

## Interim report January - December 2013

### 1. Summary

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#### MISEN ENERGY AB (publ)

Reg. No. 556526-3968

#### Group definition

On 1 July 2011, Misen Energy AB (publ), (herein after referred to as “**the Company**”) acquired all shares in Misen Enterprises AB. Under IFRS rules, this transaction is classified as a reverse take over.

The Misen group (“**Misen Group**”) comprises three companies - Misen Energy AB (publ) and two wholly owned subsidiaries Misen Enterprises AB (Sweden) and Karpatygaz LLC (Ukraine). Consolidated accounts as of 1 July 2011 represent the Misen Group. The structure of the Misen Group remains the same since 1 July 2011.

#### Joint Activity and Joint Activity Agreement

The Misen Group 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 Ukrasvydobuvannya (Ukraine), a wholly owned subsidiary of the National Joint Stock Company Naftogaz of Ukraine (Ukraine). JA is governed by the Joint Activity Agreement (“**JAA**”), signed by Misen Enterprises AB, Karpatygaz LLC, and PJSC Ukrasvydobuvannya.

#### Results for the Fourth Quarter 2013 (within brackets same period 2012)

Consolidated operating group income	KSEK -10,319 (97,333)
Consolidated group net turnover	KSEK 22,687 (164,965)
Earnings per share	SEK 0.05 (0.48)
Parent company operating income	KSEK -9,271 (-8,676)
Parent company net turnover	KSEK 0 (0)

#### Results for January – December 2013 (within brackets same period 2012)

Consolidated operating group income	KSEK 286,429 (350,673)
Consolidated group net turnover	KSEK 623,575 (586,646)
Earnings per share	SEK 1.65 (1.83)
Parent company operating income	KSEK -21,905 (-11,756)
Parent company net turnover	KSEK 2,730 (9,542)

## 2. Essential Events During the Period January – December 2013

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### Gas balance situation

As previously informed, since the second quarter 2013, the Company and its subsidiary in Ukraine, Karpatygaz LLC, started experiencing challenges related to the sales process of locally produced natural gas. All natural gas produced, transported, stored and allocated to the final consumers is registered on a monthly basis by Ukrainian State bodies in the gas balancing process. As from April 2013, certain irregularities have been observed with respect to this procedure and payments for the produced natural gas have been partially delayed.

Eventually, gas produced in April – July was sold, but by October 2013, the Company observed and reported on continuing challenges and the fact that subsidiary Karpatygaz LLC had not been included into the balancing process for August – September, forcing the Company to store all of its produced natural gas in the underground storage till later notice. This pattern continued throughout the rest of 2013 and as of the end of the fourth quarter, the gas produced during the last five months of the year 2013 (August through December) remains excluded from the gas balance and is being kept in the storage. As a result, only part of the production could be invoiced, mostly gas condensate and oil.

Not being able to sell its production entitlements, the Company's subsidiary Karpatygaz LLC is late with payments to its contractors and suppliers, both domestic and international. Extensions are being negotiated with suppliers as well as with the JA partner PJSC Ukrgasvydobuvannya regarding rescheduling in the JAA investment program.

As of October 2013, Karpatygaz LLC as the operator of JA became late with the tax payments in Ukraine, mostly for subsoil use and VAT. During the third quarter, the collected accounts receivables from the sales of earlier months allowed JA to settle most of the penalties with the Ukrainian tax authorities. However, continuing challenges with the sales in the fourth quarter have led to increasing accumulation of late tax payments. This incurred certain restrictions on free disposal of JA bank accounts managed by Karpatygaz LLC, allowing only certain types of transactions to be processed, prioritizing tax payments and compensation to personnel.

As of the end of the fourth quarter 2013, no permanent solution to the problem with the gas balance has been found. JA is forced to keep five month's production in the underground storage, amounting to 298 million cubic meters (mmcm) of natural gas. This is having a negative impact on both the income and the cash flow of the Misen Group. Due to Company subsidiary's inability to sell production entitlements, there is a significant uncertainty for the future business and going concern.

The Company is working on several different options to find a solution to the problems described. In November 2013 the Company submitted a letter to the Ukrainian Ministry of Energy and Coal Industry notifying of what the Company regards as discriminatory, unequal and unfair treatment of the Company's investments in Ukraine. In the letter, the Company claims that the actions of Naftogaz Ukraine (State company in charge of the gas balancing process) of excluding the JA gas from the gas balance is a violation of Ukrainian national legislation and Ukraine's international obligations under the Agreement between the Government of Ukraine and the Government of Kingdom of Sweden concerning the Promotion and Reciprocal Protection of Investments (the bilateral investment treaty, BIT), as well as under the Energy Charter Treaty. As of the end of the fourth quarter 2013, there was no reaction received from Ukraine and the Company was thus preparing to submit a formal notice of claim on this matter to the State of Ukraine.

## **Financing from the Fund**

Within the framework of the financing agreement between the Company and a Dutch financing fund (Stichting Bewaarder Pluribus Optimum Fund), whereby the Company has been granted a financial facility of up to KEUR 7,500 (corresponding to approximately KSEK 66,200), a tranche of KEUR 1,875 (KSEK 16,550) was drawn down during the four quarters of 2013 (remains unchanged since Q3 2013). Accordingly, the total debt under the financing agreement as of 31 December 2013 is KEUR 4,200 (KSEK 37,502). This facility has been introduced to secure long-term financial requirements for the Company's Swedish operations. In December 2013 the fund, however, exercised its right to suspend further disbursement of financing, referring to the Company's operational challenges and gas balance issue. As of the end of the fourth quarter 2013, the Company has been engaged in negotiations with the fund and expects to reach settlement within Q1 2014.

## **Joint Activity Agreement**

In accordance with the Amendment No. 5 to the JAA, the Company's subsidiary Misen Enterprises AB is obliged to contribute KUSD 12,516 (corresponding to approximately KSEK 80,685) no later than 25 February 2014. In the light of the challenging situation, the Company subsidiaries have entered into negotiations with PJSC Ukrgasvydobuvannya regarding extension of this obligation. There is full understanding and support by all the parties involved and an agreement on such extension is expected to be signed in Q1 2014.

As it has been stated in 2013 Q2 report, in April 2013 parties of JA signed the Amendment No. 6 to the JAA. However, due to the challenging situation with the gas balance that affects all parties of JA, the JAA Amendment No. 6 is still pending the approval with the Ukrainian State authorities, leading to a possibility where it might be canceled or modified into a new amendment(s) to the JAA.

Formally, the Company considers that the Amendment No. 6 has been signed, until agreed otherwise. However, the Company is not enforcing it until the final formalities with the Ukrainian State authorities have been settled. As previously reported, the Amendment No. 6 will increase the size and scope of the JA project. To assess this, the Company plans to commission a technical audit (in the form of Competent Persons Report) of reserves and resources that have been additionally allocated to JA by the Amendment No. 6. The Company's commitment to facilitate additional financing to JA, when required, was increased to up to MSEK 3,900. This amount is recorded as contingent liability in the Misen Group's accounts.

The Company continues monitoring the situation and will report as new developments take place.

## **Investment program report**

As of the end of the fourth quarter 2013, the Company has reached the following major milestones:

- KSEK 863,000 has been invested into the JA development program during 2013, meanwhile the total investment into JA since 2011 constitutes KSEK 1,745,540
- 56 wells have undergone completed renovation and/or drilling and have been put into production
- 3 wells are undergoing workover

- 17 wells workover has been suspended (temporary measure due to difficulties in financing further works)
- 1 major Booster Compressor Station (“BCS”) Yuliyivska (8MW) has celebrated one-year anniversary of its successful operation
- 2 minor BCS (1.08 MW and 0.75 MW) have been constructed and are to be launched pending final paperwork clearance
- 11 commercial metering stations and centralized Control Dispatch for real-time production monitoring have been commissioned
- 1.19 billion cubic meters of gas have been produced since project’s inception in 2011

Yuliyivska BCS represents the first installation of such kind and magnitude in Ukraine, initiated and operated by the joint State and private initiatives. The plant is equipped with the two turbo-compressor units Centaur-40 produced by Solar Turbines (USA) and supporting engineering infrastructure provided by a range of leading West European and US manufacturers that will allow maintaining the required operating parameters of Yuliyivske oil, gas and condensate field and will ensure sustained annual gas production volumes during the subsequent 20 years (JA life cycle) and longer. It is an object of strategic importance to Ukraine on its path towards energy independence.

Yuliyivska BCS is currently facilitating production of more than 50 mmcm of gas per month. Incremental production owned by Misen is around 3.5 mmcm of gas and 250 tons of condensate per month. The total project cost was in the range of KSEK 200,000 financed by the local and international banks. In accordance with the JAA, during 2013, the Company has constructed additional commercial metering stations, bringing the total number to 11 and has increased capacity of the centralized Control Dispatch for the on-line production monitoring. The outcome is a significant improvement in accuracy of data gathering and provision of the real-time reaction capability.

The network of metering units installed within a group of wells has yielded an increase of 3-5% in production result, mostly owing to the possibility of obtaining data with commercial accuracy.

## Production report

Despite issues with the gas balance and adjusted investment program, the Company continued producing as planned during the fourth quarter 2013.

The table below sets forth the **average daily production** indicators by the end of the period:

	Year-end 2013	Year-end 2012	Year-end 2011
Natural Gas (mmcm*)	2.0	1.2	0.8
Gas Condensate (tons)	98.0	45.8	19.6
Oil (tons)	70.7	60.0	13.1

\*million cubic meters

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

	Year-end 2013	Year-end 2012	Year-end 2011
Natural Gas (mmcm)	684	343	153
Gas Condensate (ktons*)	32.1	10.2	3.9
Oil (ktons)	31.8	10.1	3.3

\* thousand tons

During the fourth quarter 2013, JA operated by the Company's subsidiary Karpatygaz LLC has stepped over a symbolic benchmark of producing 1 billion cubic meters of natural gas since the project's inception in its current form in 2011.

### Competent Persons Report

During 2013, the Company has been assessing and verifying the hydrocarbon reserves and resources allocated to JA. The largest independent global services and technology company AGR-TRACS International Consultancy Ltd. (Norway-Russia) was engaged by the Company to prepare an independent Competent Persons Report ("**CPR**") of the petroleum reserves and resources attributable to the Company's subsidiaries of Misen Enterprises AB and Karpatygaz LLC as parties of JA.

The CPR has been based on data as of 1 January 2013 and follows the specifications of the JAA Amendment No. 5.

In the third quarter 2013, the major CPR chapters covering three product categories of natural gas, liquefied petroleum gas (LPG) and condensate were concluded. As of the end of the fourth quarter 2013, assessment of oil reserves and resources remains work in progress.

The CPR concludes the following **net reserves of the Company** for all projects included in JA for the development period of 2013 – 2030:

#### Net Misen Reserves

	1P	2P
Total Gas Reserves (bcm*)	14.06	17.15
Total LPG Reserves (MMbbls**)	1.57	2.27
Total Condensate Reserves (MMbbls)	2.88	3.38

\*billion cubic meters

\*\*million barrels

This implies an incremental gain in project potential, well in excess of the planned and previously announced production of 21.5 billion cubic meters (the Company's net 10.8 billion cubic meters), which was originally agreed by the JAA Amendment No. 4 as the project was initiated.

Important to note that CPR remains work in progress and the final results together with methodology used will be presented upon project finalization and formal acceptance of completed work acts later in the year.

### Essential events after end of the fourth quarter 2013

The gas balance issue has not yet been solved; for details please see above under section “Essential events during the period January – December 2013; Gas balance situation”. The pattern of being excluded from the gas balance continues in the first quarter of 2014. Currently the Company is keeping six months of JA production of natural gas in the underground storage.

To address the situation, on 13 January 2014 the Company submitted to Ukraine a formal Notice of Investment Dispute under the Agreement between the Government of Ukraine and the Government of the Kingdom of Sweden concerning the Promotion and Reciprocal Protection of Investments (BIT). If the problems described in the Notice of Investment Dispute cannot be settled within six months, the Company reserves its right to submit the dispute for international arbitration in accordance with the BIT.

Due to the Company subsidiary’s inability to sell production entitlements, a significant uncertainty for the future business and going concern remains.

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A settlement has been reached with the Dutch financing fund, whereby the Company has been granted financing sufficient for the Company’s Swedish operations for the year 2014. The total financial facility of up to KEUR 7,500 (corresponding to approximately KSEK 66,200) remains unchanged.

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On 24 January 2014, the Company was transferred to the Observation List on First North NasdaqOMX Nordic Exchange Stockholm AB. Reasons for assigning the Company an observation status are not primarily related to the ongoing financial difficulties, but are rather concerned with the Company’s control of its assets and the overall uncertain and turbulent political and economic situation in Ukraine.

Under the Swedish stock exchange rules, transfer to the Observation List is a signal to the market/shareholders that the development of the company should be closely monitored. The Company shall continue following the situation and will be reporting on material developments as they occur.

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Negotiations are proceeding regarding extension of the Company’s subsidiary Misen Enterprises AB obligation to contribute KUSD 12,516 (KSEK 80,685) under the Amendment No. 5 to the JAA. With the full support and understanding from all related parties, the Company expects to finalize negotiations shortly.

Pending approval with the Ukrainian State authorities, validity and enforceability of the Amendment No. 6 to the JAA remains uncertain.

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

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The Misen Group accounted for an operating income of KSEK -10,319 for the fourth quarter 2013 as compared to KSEK 97,333 for the same period last year. Profit after financial items for the period was KSEK -14,490, as compared to KSEK 91,728 for the same period last year. The lower result in the quarter is due to lower sales that in turn are related to the governmental regulations for increased portion of the gas production to be kept as inventory. The gas production has continued to increase in the fourth quarter 2013.

For the whole year operating income of the Misen Group was KSEK 286,429 (KSEK 350,673) and the Misen Group result after the financial items for the year was KSEK 276,868 to be compared to KSEK 342,892 in 2012.

The significant improvement in financial performance commencing in 2012 has not continued in 2013 and this is attributable to the governmental regulations mentioned above. The main activity of JA is the extraction and sale of gas in the Ukraine. During 2013, JA has further extended the number of production wells.

During 2013, the gas production within JA totaled 684 mmcm (343 mmcm in 2012), generating a turnover of KSEK 1,236,000 (KSEK 1,195,000) of which 50.01 % is attributable to the Misen Group's interest in JA. Due to the governmental regulations, five months of JA production of natural gas is kept in storage as of the end of the fourth quarter 2013.

Loss after the financial items for the Company in the fourth quarter of 2013 amounted to KSEK -10,615 (KSEK -8,050) and for the year of 2013 was KSEK -24,901 to be compared to KSEK -11,063 during last year.

The Company's business focus is to undertake group-wide tasks and provide funding for operations in Ukraine.

Misen Group revenue for the fourth quarter of 2013 was KSEK 22,687 (KSEK 164,965) and the Company revenue for this period was KSEK 0 (KSEK 0). During 2013, the Misen Group revenue was KSEK 623,575 (KSEK 586,646) while the Company revenue in the same period amounted to KSEK 2,730 (KSEK 9,542).

During the fourth quarter of 2013, JA continued experiencing problems with its gas not being accepted in the Ukrainian gas balance. As a result of this, nothing of the gas-production in the fourth quarter 2013 has been invoiced to the customers, while five months' production is kept in stock. The inability to invoice five months production has of course affected both income and cash flow negatively in the period. As of today, no solution to the gas-balance problem has been found.

The margin in JA has been suffering from the dropping market prices on gas as well as higher subsurface charges levied by the Ukrainian State.

#### **Cash position**

As of 31 December 2013, the cash balance of the Misen Group was KSEK 949 (KSEK 13,325). The cash flow from operations before changes in working capital was KSEK 226,642 in four quarters of 2013 (KSEK 284,420).

## **Capital expenditure**

The Misen Group's capital expenditure on equipment for gas production in Ukraine related to the JA activity in 2013 amounted to KSEK 431,729 (KSEK 404,378).

During the accounting year, capital expenditure orders not yet delivered have been placed at an aggregate value of KSEK 633,447. 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**

Provided the situation with the gas balance is resolved within the year 2014, the operation of the JA is expected to develop in a positive way with a continuous substantial growth in production and sale of gas and thereof increasing profits and positive cash flow from operations resulting in an increased shareholder value. In order to achieve this, profits for 2013 will be re-invested in the activities of the JA and no dividends are expected from the JA until 2015 at the earliest, all in accordance with the regulations of the JAA. In the near future however, the abovementioned problems with the gas balance will continue to negatively impact on the Misen Group income and cash flow.

Please also see the description of problems with the gas balance earlier in this report.

## **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 assets and liabilities**

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



## **Financial and other risks**

The Misen Group focuses on exploration and production of hydrocarbons in Ukraine. In this activity, the Company 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 currently focused on production rather than exploration, the risk exposure could be considered as being moderate.

The Company has initiated a process that will aim to investigate what measures are needed to extend licenses expiring in 2018, as most of the licenses formally expire at that time. It is not expected that any problems will arise with extending the licenses.

The need for funding that may arise in 2014 will be handled through extended credits and, if necessary, adjustments in the investment program (please see chapters above).

A more in-depth explanation of the different risk exposures in the Company's business is included in the annual report 2012.

## **Political risks**

As mentioned in the annual report 2012, in recent years, Ukraine has undergone a profound political and social change. The value of the Misen Group assets may be affected by uncertainties such as political or diplomatic developments, social or religious instability, changes in government policies, taxation and interest rates, restrictions on currency repatriation and other political and economic development of laws and rules in Ukraine. These risks relate in particular to expropriation, nationalisation, confiscation of assets and legislative changes concerning the level of foreign ownership.

The Company is concerned with the latest events in Ukraine that started evolving during the fourth quarter 2013. At present the Company is experiencing a range of negative impacts observed on the Misen Group level as described in previous chapters. The Company continues monitoring the situation.

## **First North**

Misen Energy AB (publ) is listed on First North, which is an alternative market place operated by NasdaqOMX Nordic Exchange Stockholm AB and the Company adheres to the rules and regulations for First North. The Certified Adviser of the Company is Thenberg & Kinde Fondkommission 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 2013	31 Dec 2012
<i>(All amounts in KSEK)</i>		
Net sales, external:		
Sweden	--	9,542
Ukraine	623,575	577,104
Fixed assets:		
Sweden	--	--
Ukraine	908,381	580,057

### Transactions with related parties

	31 Dec 2013	31 Dec 2012
<i>(All amounts in KSEK)</i>		
Ukrasvydobuvannya:		
Sale	164,180	--
Purchase	179,955	235,185
Short-term receivables	2,152	--
Short-term debts	16,824	2,120
Management and Board:		
Purchase of services	2,217	7,452
Salaries and remunerations	4,199	7,474

## **Publication of the Q4 interim report**

This interim report for the fourth quarter 2013 is published at the company website, [www.misenenergy.se](http://www.misenenergy.se), and a printed version can be ordered at [info@misenergy.se](mailto:info@misenergy.se)

## **Future reports**

Next report, the annual report 2013, will be launched on 8 April 2014.

The AGM is scheduled to take place on 29 April 2014.

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

Stockholm, 28 February 2014

## **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 since 12 June 2007 traded on NasdaqOMX First North.

In 2011, Misen Energy AB (publ) acquired Misen Enterprises AB and its Ukrainian subsidiary, Karpatygas LLC, including the rights of 50.01% of the revenue and profit from a gas production project in Ukraine. In consideration of this acquisition, a new share issue was carried out.

The gas producing assets have been acquired by production cooperation via a joint activity project governed by a Joint Activity Agreement between the wholly-owned direct and indirect subsidiaries of Misen Energy AB (publ), i.e. Misen Enterprises AB and Karpatygas LLC (together 50.01%) and PJSC Ukgasvydobuvannya (49.99%), the largest producer of natural gas in Ukraine and subsidiary of the National Joint Stock Company Naftogaz of Ukraine. The value of the assets is estimated to be substantially higher than the purchase price for Misen Enterprises AB.

The purpose of the project is to significantly increase production of gas and oil by providing modern technologies via a large-scale investment program.

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 NasdaqOMX First North is Thenberg & Kinde Fondkommission AB.

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

## CONDENSED INTERIM INCOME STATEMENT-THE GROUP

	1 oct - 31 dec 2013 3 months	1 oct - 31 dec 2012 3 months	1 Jan-31 dec 2013 12 months	1 Jan-31 Dec 2012 12 months
<i>All amounts in KSEK</i>				
<b>Operating revenue</b>				
Net sales	20,526	165,179	618,332	586,549
Other operating income	2,161	-214	5,243	97
	<b>22,687</b>	<b>164,965</b>	<b>623,575</b>	<b>586,646</b>
<b>Operating expenses</b>				
Other external expenses	-11,234	-59,908	-282,223	-208,728
Personnel expenses	-7,018	-1,205	-18,059	-14,106
Depreciation and amortisation of tangible and intangible fixed assets	-5,956	-6,534	-25,251	-9,777
Other operating cost	-8,798	15	-11,613	-3,362
	<b>-33,006</b>	<b>-67,632</b>	<b>-337,146</b>	<b>-235,973</b>
<b>Operating income</b>	<b>-10,319</b>	<b>97,333</b>	<b>286,429</b>	<b>350,673</b>
<b>Financial items</b>	<b>-4,171</b>	<b>-5,605</b>	<b>-9,561</b>	<b>-7,781</b>
<b>Profit/loss after financial items</b>	<b>-14,490</b>	<b>91,728</b>	<b>276,868</b>	<b>342,892</b>
Taxes for the period	21,322	-22,627	-37,967	-78,142
<b>Profit/loss for the period attributable to the parent company shareholders</b>	<b>6,832</b>	<b>69,101</b>	<b>238,901</b>	<b>264,750</b>
<b>Interim Statement of comprehensive income - The Group</b>				
Net profit for the period	6,832	69,101	238,901	264,750
Other comprehensive income				
Items possible for later reclassification in income statement:				
Translation differences	-4,081	1,405	-24,362	-19,543
Other comprehensive income for the period, net after taxes	-4,081	1,405	-24,362	-19,543
<b>Total comprehensive income for the period</b>	<b>2,751</b>	<b>70,506</b>	<b>214,539</b>	<b>245,207</b>
<b>Net earnings per share, allocated to the share owners in the parent company ( in SEK per share)</b>				
Net earnings for the period, before and after dilution	0.05	0.48	1.65	1.83
Average number of shares for the period were 145 068 222.				

## CONDENSED BALANCE SHEET-THE GROUP

<i>All amounts in KSEK</i>	31 Dec 2013	31 Dec 2012
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible fixed assets	37,684	40,514
Tangible fixed assets	866,972	539,543
Deferred tax asset	3,726	
<b>Total non-current assets</b>	<b>908,382</b>	<b>580,057</b>
<b>Current assets</b>		
Stock	142,773	7,983
<b>Current receivables</b>		
Accounts receivable	4,999	21,346
Other receivables	37,043	5,212
Prepaid expenses and accrued income	237	222
	<b>185,052</b>	<b>34,763</b>
<b>Cash and bank balances</b>	<b>949</b>	<b>13,325</b>
<b>Total current assets</b>	<b>186,001</b>	<b>48,088</b>
<b>TOTAL ASSETS</b>	<b>1,094,383</b>	<b>628,145</b>

<i>All amounts in KSEK</i>	31 Dec 2013	31 Dec 2012
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>	<b>569,037</b>	<b>354,498</b>
<b>Non-current liabilities</b>		
Long-term loans	113,234	87,505
Other long-term liabilities to JA	-	39,639
Long-term deferred tax liability	-	984
Other long-term liabilities	2,468	14,790
<b>Total non-current liabilities</b>	<b>115,702</b>	<b>142,918</b>
<b>Total non-current liabilities</b>		
Accounts payable	118,034	26,694
Tax debts	-	22,265
Short-term loans	180,262	57,239
Other short-term debt to JA	37,733	-
Other short-term debt	65,157	22,964
Accrued expenses and deferred income	8,458	1,567
<b>Total current liabilities</b>	<b>409,644</b>	<b>130,729</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,094,383</b>	<b>628,145</b>
<b>Pledged assets</b>	<b>613,765</b>	<b>359,123</b>
<b>Contingent liabilities</b>	<b>4,095,895</b>	<b>2,633,653</b>

CONDENSED STATEMENT OF CHANGES IN EQUITY - THE GROUP

<i>All amounts in KSEK</i>	Share capital	Other paid in capital	Other reserves	Retained earnings	Total equity
Equity brought forward 2012-01-01	290,136	-274,435	6,456	87,134	109,291
Net profit	-	-	-	264,750	264,750
Net profit of the year 2012	-	-	-	264,750	264,750
Other comprehensive income	-	-	-19,543	-	-19,543
Translation difference	-	-	-19,543	-	-19,543
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>-19,543</b>	<b>264,750</b>	<b>245,207</b>
Equity brought forward 2013-01-01	290,136	-274,435	-13,087	351,884	354,498
Net profit	-	-	-	238,901	238,901
Net profit for the year	-	-	-	238,901	238,901
Other comprehensive income	-	-	-24,362	-	-24,362
Translation difference	-	-	-24,362	-	-24,362
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>-24,362</b>	<b>238,901</b>	<b>214,539</b>
Equity brought forward 2013-12-31	290,136	-274,435	-37,449	590,785	569,037

## CONDENSED STATEMENT OF CASH FLOWS - THE GROUP

	1 Jan-31 Dec 2013 12 months	1 Jan-31 Dec 2012 12 months
<i>All amounts in KSEK</i>		
Operating activities		
Operating income	286,429	350,673
Adjustment for non-cash items	19,057	14,091
Interest received	341	1,191
Interest paid	-678	-8,972
Income tax	-78,507	-72,563
<b>Cash flow from operating activities before working capital changes</b>	<b>226,642</b>	<b>284,420</b>
Cash flow from working capital changes		
Decrease(+)/increase in stocks	-137,874	6,977
Decrease(+)/increase in receivables	-810	51,071
Decrease(-)/increase in short-term debts	146,175	16,574
<b>Cash-flow from operating activities</b>	<b>234,133</b>	<b>359,042</b>
Investing activities		
Acquisition of tangible and intangible assets*	-370,668	-404,378
Sale of tangible and intangible assets	48,812	51
<b>Cash flow from investing activities</b>	<b>-321,856</b>	<b>-404,327</b>
Financing activities		
Change in long-term debt (increase+)	75,965	42,406
<b>Cash flow from financing activities</b>	<b>75,965</b>	<b>42,406</b>
Cash flow for the period	-11,758	-2,879
Cash at the beginning of the period	13,325	14,819
Exchange rate difference in cash	-618	1,385
<b>Cash at the end of the period</b>	<b>949</b>	<b>13,325</b>

**CONDENSED INTERIM INCOME STATEMENT - PARENT COMPANY**  
(Misen Energy AB)

	1 Oct-31 Dec 2013 3 months	1 Oct-31 Dec 2012 3 months	1 Jan-31 Dec 2013 12 months	1 Jan-31 Dec 2012 12 months
<i>All amounts in KSEK</i>				
<b>Operating revenue</b>				
Net sales	0	0	2,730	9,542
	<b>0</b>	<b>0</b>	<b>2,730</b>	<b>9,542</b>
<b>Operating expenses</b>				
Other external expenses	-7,978	-7,593	-21,746	-18,603
Personnel expenses	-1,293	-1,084	-2,889	-2,695
	<b>-9,271</b>	<b>-8,676</b>	<b>-24,635</b>	<b>-21,298</b>
<b>Operating income</b>	<b>-9,271</b>	<b>-8,676</b>	<b>-21,905</b>	<b>-11,756</b>
Interest income	335	896	337	899
Currency exchange gains/losses	-812	-73	-1,286	-
Interest expense	-533	-197	-1,711	-206
	<b>-1,010</b>	<b>626</b>	<b>-2,660</b>	<b>693</b>
<b>Profit/loss after financial items</b>	<b>-10,281</b>	<b>-8,050</b>	<b>-24,565</b>	<b>-11,063</b>
Taxes for the period	-	-	0	1
<b>Net profit/loss</b>	<b>-10,281</b>	<b>-8,050</b>	<b>-24,565</b>	<b>-11,062</b>
<b>Interim Statement of comprehensive income - Parent company</b>				
Net loss for the period	-10,281	-8,050	-24,565	-11,062
Other comprehensive income				
Other comprehensive income for the period, net after taxes	0	0	0	0
<b>Total comprehensive income for the period</b>	<b>-10,281</b>	<b>-8,050</b>	<b>-24,565</b>	<b>-11,062</b>
<b>Earnings per share allocated to the share owners in the parent company (in SEK per share)</b>				
Net earnings for the period, before and after dilution	Neg	Neg	Neg	Neg



**CONDENSED BALANCE SHEET - PARENT COMPANY**

(Misen Energy AB)

*All amounts in KSEK*

31 Dec 2013

31 Dec 2012

**ASSETS****Non-current assets****Financial fixed assets**

Shares in subsidiaries	1,001,799	1,001,799
	<u>1,001,799</u>	<u>1,001,799</u>

**Total financial fixed assets** 1,001,799 1,001,799**Total non-current assets** 1,001,799 1,001,799**Current assets****Current receivables**

Accounts receivable	-	-
Other receivables	803	573
Short-term receivables subsidiaries	4,744	-
Prepaid expenses and accrued income	229	207
	<u>5,776</u>	<u>780</u>

**Cash and bank balances** 479 8,512**Total current assets** 6,255 9,292**TOTAL ASSETS** 1,008,054 1,011,091

(Misen Energy AB)

*All amounts in KSEK*

31 Dec 2013

31 Dec 2012

**Equity****Restricted equity**

Share capital	290,136	290,136
Statutory reserves	345	345
	<u>290,481</u>	<u>290,481</u>

**Non-restricted equity**

Profit/Loss brought forward	697,466	708,527
Profit/loss for the year	-24,565	-11,062
	<u>672,901</u>	<u>697,465</u>

**Total equity** 963,382 987,946**Non-current liabilities**

Long-term loan	37,502	20,033
Other long-term debts to group companies	93	93
	<u>37,595</u>	<u>20,126</u>

**Total non-current liabilities** 37,595 20,126**Total non-current liabilities**

Accounts payable	3,568	1,080
Other short-term liabilities	333	505
Short-term debts to subsidiaries	-	399
Accrued expenses and deferred income	3,175	1,033
	<u>7,076</u>	<u>3,017</u>

**Total current liabilities** 7,076 3,017**TOTAL EQUITY AND LIABILITIES** 1,008,054 1,011,091**Pledged assets** 152**Contingent liabilities** 39

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

<i>All amounts in KSEK</i>	Share capital	Statutory reserves	Share Premium reserve	Retained earnings	Total equity
<b>Equity brought forward 2012-01-01</b>	<b>290,136</b>	<b>345</b>	<b>714,285</b>	<b>-5,757</b>	<b>999,009</b>
<b>Net profit</b>					
Net profit of the year 2012	-	-	-	-11,062	-11,062
<b>Other comprehensive income</b>					
Translation difference	-	-	-	-	0
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-11,062</b>	<b>-11,062</b>
<b>Equity brought forward 2012-12-31</b>	<b>290,136</b>	<b>345</b>	<b>714,285</b>	<b>-16,819</b>	<b>987,947</b>
<b>Equity brought forward 2013-01-01</b>	<b>290,136</b>	<b>345</b>	<b>714,285</b>	<b>-16,819</b>	<b>987,947</b>
<b>Net profit</b>					
Net profit for the year	-	-	-	-24,565	-24,565
<b>Other comprehensive income</b>					
Translation difference	-	-	-	-	0
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-24,565</b>	<b>-24,565</b>
<b>Equity brought forward 2013-12-31</b>	<b>290,136</b>	<b>345</b>	<b>714,285</b>	<b>-41,384</b>	<b>963,382</b>

**CONDENSED STATEMENT OF CASH FLOWS - PARENT COMPANY**

(Misen Energy AB)

	1 Jan-31 Dec 2013	1 Jan-31 Dec 2012
<i>All amounts in KSEK</i>		
Operating activities		
Operating income	-21,905	-11,756
Adjustment for non-cash items	-	-29
Interest received	337	899
Interest paid	-	-206
<b>Cash flow from operating activities before working capital changes</b>	<b>-21,568</b>	<b>-11,092</b>
Cash flow from working capital changes		
Decrease(+)/increase in receivables	-4,588	745
Decrease(-)/increase in accounts payable	2,488	337
Decrease(-)/increase(+) in short term debts	-1,426	-1,281
<b>Cash flow from operating activities</b>	<b>-25,094</b>	<b>-11,291</b>
Investment activities		
Payment of shareholders contribution	-	-900
<b>Cash flow from investing activities</b>	<b>0</b>	<b>-900</b>
Financing activities		
Increase in long-term debt	17,469	20,063
Group contribution	-	1
<b>Cash flow from financing activities</b>	<b>17,469</b>	<b>20,064</b>
Cash flow for the period	-7,625	7,873
Cash at the beginning of the period	8,512	639
<b>Cash at the end of the period</b>	<b>887</b>	<b>8,512</b>

**CONDENSED FINANCIAL AND OPERATIONAL KEY RATIOS**

	1 jan - 31 dec 2013 3 months	1 jan - 31 dec 2013 3 months	1 Jan-31 Dec 2013	1 Jan-31 Dec 2012
<b>The Group</b>				
<b>Financial key ratios</b>				
EBITDA (KSEK)	-4,363	103,867	311,680	360,450
Profit/loss per share before dilution SEK*	0.05	0.48	1.65	1.83
Profit/loss per share after dilution SEK*	0.05	0.48	1.65	1.83
Return on equity (ROE)	n.a.	n.a.	42.0%	74.9%
Return on capital employed (ROCE)	n.a.	n.a.	36.5%	111.6%
Debt/equity ratio	26.8%	23.0%	26.8%	25.1%
Equity ratio	52.0%	56.4%	52.0%	56.4%
Share of risk bearing capital	52.0%	56.4%	52.0%	56.6%
Weighted average number of shares for the period*	145,068,222	145,068,222	145,068,222	145,068,222
Number of outstanding shares before dilution *	145,068,222	145,068,222	145,068,222	145,068,222
Number of outstanding shares after dilution *	145,068,222	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	145,068,222

\*Adjusted for amalgamation of shares 100:1 in January 2012

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

EBITDA (KSEK)	neg	neg	neg	neg
Profit/loss per share before dilution SEK*	neg	neg	neg	neg
Profit/loss per share after dilution SEK*	neg	neg	neg	neg
Return on equity (ROE)	n.a.	n.a.	n.a.	neg
Return on capital employed (ROCE)	n.a.	n.a.	n.a.	neg
Debt/equity ratio	3.7%	2.0%	3.7%	2.0%
Equity ratio	95.6%	99.4%	95.6%	97.7%
Share of risk bearing capital	95.6%	99.4%	95.6%	97.7%
Weighted average number of shares for the period*	145,068,222	145,068,222	145,068,222	145,068,222
Number of outstanding shares before dilution *	145,068,222	145,068,222	145,068,222	145,068,222
Number of outstanding shares after dilution *	145,068,222	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	145,068,222

\*Adjusted for amalgamation of shares 100:1 in January 2012

**Definition of financial key ratios**

- EBTDA (profit before interest, tax, depreciation, write-downs) defined as the group and the parent company's operating profit/loss before depreciation.
- 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.
- 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.
- Return on equity defined as the group and the parent company's profit/loss divided by total equity at the end of period.
- 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).
- Debt/equity ratio defined as the group and the parent company's interest bearing debt divided by equity.
- Equity ratio defined as the group and the parent company's equity including minority owner shares divided by balance sheet total.

**Share capital information**

- Share of risk bearing capital defined as the sum of the group and the parent company's equity and deferred tax liabilities (including minority shares) divided by balance sheet total.
- Number of outstanding shares with full dilution defined as number of outstanding shares including maximum utilized warrants.
- Registration of new share issues took place at the 31st of January, 20th of February and 13th of April 2006 of 4 000 000, 2 537 454 and 6 530 546 shares respectively at a price of 0,25 per share.
- Registration of new share issues took place at the 3rd of November, 21st of November and 22nd of November 2006 of 988 563, 213 000 and 1 700 089 shares respectively at a price of 1,2240 SEK per share.
- Registration of an offset issue took place at the 30th of November 2006.
- Registration of new share issues took place at the 11th of January and the 22nd of February 2007 of 4 650 000 and 1 670 180 shares respectively at a price of 1,2240 SEK per share.
- Registration of a new share issue took place at the 15th of March 2007 of 13 200 000 shares at a price of 1,54 SEK per share.
- Registration of a new share issue took place the 2nd of April 2007 of 10 185 000 shares at a price of 1,54 SEK per share.
- Registration of a new share issue on the 12th of July 2007 of 42 000 000 at a price of 2,40 SEK per share.
- Registration of a new share issue on the 11th of February 2009 of 32 339 802 at a price of 0,60 SEK per share.
- Registration of share capital write-down of 13 849 777,84 SEK on the 6th of May 2010 without reduction in number of shares. Share capital was thereafter 3 462 444,46 SEK. Quota value per share thereafter 0,02 SEK per share.
- Registration of a new share issue on the 2nd of September 2010 of 48 000 000 shares at a price of 0,04 per share.
- Registration of a new share issue on 22nd of September 2011 of 14 285700 000 shares at a price of 0,07 SEK per share.
- 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.