



MISEN ENERGY AB (publ)
Corporate Identity Number 556526-3968

Misen Energy Group 2015 operations and results overview

Table of contents

1. The Misen Group business review	3
1.1. About the Company	3
1.2. History	3
1.3. Joint Activity (JA)	4
1.4. JA development stages	5
1.5. JA key parameters.....	5
1.6. JA investment scope and areas	7
1.7. JA structure.....	7
1.8. JA participants and their roles	8
1.9. JA geography	9
1.10. Competent Persons Report	10
1.11. Ukrainian gas market.....	10
2. Investment program report.....	13
3. Production report	16
4. The Company.....	18
4.1. Board of directors	18
4.2. Board committees	21
4.3. Auditor.....	21
4.4. Management	21
4.5. Ownership structure.....	22
4.6. Comparative performance indicators.....	23
5. Significant events during the year 2015.....	25
5.1. Gas balance situation	25
5.2. Amendment No. 7 to the JAA No.3	25
5.3. Group financial situation and going concern.....	26
5.4. Financing of the Company's Swedish operations	27
6. Essential events after end of the year 2015	31
6.1. Gas balance.....	31
6.2. Financing of the Company's Swedish operations and Contribution to the JA.....	31
6.3. Currency fluctuations.....	31
6.4. Operations of Khrestyshchenska BCS.....	31
6.5. Contribution to the JA	32

1. The Misen Group business review *

1.1. About the Company

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

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

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

1.2. History

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

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

* Data sources for the chapters in “Business review”: Ukraine’s Energy Strategy till 2030, Ministry of Energy and Coal Industry, NJSC Naftogaz, PJSC Ukrgasvydobuvannya Annual Reports, Joint Activity Agreement No.3 dated 10 June 2002, Amendments No. 4, 5, 6 and 7 to the Joint Activity Agreement No.3.

1.3. Joint Activity (JA)

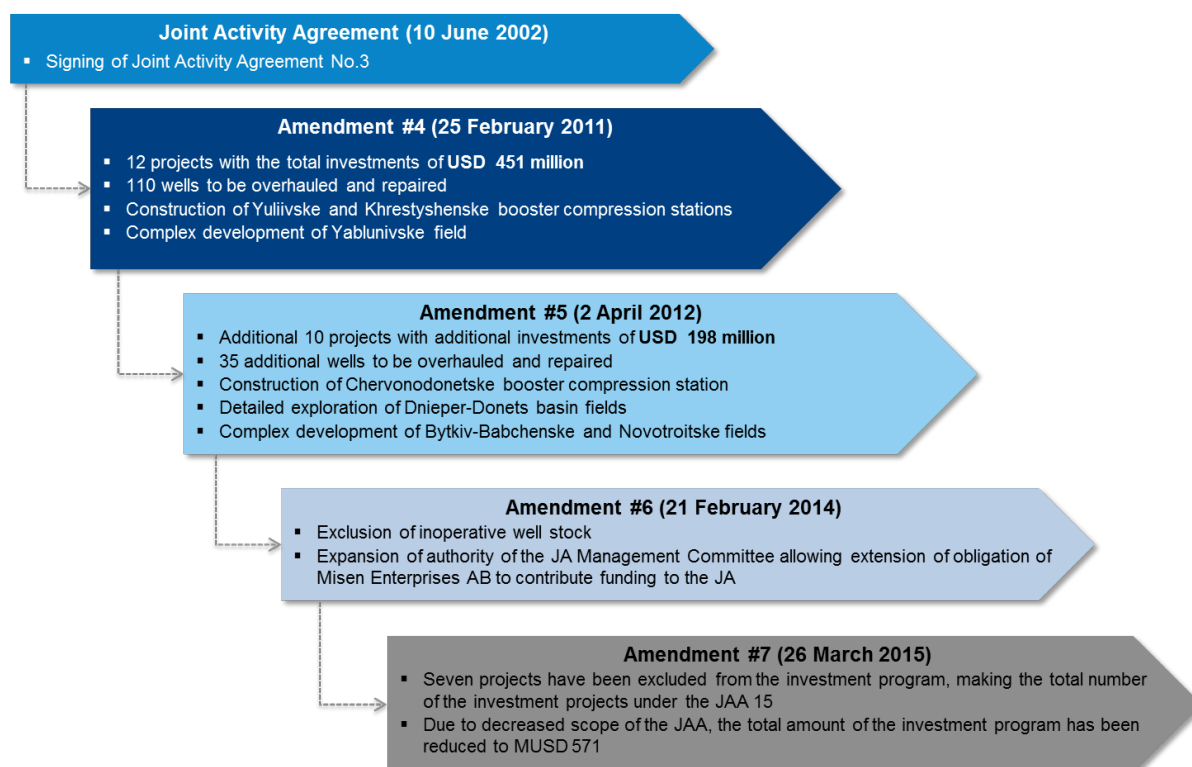
The Company's wholly owned subsidiaries Misen Enterprises AB and LLC Karpatygaz have between them rights to 50.01 % of the net profit after taxes of a large gas and oil production project in Ukraine, the duration of which extends for twenty years starting from 2011. The remaining rights to 49.99% of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

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

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

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

1.4. JA development stages



1.5. JA key parameters

The following could be identified as the key advantages and parameters of the JA business model:

- **Ability to sell gas at the market prices**

Since the Ukrainian State control on the JA is limited to its participation of 49.99%, the JA is free to sell its produce on the commercial terms.

(For more detailed description, please refer to chapter “Ukrainian gas market”).

- **Access to solid reserve base**

The Misen Group led JA has confirmed reserve base of 28.1-34.3 billion cubic meters (“bcm”) of natural gas, 5.8-6.8 million barrels (“MMbbls”) of gas condensate and 3.1-4.5 MMbbls of Liquefied Petroleum Gas (“LPG”). Numbers correspond to proven (“1P”) and proven and probable reserves (“2P”) assessed via the Competent Persons Report (“CPR”). The Misen Group share of net reserves is 50.01%.

The CPR is based on data as of 1 January 2013 and follows the specifications of the Amendment No.5 to the JAA No.3.

- **Technology driven investment program of MUSD 571.**

Investment program has been planned for 2011-2018 and as of the end of 2015 the total performed investment constituted MUSD 368.

During 2015 the JA invested MUSD 23.

The primary focus of the investment program is development of the complex engineering infrastructure that will sustain continuation of gas production in Ukraine at the current levels. *(Please note, these numbers represent historic investment values calculated at the exchange rates valid at the moment of performing specific investments. The current book values of investment presented in SEK in chapter "Financials" differ due to a significant devaluation of Ukrainian currency during 2014-2015 against SEK and USD.)*

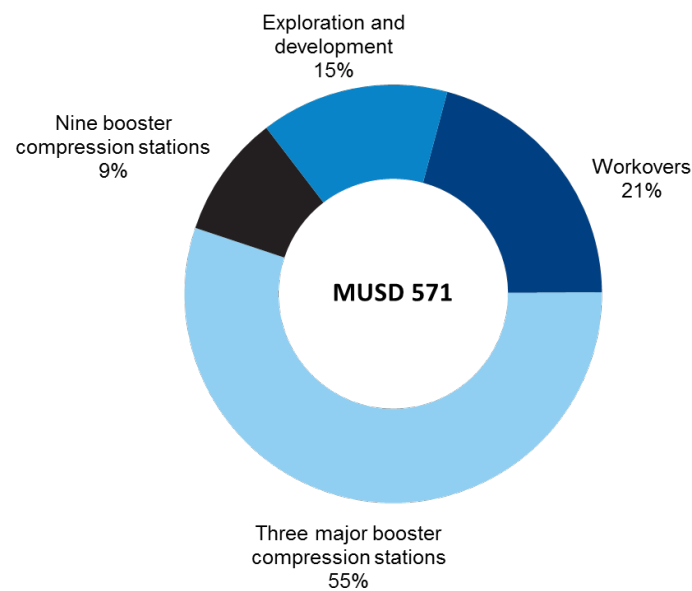
- **Sustainable cash flow allows to support implementation of planned investment program**

As per the JAA No.3, participants of the JA agreed to reinvest all proceeds during 2011-2014.

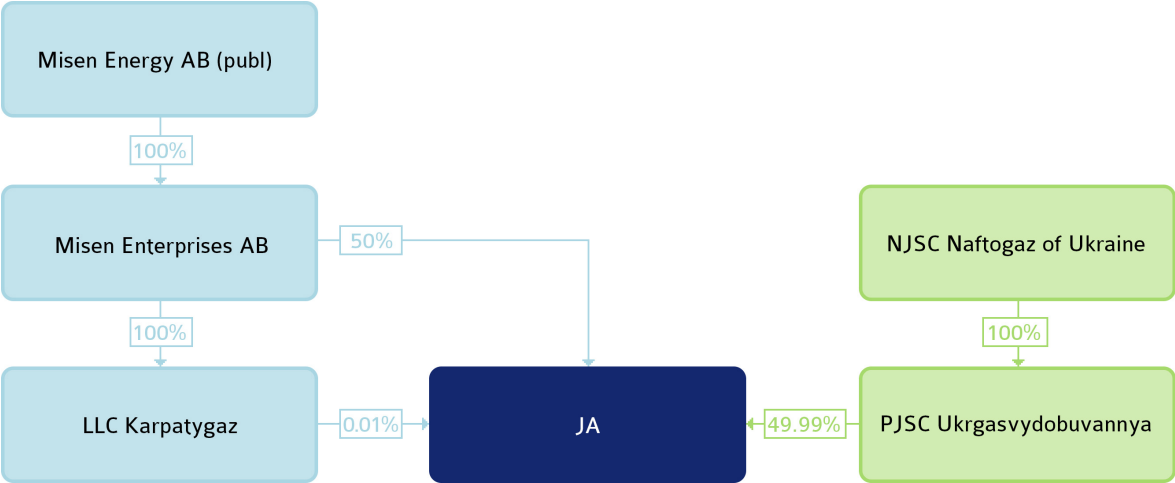
- **Access to the western capital markets and modern technology**

The Misen Group led JA engages a number of western and domestic contractors and suppliers to perform works as agreed in the JAA No.3. The largest share of investment during 2011-2015 went to the suppliers of equipment from the US, Canada and Western Europe. At the same time, challenges with the gas balance in 2013-2014, significant increase in subsoil use charge rate in 2015 as well as the political developments in Ukraine that were coupled with the declining local economy have negatively affected the JA's investment program during 2015. This prevented the Parent Company from the broader engagement with the western capital markets during the year. As the general situation in Ukraine stabilizes, this potential remains to be utilized.

1.6. JA investment scope and areas



1.7. JA structure



1.8. JA participants and their roles

PJSC Ukrigasvydobuvannya is a vertically integrated company with the full production cycle: from the oil and gas fields search and exploration, development and production to processing of raw hydrocarbon deposits and sales of oil product. As the owner of licenses, PJSC Ukrigasvydobuvannya has contributed fifteen projects to the JA and has undertaken to make available on commercial terms its existing infrastructure and manpower resources to extract, treat and transport produced hydrocarbons.

Basic facts about PJSC Ukrigasvydobuvannya:

- produces around 15 bcm of gas annually
- a dominant gas producer in Ukraine with 72-75% market share
- 134 fields under development
- more than 2,300 operating wells
- 10 compressor stations
- around 22,000 people employed

For more detailed information, please refer to the official website of PJSC Ukrigasvydobuvannya:
<http://ugv.com.ua>

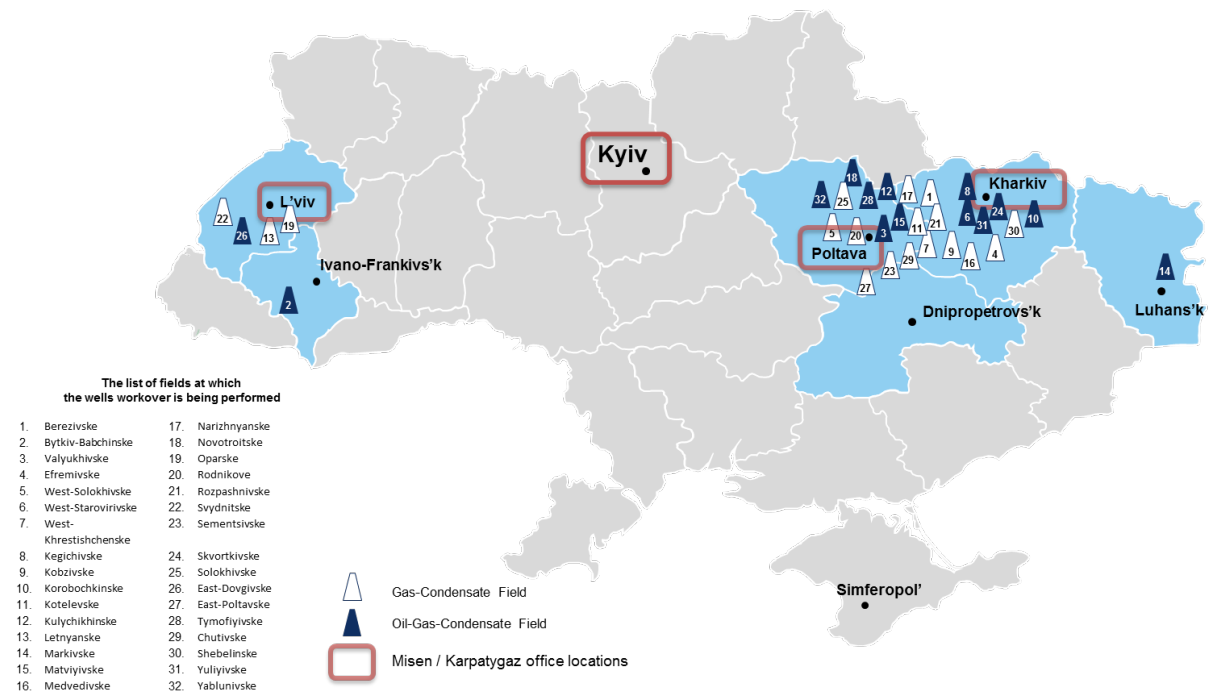
LLC Karpatygas is the Ukrainian member of the Misen Group and is the operator of the JA. It has four offices in Ukraine – headquarters located in Kiev (Kyiv) and regional branches in Kharkov (Kharkiv), Poltava and Lvov (L'viv). A strong team of professionals caters for a profound competence in oil and gas and deep understanding of local business environment. The main task of LLC Karpatygas is to ensure efficient planning, development and operation of the JA projects as well as timely and professional implementation of modern know-how and technologies in Ukraine.

Misen Enterprises AB is responsible for procuring from either its own resources or from third parties commercial funding for the financing of the fifteen if the funding is not sufficient from the cash flow from the projects. This responsibility ultimately rests with the Parent Company as the 100% owner of Misin Enterprises AB.

According to Amendment # 4 the participants have agreed that profit for the years 2011-2014 will be reinvested into JA in full and all future profit shall be distributed to the parties pro rata to their respective interests. Further decision on distribution of profits for the year ended 31 December 2015 will be taken by Management Committee of JA.

1.9. JA geography

Geography of fields where the JA is operating



Geography of Booster Compressor Stations (“BCS”) constructed by the JA



1.10. Competent Persons Report

During 2014 the Company completed works related to assessing and verifying the hydrocarbon reserves and resources allocated to the JA. The 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 subsidiaries Misen Enterprises AB and LLC Karpatygaz as parties of the JA.

The CPR is based on data as of 1 January 2013 and follows the specifications of the Amendment No.5 to the JAA No.3.

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

Net Misen Group 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

1.11. Ukrainian gas market

Reserves

Ukraine’s natural gas reserves constitute 1.1 trillion cubic meters, 71% of which is licensed to PJSC Ukrgasvydobuvannya. Other State companies are licensed with 17% of the country’s proven gas reserves. The remaining 12% is shared among the private corporations and other JAs between private and State companies.

** Reserves are those quantities of petroleum, which are anticipated to be commercially recovered from known accumulations from a given date forward. There is uncertainty inherent in all calculations of reserves which depend on completeness and reliability of geological and engineering data. This uncertainty is expressed by the subdivision of reserves into proved and unproved.*

Proved Reserves (1P) are those quantities of petroleum which, by analysis of geological and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under current economic conditions, operating methods, and government regulations.

Probable Reserves are those unproved reserves which analysis of geological and engineering data suggests are more likely than not to be recoverable.

The category 2P equals Proven Reserves + Probable Reserves.

Consumption

In 2015 Ukraine's natural gas consumption made up 33.8 bcm, which represents a 20.7% drop from the previous year.

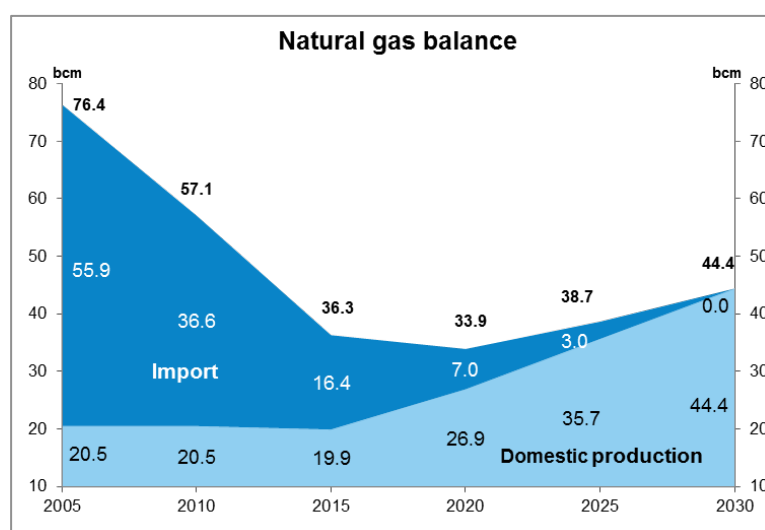
Ukraine's natural gas consumption is decreasing primarily due to reduced industrial consumption, which dropped by 22.2% from 14.4 bcm to 11.2 bcm due to falling industrial production. Heating utilities and population decreased consumption from 8.6 bcm to 7.1 bcm and 15.1 bcm to 11.3 bcm respectively.

Production and imports

Ukraine's domestic natural gas production in 2015 made up 19.9 bcm, which is 1.5% lower compared to 2014 (excluding SJSC Chornomornaftogaz, which was nationalized after Crimea annexation by Russian Federation). PJSC Ukrigasvydobuvannya produced 14.5 bcm (73% market share), from which 1.1 bcm were produced by enterprises established under JAAs. The total gas production by private producers (excluding JAAs) amounted to 3.9 bcm. In 2015 the Misen Group led JA remained one of the leading market players by producing 688 mmcm.

Investments made by the Misen Group will allow domestic production to be sustained and increased, thus contributing to Ukraine's energy independence. Overall, the Misen Group led JA is expected to facilitate an increase of gas production in Ukraine by 28 bcm accumulated for the period till

Due to decreased consumption in 2015 Ukraine imported 15.9% less natural gas (3.1 bcm) compared to the previous year. From these volumes around 6.1 bcm was purchased from the Russian Gazprom, and around 10.3 bcm was imported from European Union. Ukraine once again proved its commitment to strategic initiatives to diversify its imports of natural gas on a major scale by acquiring more than 60% of the total imported gas from its western neighbours such as Poland, Slovakia and Hungary.



Pricing

Natural gas consumers in Ukraine could be divided into three distinct categories: households, utilities and industrial. Until October 1, 2015 prices and tariffs policy were determined and implemented by the National Commission for State Energy and Public Utilities Regulation (“NCSEPUR”). According to the Law of Ukraine “On natural gas market” starting from October 1, 2015 the natural gas prices are established proceeding from the free market principles. However, based on this law the Cabinet of Ministers of Ukraine establishes special pricing regime for households and utilities supplying heat and hot water for household needs during transition period.

This market price is highly dependent on the price of imported natural gas under contract with OJSC Gazprom as well as the prices at the recognized international exchanges. The current natural gas import structure in Ukraine is approximately 40% from OJSC Gazprom and 60% from the European counterparties. The average import price in fourth quarter of 2015 made up SEK 1,997, which is in line with the prices at the biggest natural gas trading hubs in Europe including transportation costs.

According to the recommendations of International Monetary Fund, the Cabinet of Ministers of Ukraine several times raised the natural gas prices for households and utilities supplying heat and hot water for household needs during 2015. As of end of 2015 the prices for households were set in the range from SEK 1,248 to SEK 2,493. The prices for utilities supplying heat and hot water for household needs were approximately SEK 614-786.

Despite numerous increases in the gas price for households and rising of the heating tariffs, both remain among the lowest in Europe and below import parity.

A private enterprise, defined at a minimum of 50.01% private ownership, operating in the local gas market, as is the case of the JA, is allowed to sell natural gas at price set for industrial consumers. This has created a historic precedent for State companies like PJSC Ukrgasvydobuvannya to enter into the JAAs with the private producers in order to facilitate part of production to be sold at the market prices, thus creating platform for income and investments into aging infrastructure.

Gas balance

All gas contained in the Ukrainian gas transportation system, including underground gas storage facilities, is accounted for in the technical gas balances. These gas balances are used for hydrocarbons transportation, accounting, storing and sales purposes.

Gas balance represented the biggest business challenge for the Misen Group and the JA during 2013 and the first half of 2014. Changing geopolitics and efforts of the management team to address the situation proved to be successful and during 2014-2015 the JA did not experience any complications with the gas balance situation.

2. Investment program report

During the year 2015 the Misen Group led JA reached the following milestones:

- The Misen Group's capital expenditure in Ukraine related to the JA activity during January-December 2015 amounted to KSEK 103,108 (KSEK 209,031 in 2014), reaching the total acquisition value of the closing balance of 2015 at KSEK 603,677 (KSEK 726,232), calculated using exchange rate of 31 December 2015.
- 4 wells have undergone complete renovation during 2015, making the total number of operational wells 68.
- 12 wells are undergoing workover.
- 4 Booster Compressor Stations have been commissioned.
- 4 Booster Compressor Stations entered the final stages of construction.

Despite discriminatory subsoil use charge rates established specifically for JAs the Company continued its investment program in 2015. During January-December 2015, the JA commissioned four BCS.

The four BCS commissioned during January-December 2015 are Khrestyshchenska (Kharkiv region), Letnyanska and Svydnitska (L'viv region) and Abazivska (Poltava region).

Khrestyshchenska BCS

The BCS was constructed on the basis of Titan 130 CS gas turbines produced by Solar Turbines International Company (USA) comprising 4 units with the overall capacity of 60 MW. The total investment made by the JA into this project constitutes KUSD 135,300 (KSEK 919,200 using historical exchange rate). Khrestyshchenska BCS represents the largest installation of such kind in Ukraine, effectively supporting up to a quarter of the total domestic production of natural gas. Operating of Khrestyshchenska BCS will allow to maintain production of natural gas within the group of eight fields at the level of 4.65 billion cubic meters ("bcm") per year.



Letnyanska BCS

The BCS was constructed on the basis of the Ariel gas compressor units and Caterpillar drive (USA) supplied by Propak Systems LTD (Canada) with the overall capacity of 1.23 MW. The total investment by JA into this project constitutes KUSD 6,100 (KSEK 41,200). Operating of Letnyanska BCS will allow to maintain the required operating pressures within the Letnyanske field and adjoining Oparske field, and will ensure incremental production of natural gas to the JA at the level of 9 mmcm per year. Along with Letnyanska BCS a gas dehydration skid was commissioned what allow to improve the quality of natural gas supplied to the main gas pipeline system of PJSC Ukrtransgas.



Svydnytska BCS

The BCS was constructed on the basis of the Ariel gas compressor units and Caterpillar drive (USA) supplied by Propak Systems LTD (Canada) with the overall capacity of 0.86 MW. The total investment by JA into this project constitutes KUSD 4,800 (KSEK 33,100). Operating of Svydnytska BCS will allow maintaining the required operating pressures within the Svydnytske field and will ensure incremental production of natural gas to the JA at the level of 7.5 mmcm per year.



Abazivska BCS

Abazivska BCS was constructed on the basis of Ariel gas compressor units and Caterpillar drive (USA) supplied by Propak Systems LTD (Canada) with the overall capacity of 0.79 MW. The total investment by JA into this project constitutes KUSD 5,300 (KSEK 35,500). Operating of Abazivska BCS will allow maintaining the required operating pressures within Abazivske and Sementsivske fields and will ensure incremental production of natural gas to the JA at the level of 7 mmcm per year. Currently, due to disagreement between JA and PJSC Ukrigasvydobuvannya as for the distribution of fuel gas the BCS's operations are halted.



3. Production report

Issues with the gas balance during 2013-2014 have forced the JA to adjust the investment program during 2015. The Company prioritized continued construction of BCS. Progress on well workovers was suspended and certain wells were under-serviced during 2014. This has led to stagnant or even decreasing productivity of certain product categories when compared to the previous reporting periods.

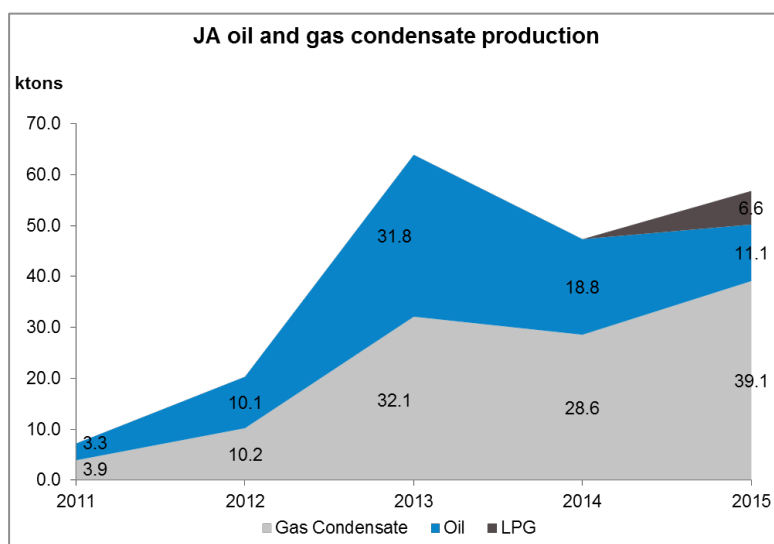
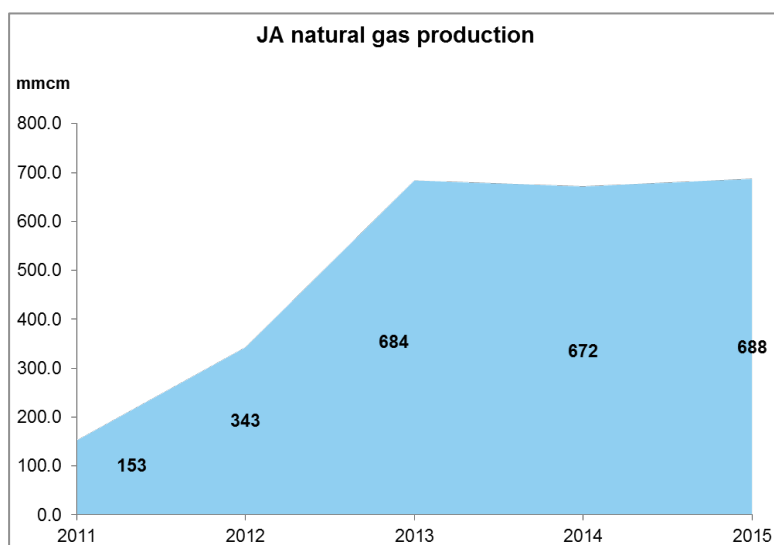
The table below sets forth the **average daily production** indicators by the end of the period:
(Please note these are only the year-end indicators and do not represent the weighted average or median production numbers for any given period)

	Year-end 2015	Year-end 2014	Year-end 2013	Year-end 2012	Year-end 2011
Natural Gas (mmcm)	1.8	1.7	2.0	1.2	0.8
Gas Condensate (tons)	79.4	79.9	98.0	45.8	19.6
Oil (tons)	29.5	24.6	70.7	60.0	13.1
LPG (ktons)	41.7	-	-	-	-

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

	Year 2015	Year 2014	Year 2013	Year 2012	Year 2011
Natural Gas (mmcm)	688	672	684	343	153
Gas Condensate (ktons*)	39.1	28.6	32.1	10.2	3.9
Oil (ktons)	11.1	18.8	31.8	10.1	3.3
LPG (ktons)	6.6	-	-	-	-

**thousand tons*



The total production of the natural gas by the Misen Group led JA, from the inception of the JA in its current form in 2011 till the end of 2015, has reached 2,539 mmcm. This volume represents an incremental or additional production for Ukraine and would have not been produced had the project not existed.

Since September 2014, the Company has been reporting monthly on production and sales results. Please follow our press releases for up to date information.

4. The Company

4.1. Board of directors

The board of directors of the Company and Misen Enterprises AB each comprise the same members.

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



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

Other assignments:

- Board Member at Lords LB Asset Management – the leading real estate, energy and infrastructure funds manager in the Baltics;
- Member of Permanent Court of Arbitration at the Hague, appointed by the Government of the Republic of Lithuania.

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

Hans Lundgren, board member (since 2011)



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

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

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

Other assignments:

- Investment manager with Industor AB, Stockholm, a private equity company;

- Undersecretary for planning with responsibility for privatizing Swedish state-owned companies at the Ministry for Industry and Commerce in Stockholm;
- Assistant science counsellor at the Swedish Embassy in Bonn, Germany;
- Research engineer at ABB in Västerås, Sweden.

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

Dimitrios Dimitriadis, board member (since 2011)



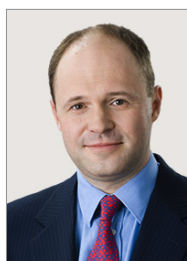
Mr. Dimitriadis is a founding member and managing partner of DD Partners AG. DD Partners AG is a Zürich (Switzerland) based globally acting office offering broad wealth structuring and managing consulting services for international companies and individuals. He acts as a senior fund manager of several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

Other assignments:

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

Dimitrios Dimitriadis holds a degree in economics of the University of Zürich and AZEK, Swiss Training Centre for Investment Professionals. His earlier studies contain a pre-degree in human medicine of the University of Zürich.

Oleg Batyuk, board member (since 2014)



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

Mr. Batyuk has substantial experience in advising international and domestic clients on foreign

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

Other assignments:

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

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

Pavel Prysiazhniuk, board member (since 2014)



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

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

Other assignments:

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

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

4.2. Board committees

The audit committee comprises:

- Dimitrios Dimitriadis as chair
- Pavel Prysiazhniuk as member

The remuneration committee comprises:

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

The AGM 2015 appointed the nomination committee, comprising:

- Sergey Probylov as chair (representing Blankbank Investments Limited)
- Andrius Smaliukas as member, in his capacity as chairman of the board of directors of Misen Energy AB (publ)
- Dimitrios Dimitriadis as member (representing Nellston Holdings Limited)
- Aurimas Augustinavicius as member (representing TCT Holding AB)

4.3. Auditor

PricewaterhouseCoopersAB, auditor-in-charge Johan Palmgren.

4.4. Management

Management of the Parent Company comprises:

Göran Wolff, Managing Director and the Company's CFO

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

Vaiva Burgytė Eriksson, Chief Legal Officer

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

Pavel Stolayev, Group Controller, ACCA

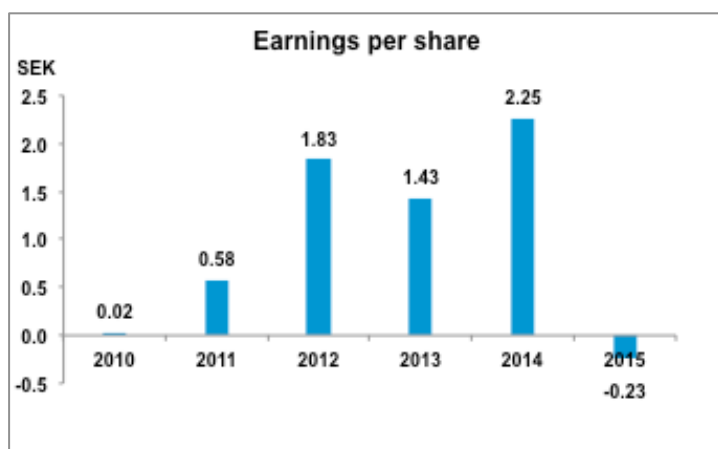
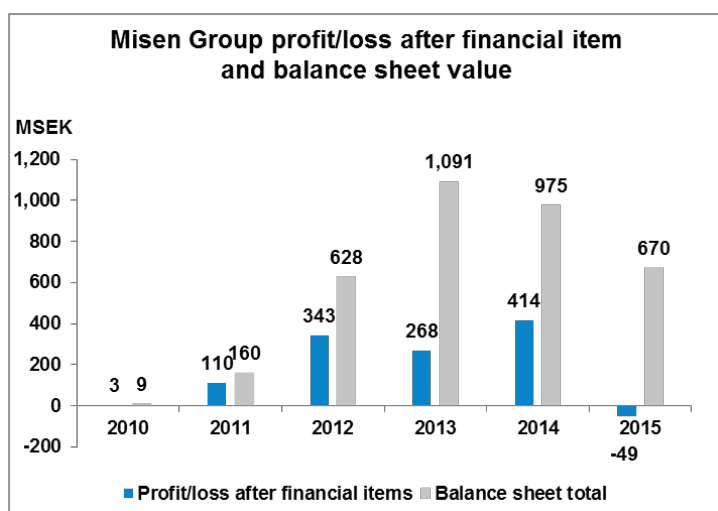
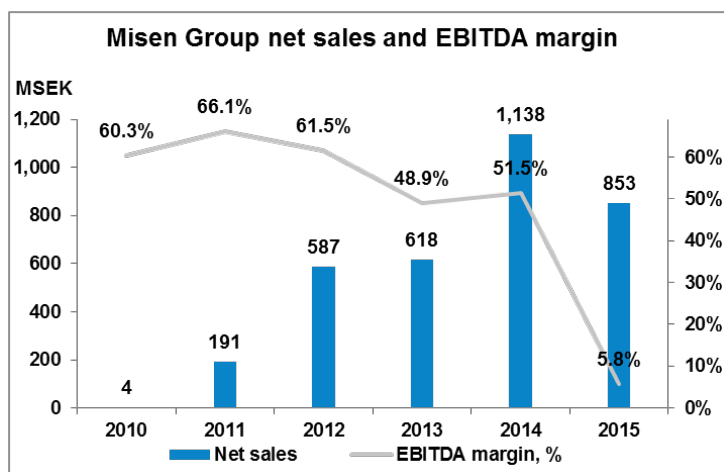
Mr. Stolayev is experienced in investment banking and professional consulting. He worked at Ernst&Young LLC Ukraine in Transactions Advisory Services Department as Executive. Mr. Stolayev holds a diploma with a distinction from Donetsk University of Economics and Law. He has attended training programs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

4.5. Ownership structure

Largest shareholders as of 31 December 2015

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

4.6. Comparative performance indicators



Summary of the Misen Group's and the Parent Company's financial development, covering five past years.

All in KSEK except as indicated otherwise.

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

* Adjusted for reverse split 100:1 in January 2012.

	2015	2014	2013	2012	2011
Parent Company					
Net sales, KSEK	-	-	-	9,542	-
EBITDA, KSEK	Neg	Neg	Neg	Neg.	Neg.
Profit/loss after financial items, KSEK	-583,804	-26,392	-24,565	-11,062	-5,644
Return on equity, %	Neg	Neg	Neg	Neg.	Neg.
Return on capital employed, %	Neg	Neg	Neg	Neg.	Neg.
Balance sheet total, KSEK	473,881	1,022,482	1,008,053	1,011,091	1,003,063
Equity/assets ratio, %	74.5%	91.6%	95.6%	97.7%	99.6%
Proportion of risk-bearing capital, %	74.5%	91.6%	91.7%	97.7%	99.6%
Debt/equity ratio, %	28.9%	7.7%	3.9%	2.0%	0.0%
Number of employees	4	4	2	2	2

Definitions of key ratios are provided in the annual report 2015, please refer to section "Supplementary information".

5. Significant events during the year 2015

5.1. Gas balance situation

The JA was operating without issues in regards to the gas balancing process during 2015. All of the natural gas produced in January through December 2015 has been sold and inventories of unsold produce as of the end of December 2015 constituted a zero balance.

Management understands that the gas balancing process in Ukraine is based on monthly cycles of revisions and revaluations; hence, an uncertainty remains as to the stability and continuity of it. By assessing the fact that the JA had no issues with the gas balance for more than a year, the management concludes that formally the JA has been included into the gas balance during 2015 and there are no signs for this pattern to change for the upcoming period.

All gas condensate and oil produced during 2015 was transferred to further processing and subsequent sales.

At the same time, by understanding that the gas balancing process in Ukraine is based on monthly cycles of revisions and revaluations, an uncertainty remains as to the stability and continuity of this process. This uncertainty is complicating the planning process and negatively affecting continuation of investment programs. In addition, uncertainty is also affected and closely linked to the country, political, tax, financial and exchange rate risks. For details please refer to the corresponding chapters describing these risks

Please also refer to chapter Essential events after the end of the year 2015.

5.2. Amendment No. 7 to the JAA No.3

In May 2015, Amendment No.7 to the JAA was duly registered in accordance with the applicable Ukrainian legislation. Amendment No.7 was signed by the JA participants in late March 2015. The Amendment No.7 alters the scope of the JAA and adjusts and extends implementation of the investment program agreed by the parties of the JA.

The key modifications of the JAA as agreed by the Amendment No.7 are:

- Seven projects have been excluded from the investment program, making the total number of the investment projects under the JAA 15.
- Eleven projects have been reviewed and their investment programs have been adjusted and rescheduled.
- Four projects remain unchanged.
- Due to decreased scope of the JAA, the total amount of the investment program has been reduced to MUSD 571.

- The implementation of the investment program has been extended till 31 December 2018.

Among the principal changes made to the JAA, the following specific items may be noted:

- The total number of well workovers has been reduced to 110 (from previously planned 145).
- The total number of booster compressor stations to be constructed under the JAA has been reduced to 12 (from previously planned 13).
- Misen Enterprises AB's commitment to facilitate additional financing to JA, when required, has been agreed to stay at the original amount of UAH 3 billion (approximately SEK 1.2 billion at the current exchange rate).
- Number of fields included into the operations of Khrestyshchenska BCS was specified, yielding a potential increase to net production volumes attributable to the JA.
- Construction of additional supporting infrastructure has been agreed at Khrestyshchenska BCS to facilitate extraction of propane, butane and gas condensate fractions.

5.3. Group financial situation and going concern

In 2015 JA breached the obligations to pay off the outstanding loan to Sberbank Russia. At the same time, the agreement with Sberbank Russia to restructure the loan based on the new loan repayment terms has been reached. However, the restructuring agreement has not been signed as of the end of December 2015 since the consent was not reached between JAA participants.

Currently, the parties to JAA approved the restructuring terms and the signing of the contract is expected in the nearest future.

In August 2015, Sberbank Leasing filed suit against JA with respect to contracts, which represent leaseback transaction. Based on the experience in similar cases, JA's management expects the positive court ruling.

Taking into consideration the facts outlined above and the fact that JA has stable production and positive cash flows, the board and management believe that JA has sufficient liquidity to cover outstanding obligations to its counterparties.

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

5.4. Financing of the Company's Swedish operations

To secure financing of the Swedish operations, the Company continued arrangements with the Dutch financing fund (Stichting Bewaarder Pluribus Optimum Fund or the "Fund") and with the company Powerful United Ltd ("PUL").

In May 2015, the Company entered into a loan agreement with one of the founding shareholders, TCT Holding AB. During 2015 under the loan agreement with TCT Holding AB, the Company received a KEUR 200 (KSEK 1,839) and KUSD 1,001 (KSEK 8,443), which were directed towards financing of the Company's Swedish operations.

Currently, the Company needs financing of its operations for 2016 and negotiations with the potential finance providers are taking place.

Please also refer to chapter Essential events after the end of the year 2015.

5.5. Operations of Khrestyshchenska BCS

In September 2015 JA commissioned Khrestyshchenska booster compressor station ("BCS"). This BCS is one of the biggest stations in Ukraine; it facilitates extraction of up to 25% of total domestic natural gas production.

However, since commissioning of the Khrestyshchenska BCS JA has a disagreement with the state-owned party PJSC Ukrigasvydobuvannya as for the distribution of incremental production. According to applied methodology, the production of Khrestyshchenska BCS did not exceed the base-line, thus, resulting in zero incremental extraction volumes. Due to this, JA was forced to use part of produced gas to cover the technical needs of Khrestyshchenska BCS operations. Monthly volumes of technical gas amounted up to 9 million cubic meters ("mmcm"). During September-December 2015 the Company incurred losses of KSEK 46,150, which are represented in accounts as other operating costs.

Currently, constructive negotiations are taking place between JA parties and temporary agreement has been reached.

Please also refer to chapter Essential events after the end of the year 2015.

5.6. Subsoil use charge

Starting July 2015, the subsoil use charge for the JAs was increased to 70%. This was done in accordance with the laws adopted by Ukraine during 2014.

The subsoil use charge is payable at the time of production and delivery of gas into the gas transportation system. During 2015 the basis price for subsoil use charge calculation was established

by the Energy and Utilities National Regulatory Commission, which was historically higher than average import price and JA's natural gas sales prices.

The Company's twelve months 2015 results were affected by the abovementioned facts. These facts had a negative impact on the Company's 2015 year results and will have a negative effect on the implementation of the JA investment program.

In November 2015 the Ukrainian parliament adopted Law of Ukraine on Amendments to Tax Code of Ukraine, which was later signed by the President of Ukraine in December 2015. The Law has come into force starting from January 1, 2016. The amendments establish average import price as the basis price for subsoil use charge calculation. Historically the average import price was equal or lower than the natural gas sales price of JA. This new methodology of subsoil use charge calculation will have positive impact on the JA's and the Company's results.

5.7. Currency fluctuations and inflation

The effect of Ukrainian currency depreciation versus SEK is negative during 2015. The rate for UAH towards SEK has decreased from 0.4844 on 31 December 2014 to 0.3468 on 31 December 2015, or by -28,4%. Since the Company's operations and net assets are almost entirely located in Ukraine this has caused a negative effect on the Company's equity. Despite significant depreciation, the currency fluctuations reduced during the year. Main contributors were the provision of loan from the International Monetary Fund and, as a result, growth in international reserves.

To constrain further depreciation of Hryvnia the National Bank of Ukraine has imposed a number of restrictions on operations with foreign currency including: a temporary ban on payment of dividends in foreign currency; a temporary ban on early repayment of debts to non-residents; mandatory sale of 75% of revenue in foreign currency and other restrictions on cash and non-cash operations. The National bank of Ukraine prolonged these restrictions several times during 2015 and the current restrictions are effective until 3 June 2016.

Depreciation of the national currency created pressure on consumer price index. The official inflation rate in Ukraine for 2015 reached 43.3%.

On 11 March 2015 the IMF Executive Board approved a four-year Extended Fund Facility ("EFF") program for Ukraine exceeding USD 17 billion. During 2015 Ukraine obtained first and second tranches in accordance with the program in the amount of USD 5 billion and USD 1.7 billion, respectively. In October 2015, Ukraine reached an agreement with the majority of its creditors for restructuring of part of the national external debt in the amount of USD 15 billion. The restructuring pushes out maturities of restructured debt to 2019-2027, fixing annual interest rate at the level of 7.75% and includes exchange of 20% of the debt into GDP warrants at par value of USD 2.9 billion. There remains a significant portion of debt for which a restructuring has not been agreed to.

After reaching the above restructuring agreement on external debt with the majority of its creditors, the credit rating of Ukraine has improved.

Further disbursements of IMF tranches depend on the implementation of Ukrainian government reforms, and other economic, legal and political factors.

5.8. 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 (“BIT”). 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.

As explained in previous reports and Company announcements, the Ukrainian Government continues targeted discrimination against the Company’s investments in Ukraine by applying a 70% royalty on gas prices fixed by the regulator. If it continues to be applied, the 70% royalty will render it impossible for the Company to realize any return on its investments in Ukraine and ultimately may even 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, estimated at over USD 3 billion.

If the problems described in the notice of investment dispute cannot be settled with the Government of Ukraine within six months, the Company reserves its right to submit the dispute to international arbitration in accordance with the BIT.

5.9. Contribution to the JA

With the total amount of KUSD 3,930 (KSEK 33,085) contributed to the JA by the end of 2015, the subsidiary Misen Enterprises AB has formally failed to comply with the deadline of contributing funds in full amount to the JA, which was set for 31 December 2015 as per the Amendment No.6 to the JAA the No.3.

The Company has been engaged in discussions with the JA partner PJSC Ukrgasvydobuvannya regarding extension of terms of contribution to the JA. As of now, there is no clarity as for the new deadline to finalize the contribution to JA in the light of the outstanding investment dispute between the Company and Ukraine. 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.

5.10. License risks

During 2015 the Misen Group has continued the previously announced investigation regarding

measures required to secure extension of the licenses expiring in 2018.

At present all licenses subject to the JAA No.3 are valid.

All licenses subject to JAA No.3 have been issued to the JA participant PJSC Ukrgasvydobuvannya, who made it available to the JA. According to the JAA No.3, it is the direct responsibility of PJSC Ukrgasvydobuvannya to observe timely extension of expiring licenses and the Misen Group trusts that PJSC Ukrgasvydobuvannya will put maximum effort to secure this process. Under the current legislation and accepted practice in Ukraine, the process of extension of licenses that were properly complied with (not breached) is considered to be standardized and not requiring any additional extraordinary attention from the Company. In addition, in accordance with the JAA No.3, the Parent Company preserves its right to claim compensation for all damages related to non-performance of the JA partner PJSC Ukrgasvydobuvannya, including failure to secure timely extension of applicable licenses.

5.11. 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 led JA meets the environmental requirements in order to maintain existing licenses.

6. Essential events after end of the year 2015

6.1. Gas balance

The JA has continued operating without any issues with the gas balancing process in the beginning of 2016. All of the natural gas produced in January and February 2016 has been sold and inventories by the end of February 2015 constituted zero balance.

6.2. Financing of the Company's Swedish operations and Contribution to the JA

The Company continued borrowing from the shareholder TCT Holding AB in 2016. In February 2016 the Company entered in the financing agreement with Prolux Resources AG, a company registered in Panama, which is controlled by the shareholder Blankbank. The loans received during January-February 2016 were directed towards financing of the Company's Swedish operations. Additional capital is required to ensure going concern during 2016 and to address the going concern issue the Company is negotiating on extended financing with external investors. As of today no further agreements have been made in this context which leaves the problem with the Company's financing for 2016 unsolved.

The remaining part of the obligation for the Company to contribute to the JA MUS\$ 8.6 is still unsolved and depending on the outcome of the investment dispute with the Government of Ukraine.

6.3. Currency fluctuations

During the period January-February 2016, Ukrainian currency depreciated by -8.0% in relation to SEK from 0.3486 to 0.3223.

6.4. Operations of Khrestyshchenska BCS

In the beginning of February 2016 the Company and the JA partner PJSC Ukrgasvydobuvannya had a meeting regarding operations of Khrestyshchenska BCS. During this meeting, preliminary agreement has been reached as for the gas used for the technical needs of Khrestyshchenska BCS. According to this agreement, the subsidiary LLC Karpatygas as an operator of JA will lease the BCS to Ukrgasvydobuvannya with the obligation of the latter to cover the needs of technical gas. The lease agreement assumed to be concluded on a monthly basis. This temporary decision until the final agreement is reached will have positive impact on the JA's results in 2016 compared to 2015.

6.5. Contribution to the JA

According to the Resolution of the National Bank of Ukraine dated March 3, 2016, it is still prohibited to purchase foreign currency and transfer it abroad to pay dividends to a foreign investor. This creates significant uncertainty as for the terms of contribution to the JA by the Company and the ability of the Company to earn the return on its contribution as well as uncertainty as for the reimbursement of capital contribution.