result</b>	<b>-1,919</b>	<b>-3,423</b>	<b>-10,181</b>	<b>-10,812</b>	<b>-15,218</b>
Interest income	-	-666	-	-	1,459
Write-down of shares in subsidiary	-	-	-	-	-560,000
Loss on sale of subsidiary	-9,309	-	-9,309	-	-
Interest expense	-	-3,570	-7,969	-7,685	-10,045
	-9,309	-4,236	-17,278	-7,685	-568,586
<b>Profit/loss after financial items</b>	<b>-11,228</b>	<b>-7,659</b>	<b>-27,459</b>	<b>-18,497</b>	<b>-583,804</b>
Taxes for the period	-	-	-	-	-
<b>Net profit/loss</b>	<b>-11,228</b>	<b>-7,659</b>	<b>-27,459</b>	<b>-18,497</b>	<b>-583,804</b>
<b>Statement of comprehensive income - Parent company</b>					
Net loss for the period	-11,228	-7,659	-27,459	-18,497	-583,804
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-11,228</b>	<b>-7,659</b>	<b>-27,459</b>	<b>-18,497</b>	<b>-583,804</b>

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

<i>All amounts in KSEK</i>	30 Sept 2016	30 Sept 2015	31 Dec 2015
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Financial fixed assets</b>			
Shares in subsidiaries	301,287	1,028,069	468,069
<b>Total financial fixed assets</b>	<b>301,287</b>	<b>1,028,069</b>	<b>468,069</b>
<b>Total fixed assets</b>	<b>301,287</b>	<b>1,028,069</b>	<b>468,069</b>
<b>Total non-current assets</b>	<b>301,287</b>	<b>1,028,069</b>	<b>468,069</b>
<b>Current receivables</b>			
Other receivables	1,099	16	402
Short-term receivables subsidiaries	9,110	3,536	3,536
Prepaid expenses and accrued income	3,367	248	171
	<b>13,576</b>	<b>3,800</b>	<b>4,109</b>
<b>Cash and bank balances</b>	<b>14,963</b>	<b>596</b>	<b>1,703</b>
<b>Total current assets</b>	<b>28,539</b>	<b>4,396</b>	<b>5,812</b>
<b>TOTAL ASSETS</b>	<b>329,826</b>	<b>1,032,465</b>	<b>473,881</b>

<i>All amounts in KSEK</i>	30 Sept 2016	30 Sept 2015	31 Dec 2015
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<b>Restricted equity</b>			
Share capital	290,136	290,136	290,136
Statutory reserves	345	345	345
	<b>290,481</b>	<b>290,481</b>	<b>290,481</b>
<b>Non-restricted equity</b>			
Profit/Loss brought forward	62,704	646,508	646,508
Profit/loss for the year	-27,459	-18,497	-583,804
	<b>35,245</b>	<b>628,011</b>	<b>62,704</b>
<b>Total equity</b>	<b>325,726</b>	<b>918,492</b>	<b>353,185</b>
<b>Non-current liabilities</b>			
Long-term loan	-	92,831	99,161
Other long-term debts to group companies	92	92	92
<b>Total non-current liabilities</b>	<b>92</b>	<b>92,923</b>	<b>99,253</b>
<b>Current liabilities</b>			
Accounts payable	460	2,060	4,935
Other short-term liabilities	1,274	343	462
Other short-term liabilities group	-	8,975	11,617
Accrued expenses and deferred income	2,274	9,672	4,429
<b>Total current liabilities</b>	<b>4,008</b>	<b>21,050</b>	<b>21,443</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>329,826</b>	<b>1,032,465</b>	<b>473,881</b>
<b>Pledged assets</b>	<b>-</b>	<b>514,138</b>	<b>233,985</b>
<b>Contingent liabilities</b>	<b>-</b>	<b>39</b>	<b>39</b>

**CONDENSED STATEMENT OF CHANGES IN EQUITY - PARENT COMPANY**

(Misen Energy AB (publ))

<i>All amounts in KSEK</i>	Share capital	Statutory reserves	Share Premium reserve	Retained earnings	Total equity
<b>Equity brought forward 2015-01-01</b>	<b>290,136</b>	<b>345</b>	<b>714,285</b>	<b>-67,776</b>	<b>936,990</b>
<b>Net result</b>					
Net result of the period Jan-Sept 2015	-	-	-	-18,497	-18,497
<b>Other comprehensive income</b>					
Translation difference	-	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-18,497</b>	<b>-18,497</b>
<b>Equity brought forward 2015-09-30</b>	<b>290,136</b>	<b>345</b>	<b>714,285</b>	<b>-86,273</b>	<b>918,493</b>
<b>Equity brought forward 2015-10-01</b>	<b>290,136</b>	<b>345</b>	<b>714,285</b>	<b>-86,273</b>	<b>918,493</b>
<b>Net result</b>					
Net result for the period Oct - Dec 2015	-	-	-	-565,307	-565,307
<b>Other comprehensive income</b>					
Translation difference	-	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-565,307</b>	<b>353,185</b>
<b>Equity brought forward 2015-12-31</b>	<b>290,136</b>	<b>345</b>	<b>714,285</b>	<b>-651,580</b>	<b>353,185</b>
<b>Equity brought forward 2016-01-01</b>	<b>290,136</b>	<b>345</b>	<b>714,285</b>	<b>-651,579</b>	<b>353,185</b>
<b>Net result</b>					
Net result of the period Jan-Sept 2016	-	-	-	-27,459	-27,459
<b>Other comprehensive income</b>					
Translation difference	-	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-27,459</b>	<b>-27,459</b>
<b>Equity brought forward 2016-09-30</b>	<b>290,136</b>	<b>345</b>	<b>714,285</b>	<b>-679,038</b>	<b>325,726</b>

## CONDENSED STATEMENT OF CASH FLOWS - PARENT COMPANY

(Misen Energy AB (publ))

	1 Jan-30 sept 2016 9 months	1 Jan-30 sept 2015 9 months	1 Jan-31 Dec 2015 12 months
<i>All amounts in KSEK</i>			
Operating activities			
Operating income	-10,181	-10,812	-15,218
Adjustment for non-cash items			
Interest received	-	-	-
Interest paid	-	-	-
<b>Cash flow from operating activities before working capital changes</b>	<b>-10,181</b>	<b>-10,812</b>	<b>-15,218</b>
Decrease(+)/increase in receivables	-9,817	-1	-308
Decrease(-)/increase in accounts payable	-4,475	389	3,264
Decrease(-)/increase(+) in short term debts	442	1,354	381
<b>Cash flow from operating activities</b>	<b>-24,031</b>	<b>-9,070</b>	<b>-11,881</b>
<b>Investment activities</b>			
Payment of shareholders contribution	-	-9,746	-9,746
Sale of shares in subsidiary	25,517	-	-
<b>Cash flow from investing activities</b>	<b>25,517</b>	<b>-9,746</b>	<b>-9,746</b>
<b>Financing activities</b>			
Increase in long-term debt	11,774	19,053	22,971
<b>Cash flow from financing activities</b>	<b>11,774</b>	<b>19,053</b>	<b>22,971</b>
Cash flow for the period	13,260	237	1,344
Cash at the beginning of the period	1,703	359	359
<b>Cash at the end of the period</b>	<b>14,963</b>	<b>596</b>	<b>1,703</b>

**CONDENSED FINANCIAL AND OPERATIONAL KEY RATIOS**

	1 Jan - 30 Sept 2016 9 months	1 Jan - 30 Sept 2015 9 months	1 Jan-31 Dec 2015 12 months
<b>The Group</b>			
<b>Financial key ratios</b>			
EBITDA (KSEK)	52,952	73,322	49,454
Profit/loss per share before dilution SEK*	0.02	0.10	-0.22
Profit/loss per share after dilution SEK*	0.02	0.10	-0.22
Return on equity (ROE)	n.a.	n.a.	neg
Return on capital employed (ROCE)	n.a.	n.a.	neg
Debt/equity ratio	7.4%	39.8%	52.6%
Equity ratio	72.8%	54.1%	50.6%
Share of risk bearing capital	72.8%	54.1%	50.6%
Weighted average number of shares for the period*	145,068,222	145,068,222	145,068,222
Number of outstanding shares before dilution *	145,068,222	145,068,222	145,068,222
Number of outstanding shares after dilution *	145,068,222	145,068,222	145,068,222
Weighted average number of shares for the period after dilution*	145,068,222	145,068,222	145,068,222

**The Parent Company (Misen Energy AB)**

EBITDA (KSEK)	-10181	-10812	-15218
Profit/loss per share before dilution SEK*	-0.19	-0.13	-4.02
Profit/loss per share after dilution SEK*	-0.19	-0.13	-4.02
Return on equity (ROE)	n.a.	n.a.	neg
Return on capital employed (ROCE)	n.a.	n.a.	neg
Debt/equity ratio	n.a.	10.1%	28.1%
Equity ratio	98.8%	89.0%	74.5%
Share of risk bearing capital	98.8%	89.0%	74.5%
Weighted average number of shares for the period*	145,068,222	145,068,222	145,068,222
Number of outstanding shares before dilution *	145,068,222	145,068,222	145,068,222
Number of outstanding shares after dilution *	145,068,222	145,068,222	145,068,222
Weighted average number of shares for the period after dilution*	145,068,222	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.



## Report of Review of Interim Financial Information

### Introduction

We have reviewed the condensed interim financial information (interim report) of Misen Energy AB (publ.) as of 30 September 2016 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Report Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

### Emphasis of matter

Without qualifying our conclusion, we draw the attention to the sections “Group financial situation” and “Expected future development of the Company and going concern”.

In the section “Group financial situation” it is described that the Joint Activity is subject to certain covenants related primarily to its borrowings. At 30 September 2016, the Joint Activity was in the breach of the financial covenants under its agreements with Sberbank Russia. The Joint Activity is currently negotiating a prolongation of the overdue credit line with the bank but the restructuring was not approved by the participants of the Joint Activity as of the date of this report.

Further, as referred to in the section “Expected future development of the Company and going concern” the Misen Group is currently involved in arbitration proceedings with the Joint Activity partner PSJC Ukgazvydobuvannya related to their request to terminate the Joint Activity Agreement and allocate the assets between the partners. The Misen Group is also involved in a criminal investigation which has resulted in a court order issued by Pechersk District Court in Kiev which mean that the Misen Group is prohibited to sell or transfer certain property owned by Misen Enterprises AB and LLC Karpatygaz under the Joint Activity during the investigation. Additionally and as described, there are also operational issues related to the Joint Activity’s ability to sell gas, gas condensate, oil and LPG. These matters may further complicate the operations of the Joint Activity and the Group. Depending on how the arbitration cases develop, a need for increased financing of the Swedish operations might arise in 2017.

Based on the abovementioned facts there is a material uncertainty related to events and conditions that may cast significant doubt on the Misen Group’s ability to continue as a going concern and to realize its assets and discharge its liabilities in the normal course of business.

Gothenburg, 30 November 2016

PricewaterhouseCoopers AB

Johan Palmgren

Authorized Public Accountant