SELENA
OIL & GAS

Consolidated financial statements for the year ended 31 December 2014

Selena Oil & Gas Holding AB

company registration number 556643-6613

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Background information

Selena Oil & Gas Holding AB (publ) ("SOGH", "Parent" or the "Company", and together with its subsidiaries the "Group") is an independent Swedish oil and gas holding company with proved and producing assets located in the Russian Federation. The Group is engaged in the exploration and production of oil in the Volga-Ural region of the Russian Federation, including in Perm. The Volga-Ural region has a well-developed infrastructure as well as a high concentration of heavy industry. Several major oil and gas pipelines pass through the region. 2,5 % of all Russian oil production originates from the Perm Region. The Volga-Ural region is located in the European part of Russia.

The Group was formed in H2 2010 with the purpose to consolidate various oil and gas assets in the Volga-Ural region of the Russian Federation, more specifically in Perm region.

The Group acquired its first energy assets in November 2010. Subsequently, Selena Oil & Gas AB through the reverse acquisition acquired a NASDAQ OMX First North listed company Emitor Holding AB (publ), subsequently renamed to Selena Oil & Gas Holding AB (publ), currently a legal parent company of the Group. The operations of the Group involve the exploration and extraction of oil. The history of the Group's subsidiaries dates back to 1997, and it started oil production in 2000. In 2011 the Group acquired Russian companies OOO Georesurs and OOO KRT-OilGasTrans (renamed to OOO Selena-Oil), together with its subsidiaries, all located in Perm region of Russia. In 2013 oil production was temporarily discontinued due to reorganization and was re-started again in Q2 2014.

The reporting year of the Company is 1 January 2014 – 31 December 2014.

Parent company information

Selena Oil & Gas Holding AB (publ) registration number is 556643-6613 and the legal / postal address of the company is P.O. Box 7614, 103 94 Stockholm, Sweden.

The Swedish parent company Selena Oil & Gas Holding AB (publ) is a holding company without significant operations. It supports the subsidiary companies with financing and pursues the Group's strategy in terms of new acquisitions and M&A initiatives as well as has the corporate headquarter and investor relations function. Therefore, the parent had no income in 2014.

Board of Directors and CEO

Lars Bergström, Chairman of the Board of Directors

Mr. Lars Bergström has more than 20 years of experience working in Russia. After his studies at the Stockholm School of Economics, he joined the Swedish Ministry of Foreign Affairs where he served as a Vice Consul in Leningrad in 1991 and as First Secretary in Stockholm 1992-93. In 1993, he was recruited by Harvard University to act as advisor to the Government of Russia. In 1995 he established the Russian investment banking operations of the Dutch bank ABN Amro, and acted as its CEO until 1999 when he joined Swedish bank SEB Enskilda to establish and manage its Russian operations. In 2006, he joined Carnegie Investment Bank in Stockholm, to manage its Russia/CIS related business. Mr Lars Bergström, is also in his capacity as Board Member of the Swedish Camber of Commerce for Russia and CIS, actively involved in promoting and facilitating trade and investments between Scandinavia and Russia.

Jürgen Lamp, Member of the Board of Directors

Mr. Lamp (born in 1971) is an Estonian national, and holds M.Sc. in Economics. His early work experience includes KPMG Estonia and McKinsey's Scandinavian office. In 1996 Mr. Lamp was invited to join the Management Team of the Union Bank of Estonia. Mr. Lamp started there as a Marketing Director moving on to become Head of Strategy and Organization in 1998 and Head of Asset Management, Life Insurance and Private Banking in 2000. He had a key role in modernizing the bank and developing it into the 2nd largest bank in the Baltics after Hansabank. In 2002 Union Bank of Estonia was sold to one of the largest Swedish banking groups SEB.

Indrek Rahumaa, Member of the Board of Directors

Mr. Rahumaa (born in 1972) is an Estonian national. In 1995 Mr. Rahumaa graduated from the Stockholm School of Economics. Mr. Rahumaa was a founding member and a partner of Baltic Cresco Investment Group AS, a founding member of Tallinn Stock Exchange and served as the CFO for the Estonian national air carrier Estonian Air. Mr. Rahumaa is the managing partner and chairman of the board of the Alta Capital Partners, a Baltic and CEE investment group. For seven years, Mr. Rahumaa has served as a member of the Listing Committee of the OMX Tallinn Stock Exchange and has served on the boards of Mieszko and Silvano Fashion Group, companies listed on Tallinn and Warsaw stock exchanges.

Per Olof Sjöstedt, Member of the Board of Directors, member independent from the management and major shareholders

Per Olof Sjöstedt (born 1953) is an experienced corporate manager. Mr Sjöstedt graduated from the Royal Institute of Technology (Stockholm) with a Master's degree in electrical engineering and Stockholm University with a Bachelor's degree in Politics and Russian language. Mr Sjöstedt joined Ericsson Group in 1978 where he worked for 16 years (last position was the president of Ericsson Russia) before he started to lead Emerson Electric (Moscow) in 2002 as the general director. In 2005 Mr Sjöstedt joined TeliaSonera where he held the position of VP of Russian operations and in 2005 he also was elected as the board member of ZAO Megafon (Moscow). In 2008 Mr Sjöstedt continued to work as the Strategy Director at ZAO MegaFon (Moscow).

Paul Waern, Member of the Board of Directors, member independent from the management and major shareholders (holding 1,684,560 (3.23%) shares in the Company as of 31 December 2014)

Mr. Paul Waern (born 1950, MSC in Mining) is an experienced oil and gas engineer. Mr. Waern has served more than 30 years in the international oil and gas industry. The addition of Mr. Waern as an investor in Selena will add significant industry expertise to the Company.

Magnus Stuart, CEO

Mr. Magnus Stuart (born 1954, MSC in Metallurgy and – MBA of Stockholm School of Economics) is an experienced corporate governor. His early work experience includes international management positions in Scania Group, Swedish Match and as manager and management consultant in Indevo. In 1997 Mr. Stuart was invited to join Investment AB Öresund as CEO of Ven Capital AB with focus on VC investments. Between 2000-2002 he led a subsidiary of AB Custos with focus on VC investments. From 2004 and onwards Mr Stuart operates as an independent financial advisor, turn-around CEO and investor. He has served as advisor to Baltic Sea Foundation since 2004. Between 2008 and 2012, Mr Stuart served as CEO of Ginger Oil AB, a junior upstream oil & gas company with operations in USA. Mr Stuart serves as executive board member to LightLab Sweden AB, listed on OMX/First North, and as board member of Ginger Oil AB listed on NGM-Equity.

Shareholders

The largest shareholders of the Company as at 31 December 2014 were the following:

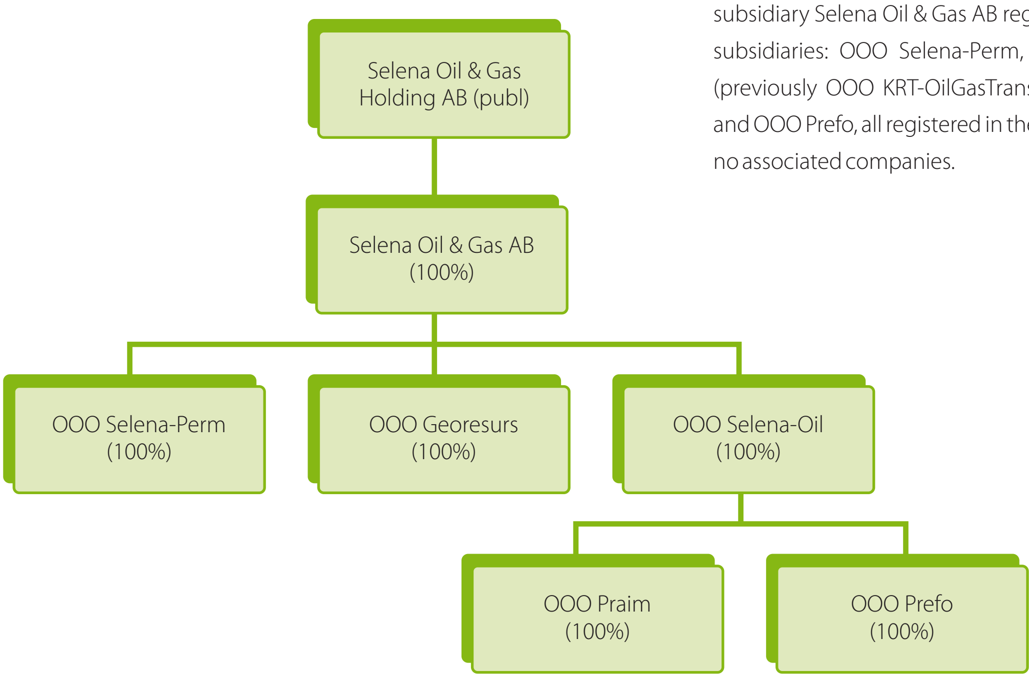
Shareholder	Number of Shares	Proportion
Bryum Estonia	14 336 062	27,52%
Altare Energy	14 249 137	27,35%
Yuri Gusev	9 147 755	17,56%
OU SEE	6 000 000	11,52%
Others	8 365 523	16,05%
Total	**52 098 477**	**100,00%**

Auditors

PricewaterhouseCoopers Sweden is the Company's auditor. The auditor in charge is the authorized public accountant Martin Johansson.

Group structure

As of the date of this report, the structure of the Group is presented below:



As of 31 December 2014 the Group consisted of Selena Oil & Gas Holding AB (previously Emitor Holding AB, further SOGH), its subsidiary Selena Oil & Gas AB registered in Sweden, and three 100% subsidiaries: OOO Selena-Perm, OOO Georesurs, OOO Selena-Oil (previously OOO KRT-OilGasTrans) with its subsidiaries OOO Praim and OOO Prefo, all registered in the Russian Federation. The Group has no associated companies.

Environmental impact of the operations

The group's operations, which are often potentially hazardous, are subject to the risk of liability arising from various environmental, health, safety and other laws and regulations, including those inherent to oil exploration and production industries. In particular, petroleum operations are subject to extensive federal and regional environmental laws and regulations. These laws and regulations set various standards for health and environmental quality, provide for penalties and other forms of liability for the violation of such standards, and establish, in certain circumstances, obligations to compensate environmental damage and to restore environmental conditions. The group incurs, and expects to continue to incur, capital and operating costs in order to comply with health, safety and environmental laws and regulations.Group's core assets and licences

In 2014 SOGH held licences for three oil fields (Borkmosskoye, Fedortsevskoye, Kulighinskoye) and one oil and gas field (Komarikhinskoye). SOGH furthermore owns two active oil wells located on the Fedortsevskoye oil field and the necessary infrastructure for operating its assets.

The company's reserves and prospective resources are as follows:

Mmboe	1P	2P	3P
Kulighinskoye field	2.2	4.4	7.1
Fedortsovskoye field	2.8	6.6	9.1
Borkmoskoye field	0.7	1.0	3.1
Komarihinskoye field	1.0	2.6	4.5
Tayozhniy area	2.6	3.7	8.1
Tokaresvskiy area		no assessment	
Total	**9.2**	**18.2**	**31.9**

In Q3 2014 the Group's subsidiary OOO Georesurs returned the licence for prospective resources on Chikalinsky block to the local agency for the natural resources due to anticipated failure to comply with the license requirements in the set deadline. The Chikalinsky block's prospective resources amounted to 25.8 Mmboe and pg adjusted to 7 Mmboe. The block historically has never been assessed as a key strategic development priority to the Group. With limited availability of financing, investment priorities are focused on Fedorsevskoye, Kuliginskoye and Borkmosskoye.

As the result of returning Chikalinsky, the historical investment value assigned to this block was written off, and the loss recorded in 12M 2014 amounted to 3,437 TSEK.

Operational review and significant events in 2014

A creditor's filing of a bankruptcy of the Group's subsidiary Selena Oil & Gas AB

On 17 March 2014 Selena Oil & Gas Holding AB received a bankruptcy petition from a creditor, filed at the district court of Stockholm (Stockholms Tingsrätt). The petition was filed by the creditor in relation to the unsettled debt. The bankruptcy petition was subsequently withdrawn on the basis of settlement agreement between the Company and the creditor.

Establishing a full control over Komarihinskoye oil and gas field

On 2 April 2014 the Company reported that it has through its subsidiary Selena Oil & Gas AB (SOG) completed a transaction in order to regain full control of OOO Selena-Perm. OOO Selena-Perm has been reorganized during 2013, as communicated earlier, and holds the license for Komarihinskoye oil and gas field.

The agreement for SOG to regaining full control of OOO Selena Perm was signed on 12 March 2014. The transaction was registered with local authorities on 25 March 2014. No cash transfer has been involved in the settlement of the transaction. As a consequence of this transaction, Selena Oil & Gas AB as sole shareholder of OOO Selena-Perm, exercises full control over the restructured subsidiary and its main asset - Komarihinskoye oil and gas field.

Delisting from First North Premier

On 6 March 2014 the Disciplinary Committee of NASDAQ OMX made its decision to dismiss Selena Oil & Gas Holding AB shares from trading on First North Premier. The company's shares were for a transitional period until 9 May 2014 continued to be traded on First North Premier. The complete decision from the Disciplinary Committee is available on NASDAQ OMX's website.

The Company's shares were removed from trading on NASDAQ OMX First North Premier on 9 May 2014. As a result, the trading of the Company's shares will be interrupted for a period of time. The Company considers that the Disciplinary Committee's decision is unfair and detrimental to the interest of shareholders.

It is the Company's intention, to seek listing of its shares as soon as possible, at an exchange for public trading which is attractive to its shareholders. Preparatory work has been on-going and it's the management's opinion that, even if progress has been very disappointing during 2104, a solution will be ready to be presented soon.

Principal obstacles for the Company to apply for a relisting are related to the Company´s legal disputes with shareholder Yuri Gusev.

Start of production from Fedortsovskoye field

On 5 May 2014 the Company announced reaching an important milestone in its strategy to establish oil production by conducting a production test of well 24, located on the Fedortsevskoye oil field. On 18 August 2014 the Company informed public that the conducted production tests of well 21, the second well located on the Fedortsevskoye oil field.

AGM resolutions

The Annual General Meeting of Selena Oil & Gas Holding AB (publ) on 25 June 2014 resolved to adopt the submitted income statement and balance sheet, the consolidated income statement and the consolidated balance sheet for 2013. The AGM also adopted the proposed dispositions of the Company's result as presented in the Company´s Annual Report for 2013.

Shareholders representing more than ten percent of capital and votes, voted to deny discharge from liabilities for Directors Nadezhda Popova, Yuri Gusev, Oleg Popov, Dmitry Ermakov, Aleksejs Rjabijs, Lars Bergström, Jürgen Lamp, Indrek Rahumaa, Per-Olof Sjöstedt, Poul Waern and Staffan Torstensson and also for CEO Magnus Stuart.

The AGM resolved to re-elect Board members Lars Bergström, Indrek Rahumaa, Jürgen Lamp, PeO Sjöstedt, and Paul Waern. It was noted that Staffan Thorstensson declined re-election. PricewaterhouseCoopers AB was re-elected as auditors, with Martin Johansson as responsible auditor until end of the Annual General Meeting 2015. It was resolved to set Director's fees at SEK 125,000 for each Board member and at SEK 150,000 for the Chairman. The auditors will be paid in accordance to approved invoicing.

It was resolved to authorize the Board of Directors with a mandate to decide on new share issues as proposed in the notice to the AGM. The AGM also resolved to adopt the proposed principals for establishment of appointment of a Nomination Committee

The special audit report was submitted at the AGM in accordance to the resolution made at the AGM 2013 to adopt the presented special audit report.

Reprobation of decision made at the Annual General Meeting on 25 June 2014

On 3 September 2014 the Company informed the public that it has received a petition on a reprobation of an outright decision made at the Company´s Annual General Meeting, held on 25 June 2014. The petition was filed with the district court of Stockholm (Stockholms Tingsrätt).

The petition has been filed by a shareholder in Selena Oil & Gas Holding AB (publ) and is challenging the resolution made by the AGM in June, mandating the Board of Directors to decide on, and execute emissions of new shares, until the next AGM. It is the Board of Directors opinion that the petition is unfounded.

A creditor's filing of a bankruptcy of the Group's subsidiary Selena Oil & Gas AB

On 23 December 2014 Selena Oil & Gas Holding AB received a bankruptcy petition from the creditor, filed at the district court of

Stockholm (Stockholms Tingsrätt). The petition was filed by the creditor in relation to the unsettled debt. The bankruptcy petition was subsequently withdrawn on the basis of settlement agreement between the Company and the creditor.

Production and investments

In May 2014 the Company reached an important milestone in its strategy to establish oil production by conducting a production test of well 24, located on the Fedortsevskoye oil field. Subsequently, the production tests of another well on the same field, well 21, were conducted. The company started production from well 24 in September 2014 and from well 21 – in October 2014. The production from well 24 was around 35 bbl of oil per day and the production from well 21 reached 70 bbl per day in December 2014.

In total 8.3 thousand bbl were produced in 2014 and average production was 76.4 bbl per day during producing period in 2014. The plan for next developments include addition of an increased storage capacity and the construction of a subsurface pipeline, connecting well 21 to the Fedortsevskoye production terminal as well as constructing a permanent electricity supply connection to local high volt grid.

Selena Oil & Gas Holding AB has now established capacity to produce both from well 21 and well 24 and is preparing plans for financing the acquisition of the third well, well 23 on Fedortsevskoye oilfield. Oilfield Fedortsevskoye holds estimated 2.8 million bbl of 1P and 6,6 million bbl of 2P reserves, and has an estimated potential of reaching a daily production of 1 500 bbl, fully developed.

In December 2014 the company received a commercial proposal from LUKoil for further acquisitions of temporarily abandoned wells located on oilfields licensed to the Company. The commercial proposal includes three wells on Kuliginskoye field, well 23 on Fedortsevskoye field as well as one well on Komarichinskoye field. The Company has set its investment priorities and is active to solve financing of its investment plan.

Investments amounted to 2,830 TSEK in 2014 and related to improvement of wells and infrastructure related investments on Fedortsovskoye field.

Employees

As of 31 December 2014 the Group employed 5 employees (31 December 2013: 5 employees) and average number of employees in 2014 was 5 (2013: 42 employees), including 2 women (40%). The Group outsources its geological activities as well as production and logistics related operations.

The board consisted of 5 board members, all of whom are men (6 board members as of 31 December 2013, all men).

Financial result

The Group's sales amounted to 5,190 TSEK in 2014 representing a decrease of 95% as compared to sales of the respective period in 2013 mainly due to the period of temporary discontinuance of production from July 2013 up to Q2 2014. During the period of test production from wells 24 and 21, the Company was able to sell the lifted crude oil with initial impurities at discounted price. After receiving a formal authorization to produce oil, sales commenced in September 2014 from well 24 and in October 2014 from well 21.

EBITDA amounted to a loss of 4,977 TSEK in 2014 as compared to a loss of 9,088 TSEK in respective period in 2013. EBITDA was negatively impacted by the write off of the investment value of the Chikalinsky block; the loss recorded in 2014 amounted to 3,437 TSEK as the result of impairment assessment.

However, EBITDA was positively impacted by the gain related to forgiveness of a loan by Ms. Nadezhda Popova to the Group's subsidiary OOO Selena-Perm in the amount of 2,509 TSEK (recorded as other income in 2014).

Net result for 2014 was a loss of 8,137 TSEK including net finance loss in amount 2,963 TSEK.

Investments

Investments amounted to 2,830 TSEK in 2014 and mostly related to buy-out and improvement of wells and infrastructure related investments on Fedortsovskoye field.

Financial position

Total assets of the Group amounted to 79,489 TSEK and decreased by 17.0% as compared to the position as of 31 December 2013. The decrease is mainly due to Russian subsidiaries' assets being denominated in RUB and thus their value decrease in SEK terms after devaluation of RUB in Q4 2014.

The Group's equity attributable to the equity holders of the Company amounted to 42,179 TSEK as of 31 December 2014 and decreased from 64,151 TSEK as of 31 December 2013. The decrease is mainly due to negative currency translation reserved from the intergroup lending in RUB.

Total loans and borrowings amounted to 15,811 TSEK and increased by 19.9% as compared to the balance as of 31 December 2013. For further details of the borrowings please refer to note 15 of this report.

Cash and cash equivalents balance increased from 66 TSEK to 572 TSEK as of 31 December 2014.

Significant events after the balance sheet date

There have been no events from the last day of the reporting period until the date of these financial statements have been signed, as a result of which the adjusted would be needed to these financial statement or which would have to be explained in these financial statements.

Corporate Governance Report

The Company has prepared a Corporate Governance Report which is available on the Company's web site www.selenaoil.com

Annual General Meeting 2015

Annual General Meeting will be held in Stockholm on 17 June 2015.

Proposed allocation of earnings

The statements of comprehensive income and financial position of the Parent Company and the Group are subject to adoption by the Annual General Meeting on 17 June 2015.

Funds in the Parent Company available for distribution, in TSEK:

Share premium	331,867
Retained earnings	(329,758)
Loss for the year	(4,415)
Total	**(2,306)**

The Board of Directors propose the following distribution, in TSEK:

To be carried forward	(2,306)
Total	**(2,306)**

Financial statements

The result of the Group's operations and financial position at the end of the financial year are shown in the following income statement, statement of comprehensive income, statement of financial position, statement of cash flow, statement of changes in equity and related notes, which are presented in thousand SEK.

The Parent Company's statement of comprehensive income, statement of financial position, statement of cash flow, statement of changes in equity and related notes are presented in thousand SEK and can be found on pages 33-42.

Financial calendar

The subsequent financial reports will be disclosed on the following dates:

29 May 2015	Interim Report for Q1 2015
17 June 2015	Annual General Meeting
28 August 2015	Interim Report for Q2 and H1 2015
30 November 2015	Interim Report for Q3 and 9M 2015
29 February 2016	Interim Report for Q4 and 12M 2015

Key ratios

Group	**31.12.2014**	**31.12.2013**	**31.12.2012**	**31.12.2011**
Total assets, TSEK	79,489	95,751	147,858	138,883
Total equity, TSEK	42,179	64,151	83,258	95,918
Equity ratio, %	53.06%	67.00%	56.31%	69.06%
Interest bearing debt, TSEK	15,811	13,187	28,491	21,703
Employees at the end of the period	5	5	89	89
Return on equity, %	-15.31%	-21.30%	-11.14%	-13.25%
Per share data				
Earnings per share, SEK	(0.16)	(0.30)	(0.19)	(0.19)
Equity per share, SEK	0.81	1.23	1.60	2.23

Key ratio definitions

Total assets, TSEK	Total assets at end of period
Total equity, TSEK	Total equity at end of period
Equity ratio, %	Total equity according to the above divided by total assets expressed as a percentage
Interest bearing debt, TSEK	Total interest bearing debt at end of period
Earnings per share, SEK	Net result after tax for the period divided by the average number of outstanding shares for the period before dilution
Equity per share, SEK	Total equity according to the above divided by the total number of shares outstanding at end of period
Return on equity, %	Net result after tax for the period divided by the average equity for the same period

Consolidated Statement of Financial Position as of 31 December 2014

In thousand SEK	*Note*	**31 December 2014**	**31 December 2013**
ASSETS			
Non-current assets			
Property, plant and equipment	*6*	7,734	8,240
Intangible assets	*7*	61,559	75,631
Deferred tax asset	*8*	725	1,086
Total non-current assets		**70,018**	**84,957**
Current assets			
Inventories	*9*	15	0
Accounts receivable and prepayments	*10, 26*	8,783	10,604
Loans issued	*11, 26*	101	124
Cash and cash equivalents	*12, 26*	572	66
Total current assets		**9,471**	**10,794**
TOTAL ASSETS		**79,489**	**95,751**
EQUITY AND LIABILITIES			
Equity			
Share capital		70,471	70,471
Other equity		15,115	15,115
Translation reserve		(24,996)	(11,161)
Retained earnings		(18,411)	(10,274)
Equity attributable to equity holders of the company	*13*	**42,179**	**64,151**
Non-current liabilities			
Deferred tax liabilities	*8*	0	36
Loans and borrowings	*15, 26*	152	334
Total non-current liabilities		**152**	**370**
Current liabilities			
Loans and borrowings	*15, 26*	15,659	12,853
Accounts payable and accruals	*16, 26*	20,243	17,566
Current income tax payable		1	8
Taxes payable	*17*	1,255	803
Total current liabilities		**37,158**	**31,230**
Total liabilities		**37,310**	**31,600**
TOTAL LIABILITIES AND EQUITY		**79,489**	**95,751**

The accompanying notes on pages 14-32 form an integral part of these financial statements.

Consolidated Income Statement for year ended 31 December 2014

In thousand SEK	*Note*	**2013**	**2013**
Sales revenue	*18*	5,190	103,770
Cost of goods sold	*19*	(1,852)	(96,949)
Gross profit		**3,338**	**6,821**
Selling, general and administrative expenses	*20, 30, 31*	(6,169)	(9,177)
Operating loss		**(2,831)**	**(2,356)**
Finance income	*21*	0	25
Finance expenses	*22*	(2,963)	(3,442)
Other income	*23*	2,519	2,107
Other expenses	*24*	(4,810)	(11,466)
Profit before income tax		**(8,085)**	**(15,132)**
Income tax	*8*	(52)	(564)
Net income / (loss)		**(8,137)**	**(15,696)**
Earnings per share			
Basic earnings per share (SEK)	*14*	(0.16)	(0.30)
Diluted earnings per share (SEK)	*14*	(0.16)	(0.30)

Consolidated Statement of Comprehensive Income for year ended 31 December 2014

In thousand SEK	**2014**	**2013**
Net income	**(8,137)**	**(15,696)**
Other comprehenisve income		
Currency translation	7,992	1,472
Currency translation loss on intragroup lending	(21,827)	(4,883)
Total comprehensive income / (loss), net of tax	**(21,972)**	**(19,107)**

The accompanying notes on pages 14-32 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity for year ended 31 December 2014

In thousand SEK	Share capital	Other Equity	Currency translation	Retained earnings	Total
As of 31 December 2012	**70,471**	**15,115**	**(7,750)**	**5,422**	**83,258**
Comprehensive income					
Net profit / (loss) for the period	0	0	0	(15,696)	(15,696)
Other comprehensive income					
Effect on consolidation of foreign subsidiaries	0	0	1,472	0	1,472
Currency translation loss on intragroup lending	0	0	(4,883)	0	(4,883)
Total comprehensive income	**0**	**0**	**(3,411)**	**(15,696)**	**(19,107)**
As of 31 December 2013	**70,471**	**15,115**	**(11,161)**	**(10,274)**	**64,151**
Comprehensive income					
Net profit / (loss) for the period	0	0	0	(8,137)	(8,137)
Other comprehensive income					
Effect on consolidation of foreign subsidiaries	0	0	7,992	0	7,992
Currency translation loss on intragroup lending	0	0	(21,827)	0	(21,827)
Total comprehensive income	**0**	**0**	**(13,835)**	**(8,137)**	**(21,972)**
As of 31 December 2014	**70,471**	**15,115**	**(24,996)**	**(18,411)**	**42,179**

The accompanying notes on pages 14-32 form an integral part of these financial statements.

Consolidated Statement of Cash Flows for year ended 2014

In thousand SEK	**2014**	**2013**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	(8,085)	(15,132)
Adjustments for:		
Depreciation, depletion and amortization	145	2,627
Finance income	0	(39)
Finance costs	1,159	1,333
Other finance (income) / expense	0	200
Loss on disposal of a subsidiary	0	1,231
Gain on loan forgiveness	(2,509)	0
Loss on assets transfer	0	4,124
Write down of assets	4,342	0
(Gain) / loss on disposal of assets	0	71
Net foreign exchange (gain) / loss	27	105
Operating cash flow before changes in working capital	**(4,921)**	**(5,480)**
Changes in working capital:		
Change in accounts receivable	1,403	943
Change in inventories	(15)	3,636
Change in accounts payable and accruals	2,586	(1,971)
Change in taxes payable	718	(4,149)
Net cash generated by operating activities	**(229)**	**(7,021)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	0	6
Issuance of loans	(22)	(672)
Disposal of a subsidiary, net of cash disposed of	0	5,188
Proceeds from sale of property, plant and equipment	0	137
Purchase of property, plant and equipment	(2,830)	(9,084)
Purchase of intangible assets	(522)	(617)
Net cash used in investing activities	**(3,374)**	**(5,042)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	6,264	10,687
Repayment of borrowings	(827)	(4,373)
Repayment of interest	0	(312)
Net cash used in financing activities	**5,437**	**6,002**
Currency translation effect	**(1,328)**	**5,852**
Net change in cash and cash equivalents	**506**	**(209)**
Cash and cash equivalents at the beginning of the period	**66**	**275**
Cash and cash equivalents at the end of the period	**572**	**66**

The accompanying notes on pages 14-32 form an integral part of these financial statements.

1 Reporting Entity

Selena Oil & Gas Holding AB (the "Company") is a company domiciled in Sweden. The address of the Company's registered office P.O. Box 7614, 103 94 Stockholm, Sweden, register code 556643-6613. The consolidated financial statements of the Company as at and for the year ended 31 December 2014 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

As of 31 December 2014 the Company has one direct subsidiary Selena Oil & Gas AB which in turn has three subsidiaries, which are OOO Selena-Perm, OOO Georesurs and OOO Selena Oil which in turn has its own 2 subsidiaries OOO Praim and OOO Prefo. The subsidiaries are engaged in oil and gas exploration and production in the Russian Federation.

2 Operating Environment of the Group

The Group, through its operations, has a significant exposure to the economy and financial markets of the Russian Federation. The Russian economy started stagnation in 2014, with continued lowered domestic demand. The Russian Ruble has during second half of 2014 fallen dramatically against the USD and EUR, inflation has increased, and its economic growth has slowed down.

Increased geopolitical risks and the new environment of policy uncertainty and sanctions had an additional negative impact on economic activities in 2014. It hit the economy through three channels: (1) increased volatility on the exchange rate market and a significant depreciation of the national currency; (2) limited access to international financial markets for banks and non-financial corporations, and (3) suppressed business and consumer confidence about future growth prospects.

The tax, currency and customs legislation within the Russian Federation is subject to varying interpretations and frequent changes. The future economic direction of the Russian Federation is largely dependent upon the effectiveness of economic, financial and monetary measures undertaken by the Government, together with tax, legal, regulatory and political developments.

Management is unable to predict all developments which could have an impact on the Russian economy and consequently what effect, if any, they could have on the future financial position of the Group. Management ambition is taking all the necessary measures to support the sustainability and development of the Group's business.

3 Summary of Significant Accounting Policies

Statement of compliance. These consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (hereinafter referred to as "IFRS") and related interpretations adopted by the International Accounting Standards Board (hereinafter referred to as "IASB").

Each company of the Group individually maintains its own books of accounts and prepares its statutory financial statements in accordance with Russian standards of accounting (hereinafter referred to as "RSA") and Swedish GAAP. The accompanying financial statements are based on the statutory records with adjustments and reclassifications made for the purpose of fair presentation in accordance with IFRS.

Functional and presentation currency. The Swedish Krona ("SEK") is the presentation currency for the Group's operations. Financial statements of the Russian subsidiaries are measured in Russian Roubles ("RUB"), their functional currency. Financial statements of Selena Oil & Gas Holding AB (publ) are measured in Swedish Kronas, its functional currency ("SEK").

Foreign currency. In preparing the financial statements of the individual companies, transactions in currencies other than the entities functional currency are recorded at the exchange rates prevailing at the date of the transactions. At each reporting date monetary assets and liabilities denominated in foreign currencies are re-measured at the exchange rates prevailing at the reporting date. Non-monetary items carried at historical cost are translated at the exchange rate prevailing on the date of transaction.

Non-monetary items carried at fair value are translated at the exchange rate prevailing at the date on which the most recent fair value was determined.

Exchange differences arising on the settlement of monetary items, and on the re-measurement of monetary items, are recognized in consolidated income statement for the period.

Translation to presentation currency. The Group's financial statements are presented in SEK in accordance with IAS 21, The Effects of Changes in Foreign Exchange Rates. The results and financial position of each group entity having a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position.

(ii) Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions).

(iii) All resulting exchange differences are recognised as a separate component of equity.

When a subsidiary is disposed of through sale, liquidation, repayment of share capital or abandonment of all, or part of, that entity, the exchange differences deferred in other comprehensive income are reclassified to the profit and loss.

The principal exchange rates used for translating foreign currency balances were as following.

	SEK/RUB	SEK/USD
Average 2014	0.1809	6.8577
Closing rate 31.12.2014	0.1375	7.8117

Group accounting. Subsidiaries, which are those entities in which the Group has an interest of more than one half of the voting rights, or otherwise has power to exercise control over the operations, are consolidated. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the consideration provided or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition.

Acquisition-related costs are expensed as incurred.

All intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Purchases of subsidiaries from parties under common control. Purchases of subsidiaries from parties under common control are accounted for using the predecessor values method. The assets and liabilities of the subsidiary transferred under common control are at the predecessor entity's carrying amounts. Any difference between the carrying amount of net assets, including the predecessor entity's goodwill, and the consideration for the acquisition is accounted for in these consolidated financial statements as an adjustment to retained earnings within equity.

Property, plant and equipment. Property, plant and equipment are recorded at historical cost of acquisition and adjusted for accumulated depreciation, depletion and impairment. All subsequent additions are recorded at historical cost of acquisition or construction and adjusted for accumulated depreciation, depletion and impairment. Oil and gas exploration and production activities are accounted for in a manner similar to the successful efforts method. Costs of successful development and exploratory wells are capitalised. The cost of property, plant and equipment includes provisions for dismantlement; abandonment and site restoration (see Provisions below).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

The Group accounts for exploration and evaluation activities in accordance with IFRS 6, Exploration for and Evaluation of Mineral Resources. Geological and geophysical exploration costs are charged against income as incurred, unless directly attributable to properties capable of commercial development. Costs directly associated with an exploration well are initially capitalised as an intangible asset within oil and gas properties until the drilling of the well is complete and the results have been evaluated. These costs include employee remuneration, materials and fuel used, rig costs, delay rentals and payments made to contractors. If hydrocarbons are not found, the exploration expenditure is written off as a dry hole. If hydrocarbons are found and, subject to further appraisal activity, which may include the drilling of further wells (exploration or exploratory-type stratigraphic test wells), are likely to be capable of commercial development, the costs continue to be carried as an asset. All such carried costs are subject to technical, commercial and management review at least once a year to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off. When proved reserves of oil and natural gas are determined and development is sanctioned, the relevant expenditure is transferred to the tangible part of oil and gas properties and an impairment review of the property is undertaken at that time.

Development and production assets are accumulated generally on a field-by-field basis and represent the cost of developing the commercial reserves discovered and bringing them to production together with E&E expenditures incurred in finding commercial reserves and transferred from the intangible E&E assets described above. The cost of development and production assets also include the costs of acquisitions and purchases of such assets, directly attributable overheads, finance costs capitalised and the costs of recognising provisions for future restoration and decommissioning.

Depletion of capitalized costs of proved oil and gas properties is calculated using the unit-of-production method for each field based upon proved reserves for property acquisitions and proved developed reserves for exploration and development costs. Oil and gas reserves for this purpose are determined in accordance with Society of Petroleum Engineers definitions and were last estimated by DeGolyer and MacNaughton, the Group's independent reservoir engineers in 2011.

Depreciation of non oil and gas property, plant and equipment is calculated using the straight-line method over their estimated remaining useful lives. Useful lives for other property, plant and equipment are in the range of 5-20 years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (losses)/gains – net' in the consolidated statement of comprehensive income.

Intangible assets. The Group measures intangible assets at cost less accumulated amortisation and impairment losses. Capitalized E&E assets and license costs are initially carried as intangible assets and reclassified to property, plant and equipment as described above and are not amortized until production from the respective fields have commenced. Amortisation of capitalized E&E assets is calculated using the unit-of-production method. The Group assesses E&E assets for impairment annually or when there are indicators that impairment exists. Such indicators would include the fact that the rights to explore in an area have expired or will expire in the near future without renewal; no further exploration or evaluation is planned or budgeted or a decision is taken to discontinue exploration and evaluation in an area or an indication exists that the book value would not be fully recovered from future development and production.

The Group's other intangible assets have finite useful lives and primarily include capitalised computer software and licences. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring them to use. Other intangible assets are amortised using the straight-line method over their useful lives.

Provisions. Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions, including those related to dismantlement, abandonment and site restoration, are evaluated and re-estimated annually, and are included in the consolidated financial statements at each reporting date at the present value of the expenditures expected to be required to settle the obligation using pre – tax discount rates which reflect the current market assessment of the time value of money and the risks specific to the liability.

Changes in provisions resulting from the passage of time are reflected in the consolidated statement of comprehensive income each year under financial items. Other changes in provisions, relating to a change in the expected pattern of settlement of the obligation, changes in the discount rate or in the estimated amount of the obligation, are treated as a change in accounting estimate in the period of the change. Changes in provisions relating to dismantlement, abandonment and site restoration are added to, or deducted from, the cost of the related asset in the current period. The amount deducted from the cost of the asset should not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in profit or loss.

The provision for dismantlement liability is recorded on the consolidated statement of financial position, with a corresponding amount being recorded as part of property, plant and equipment in accordance with IAS 16.

Operating leases. Where a Group Company is a lessee in a lease, which does not transfer substantially all the risks and rewards incidental to ownership from the lessor to the Group company, the total lease payments including those on expected termination are charged to profit or loss on straight-line basis over the period of the lease.

A non-cancellable lease is a lease that is cancellable only:

- Upon the occurrence of some remote contingency;
- With permission of the lessor;
- If the lessee enters into a new lease for the same or equivalent asset with the same lessor; or
- Upon a payment by the lessee of such an additional amount that, at inception of the lease, continuation of the lease is reasonably certain.

Impairment of assets. Assets that are subject to depreciation and depletion are reviewed for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. For the purposes of assessing impairment, assets are grouped by license areas, which are the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Inventories. Inventories of extracted crude oil, materials and supplies and construction materials are valued at the lower of the weighted-average cost and net realisable value. General and administrative expenditure is excluded from inventory costs and expensed in the period incurred.

Trade receivables. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, net of provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Such objective evidence may include significant financial difficulties of the debtor, an increase in the probability that the debtor will enter bankruptcy or financial reorganization, and actual default or delinquency in payments. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The change in the amount of the provision is recognised in the consolidated statement of comprehensive income.

Financial assets. The group classifies all its financial assets in the category loans and receivables. Classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise: 'Accounts Receivable', 'Loans issued' and 'Cash and cash equivalents' in the balance sheet.

Prepayments. Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Group has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Group. Other prepayments are written off to profit or loss when the goods or services relating to the prepayments are received. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised in profit or loss.

Cash and cash equivalents. Cash and cash equivalents includes cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at amortised cost using the effective interest method. Restricted balances are excluded from cash and cash equivalents for the purposes of the consolidated cash flow statement. Balances restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date are included in other non-current assets. Restricted cash balances are segregated from cash available for the business to use until such time as restrictions are removed.

Value added tax. Output value added tax related to sales is payable to tax authorities on the earlier of (a) collection of receivables from customers or (b) delivery of goods or services to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT related to sales and purchases is recognised in the statement of financial position on a gross basis and disclosed separately as an asset and liability. Where provision has been made for impairment of receivables, impairment loss is recorded for the gross amount of the debtor, including VAT.

Borrowings. Borrowings are recognised initially at the fair value of the liability, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective yield method; any difference between amount at initial recognition and the redemption amount is recognised as interest expense over the period of the borrowings. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Interest costs on borrowings to finance the construction of property, plant and equipment are capitalised during the period of time that is required to complete and prepare the asset for its intended use.

Loans receivable. The loans advanced by the Group are classified as “loans and receivables” in accordance with IAS 39 and stated at amortised cost using the effective interest method. These loans are individually tested for impairment at each reporting date.

Income taxes. Income taxes related to the Group's operations in the Russian Federation have been provided for in the consolidated financial statements in accordance with Russian legislation enacted or substantively enacted by the reporting date. The income tax charge or benefit comprises current tax and deferred tax and is recognised in the consolidated statement of comprehensive income unless it relates to transactions that are recognised, in the same or a different period, directly in equity.

Current tax is the amount expected to be paid to or recovered from the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxes other than on income are recorded within operating expenses.

Deferred income tax is calculated at rates enacted or substantively enacted by the reporting date, using the balance sheet liability method, for all temporary differences between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. The principal temporary differences arise from depreciation on property, plant and equipment, provisions and other fair value adjustments to long-term items, and expenses which are charged to the consolidated statement of comprehensive income before they become deductible for tax purposes.

Deferred income tax assets attributable to deducible temporary differences, unused tax losses and credits are recognised only to the extent that it is probable that future taxable profit or taxable temporary differences will be available against which they can be utilised.

Deferred income tax assets and liabilities are offset when the Group has a legally enforceable right to set off current tax assets against current tax liabilities, when deferred tax balances relate to the same regulatory body, and when they relate to the same taxable entity.

The Group's uncertain tax positions are reassessed by management at every reporting date. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the reporting date and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognized based on management's best estimate of the expenditure required to settle the obligations at the reporting date.

Employee benefits. Wages, salaries, social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits (such as health services and kindergarten services) are accrued in the year in which the associated services are rendered by the employees of the Group.

The Group makes required contributions to the Russian Federation state pension scheme on behalf of its employees. Mandatory contributions to the governmental pension scheme are expensed or capitalized to properties on a basis consistent with the associated salaries and wages. With exception of the above mandatory contributions there are no defined benefit or contribution pension plans in the Company.

Social costs. The Group incurs employee costs related to the provision of benefits such as health insurance. These amounts principally represent an implicit cost of employing production workers and, accordingly, are included in the cost of inventory.

Revenue recognition. The Group recognises revenue when the amount of revenue can be reliably measured and it is probable that economic benefits will flow to the entity, typically when crude oil is dispatched to customers and title has transferred.

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

Segments. The Group operates in one business segment which is crude oil exploration and production. The Group assesses its results of operations and makes its strategic and investment decisions based on the analysis of its profitability as a whole. The Group operates within one geographic segment, which is the Russian Federation.

4 Critical Accounting Estimates and Judgements in Applying Accounting Policies

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities are outlined below.

Estimation of oil and gas reserves. Engineering estimates of hydrocarbon reserves are inherently uncertain and are subject to future revisions. Accounting measures such as depreciation, depletion and amortization charges, impairment assessments and asset retirement obligations that are based on the estimates of proved reserves are subject to change based on future changes to estimates of oil and gas reserves.

Proved reserves are defined as the estimated quantities of hydrocarbons which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic conditions. Proved reserves are estimated by reference to available reservoir and well information, including production and pressure trends for producing reservoirs. Furthermore, estimates of proved reserves only include volumes for which access to market is assured with reasonable certainty. All proved reserves estimates are subject to revision, either upward or downward, based on new information, such as from development drilling and production activities or from changes in economic factors, including product prices, contract terms or development plans. In some cases, substantial new investment in additional wells and related support facilities and equipment will be required to recover such proved reserves. Due to the inherent uncertainties and the limited nature of reservoir data, estimates of underground reserves are subject to change over time as additional information becomes available.

In general, estimates of reserves for undeveloped or partially developed fields are subject to greater uncertainty over their future life than estimates of reserves for fields that are substantially developed and depleted. As those fields are further developed, new information may lead to further revisions in reserve estimates. Reserves have a direct impact on certain amounts reported in the consolidated financial statements, most notably depreciation, depletion and amortization as well as impairment expenses. Depreciation rates on production assets using the units-of-production method for each field are based on proved developed reserves for development costs, and total proved reserves for costs associated with the acquisition of proved properties. Assuming all variables are held constant, an increase in proved developed reserves for each field decreases depreciation, depletion and amortization expenses. Conversely, a decrease in the estimated proved developed reserves increases depreciation, depletion and amortization expenses. Moreover, estimated proved reserves are used to calculate future cash flows from oil and gas properties, which serve as an indicator in determining whether or not property impairment is present.

The possibility exists for changes or revisions in estimated reserves to have a significant effect on depreciation, depletion and amortization charges and, therefore, reported net profit for the year.

Asset retirement obligations. Management makes provision for the future costs of decommissioning hydrocarbon production facilities, pipelines and related support equipment based on the best estimates of future cost and economic lives of those assets. Estimating future asset retirement obligations is complex and requires management to make estimates and judgments with respect to removal obligations that will occur many years in the future. Changes in the measurement of existing obligations can result from changes in estimated timing, future costs or discount rates used in valuation.

Useful lives of non-oil and gas properties. Items of non-oil and gas properties are stated at cost less accumulated depreciation. The estimation of the useful life of an asset is a matter of management judgement based upon experience with similar assets. In determining the useful life of an asset, management considers the expected usage, estimated technical obsolescence, physical wear and tear and the physical environment in which the asset is operated. Changes in any of these conditions or estimates may result in adjustments to future depreciation rates. Useful lives applied to oil and gas properties may exceed the licence term where management considers that licences will be renewed. Assumptions related to renewal of licences can involve significant judgment of management.

Going Concern. These consolidated financial statements have been prepared on the basis that the Group will continue as a going concern. Preparation of the consolidated financial statements on a basis other than going concern can have a significant impact on the balances recorded in respect of assets and liabilities.

5 New Accounting Pronouncements

Except for the changes below, the Group has consistently applied the accounting policies to all periods presented in these consolidated financial statements.

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2014.

(I) IFRS 10 Consolidated Financial Statements (2011)

IFRS 10 (2011) introduces a new control model that focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. The Group concluded that there are no changes in control assessment as a consequence of new rules introduced by IFRS 10 (2011).

(ii) IFRS 12: Disclosure of Interests in Other Entities

IFRS 12 brings together into a single standard all the disclosure requirements about an entity's interest in subsidiaries, joint arrangements, associates and unconsolidated structured entities. As a result of IFRS 12, the Group has disclosed its interests in subsidiaries.

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

(iii) IAS 19 – Defined Benefit Plans: Employee Contributions (effective for annual periods beginning on or after 1 February 2015)

The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria. When these criteria are met, a company is permitted (but not required) to recognise them as a reduction of the service cost in the period in which the related service is rendered.

The Group does not expect the amendment to have any impact on the consolidated financial statements since it does not have any defined benefit plans that involve contributions from employees or third parties.

(iv) Annual Improvements to IFRSs

The improvements introduce eleven amendments to nine standards and consequential amendments to other standards and interpretations. Most of these amendments are applicable to annual periods beginning on or after 1 February 2015, with earlier adoption permitted. Another four amendments to four standards are applicable to annual periods beginning on or after 1 January 2015, with earlier adoption permitted.

None of these amendments are expected to have a significant impact on the consolidated financial statements of the Group.

6 Property, Plant and Equipment

In thousand SEK	Oil and gas properties	Buildings and construc-tions	Machinery and equipment	Other fixed assets	Construc-tion in progress	Total
Cost as of 31 December 2012	**69,750**	**8,396**	**2,963**	**3,481**	**8,325**	**92,915**
Movements in 2012						
Additions	55	0	0	0	10,855	10,910
Transfers	48	0	536	1,443	(2,027)	0
Disposals	(110)	0	(180)	(142)	0	(432)
Assets transfer during restructuring	(66,490)	(8,005)	(3,182)	(4,128)	(6,074)	(87,879)
Effect of movements in exchange rates	(3,253)	(391)	(137)	(175)	(3,279)	(7,235)
Cost as of 31 December 2013	**0**	**0**	**0**	**479**	**7,800**	**8,279**
Movements in 2013						
Additions	0	0	0	0	2,830	2,830
Transfers	6,584	0	0	0	(6,584)	0
Effect of movements in exchange rates	(1,581)	0	0	(149)	(1,521)	(3,251)
Cost as of 31 December 2014	**5,003**	**0**	**0**	**330**	**2,525**	**7,858**
Accumated depreciation as of 31 December 2012	**(46,412)**	**(2,950)**	**(1,517)**	**(815)**	**0**	**(51,694)**
Movements in 2013						
Disposals	87	0	70	67	0	224
Depreciation for period	(2,120)	(75)	(170)	(236)	0	(2,601)
Assets transfer during restructuring	46,281	2,887	1,546	908	0	51,622
Effect of movements in exchange rates	2,164	138	71	37	0	2,410
Accumated depreciation as of 31 December 2013	**0**	**0**	**0**	**(39)**	**0**	**(39)**
Movements in 2014						
Depreciation for period	(20)	0	0	(109)	0	(129)
Effect of movements in exchange rates	4	0	0	40	0	44
Accumated depreciation as of 31 December 2014	**(16)**	**0**	**0**	**(108)**	**0**	**(124)**
Net book value as of 31 December 2013	**0**	**0**	**0**	**440**	**7,800**	**8,240**
Net book value as of 31 December 2014	**4,987**	**0**	**0**	**222**	**2,525**	**7,734**

There was no property, plant and equipment pledged to third parties as collateral for borrowings as of 31 December 2014 and 31 December 2013.

The carrying amount of property, plant and equipment in the amount of 7,734 TSEK is subject to the estimates and assumptions concerning the future made by the management, specifically, estimates in relation to oil and gas reserves, useful lives of property, plant and equipment and going concern.

7 Intangible assets

In thousand SEK	Exploration and evaluation assets	Other intangible assets	Total
Cost as of 31 December 2012	**84,466**	**25**	**84,491**
Movements in 2013			
Additions	617	0	617
Disposed through the sale of the subsidiary	(6,537)	0	(6,537)
Disposals	0	(24)	(24)
Effect of movements in exchange rates	(2,915)	(1)	(2,916)
Cost as of 31 December 2013	**75,631**	**0**	**75,631**
Movements in 2014			
Additions	522	0	522
Disposals	(3,437)	0	(3,437)
Effect of movements in exchange rates	(11,140)	0	(11,140)
Cost as of 31 December 2014	**61,576**	**0**	**61,576**
Accumated amortisation as of 31 December 2012	**0**	**(20)**	**(20)**
Movements in 2013			
Amortization for period	0	(1)	(1)
Disposals	0	19	19
Effect of movements in exchange rates	0	2	2
Accumated amoisationr as of 31 December 2013	**0**	**0**	**0**
Movements in 2014			
Amortization for period	(22)	0	(22)
Disposals	0	0	0
Effect of movements in exchange rates	5	0	5
Accumated depreciation as of 31 December 2014	**(17)**	**0**	**(17)**
Net book value as of 31 December 2013	**75,631**	**0**	**75,631**
Net book value as of 31 December 2014	**61,559**	**0**	**61,559**

The carrying amount of intangible assets in the amount of 61,559 TSEK is subject to the estimates and assumptions concerning the future made by the management, specifically, estimates in relation to oil and gas reserves.

8 Income taxes

In thousand SEK	2014	2013
Current tax	0	0
Deferred tax	(52)	(564)
Income tax expenses	**(52)**	**(564)**

The Swedish corporate tax rate applicable to the Company is 22%. The tax rates for the Group's subsidiaries in the Russian Federation are currently 20%. OOO Selena-Perm has income tax benefit of 3.5% for the assets located in Perm region.

A reconciliation between the estimated and the actual taxation charge is provided below:

In thousand SEK	2014	2013
Profit before tax	(8,085)	(15,132)
Theoretical income tax	(241)	3,177

Tax effect of:

Income/expense for which no deferred income tax liabilities/assets was recognised	189	(3,741)
Tax charge	**(52)**	**(564)**

Differences between IFRS and the statutory taxation regulations give rise to certain temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their income tax bases. The tax effect of the movements in these temporary differences is detailed below and is recorded at the rate of 20% (16.5% for assets of OOO Selena-Perm located in Perm region).

Tax effect of deductible temporary differences:

In thousand SEK	31.12.2014	31.12.2013
Loss carry-forward	725	1,082
Property, plant and equipment	0	4
Deferred tax asset	**725**	**1,086**

In thousand SEK	31.12.2014	31.12.2013
Loss carry-forward	0	(36)
Deferred tax liability	**0**	**(36)**

In the context of the Group's current structure, tax losses and current tax assets of different Group companies may not be offset against current tax liabilities and taxable profits of other Group companies and, accordingly, taxes may accrue even where there is a consolidated tax loss.

The deferred tax asset originates from the Group's Russian operations. The Group has made an assessment of the recoverability of deferred tax asset and based on the updated Group's strategy, related capital expenditure plans and future profit forecasts the deferred tax asset is considered to be recoverable. The Group's Swedish entities' loss carried forward has not been accounted for as the deferred tax asset.

9 Inventories

In thousand SEK	31.12.2014	31.12.2013
Materials	1	0
Crude oil	14	0
Total inventories	**15**	**0**

10 Accounts Recievable and Prepayments

In thousand SEK	31.12.2014	31.12.2013
Trade accounts receivable	426	499
Total financial accounts receivable	**426**	**499**
Advances issued	19	1,015
VAT prepaid	1,049	1,816
Provision for VAT prepaid	(8)	(180)
Other accounts receivable	7,297	7,454
Total accounts receivable	**8,783**	**10,604**

In 2011 the Group was in process of listing and new capital raising from the investors. During the process certain costs were incurred by the Group that related to legal fees, accountancy, and competent person assessment of the reserves held by the company and similar. The costs directly related to the capital raising and were not part of the operational cost of the Company. As the result the amount of 7,196 TSEK were capitalized and are recorded as next period expenses as of 31 December 2014. The process of capital raising was not completed in 2014. The company's management intention is that further capital will be raised through 2015 and potentially 2016. Such new issue would partially benefit from past track record and therefore at the moment of capital raising the intention is to offset the capitalized cost against share premium related to new capital.

11 Loans issued

Total amount of loans issued by the Company as of 31 December 2014 amounted to 101 TSEK (as of 31 December 2013: 124 TSEK). Loans were granted to third paries at rates 5% and 11%.

12 Cash and cash equivalents

In thousand SEK	31.12.2014	31.12.2013
Cash at bank	572	61
Cash in hand	0	5
Total cash and cash equivalents	**572**	**66**

13 Capital and Reserves

At 31 December 2014 the total number of authorised and issued ordinary shares was 52,098,477 shares, with a quota value of SEK 1,352642 each. Each ordinary share carries one vote. All issued ordinary shares are fully paid

In thousand SEK	Number of ordinary shares	Share capital	Other equity
At 31 December 2013	**52,098,477**	**70,471**	**15,115**
Changes in 2013	0	0	0
At 31 December 2014	**52,098,477**	**70,471**	**15,115**

Largest shareholders as of 31 December 2014

The major shareholders of the Company holding over 5% of the shares were as follows:

Shareholder	Number of Shares	Proportion
Bryum Estonia	14,336,062	27.52%
Altare Energy	14,249,137	27.35%
Yuri Gusev	9,147,755	17.56%
OU SEE	6,000,000	11.52%
Others	8,365,523	16.05%
Total	**52,098,477**	**100.00%**

14 Earnings per Share

The calculation of basic earnings per share at 31 December 2014 was based on the net loss and a weighted average number of ordinary shares.

In thousands of shares	2014	2013
Number of shares at the beginning of the year, adjusted for exchange ratio used in reverse acquisition and reverse split ratio	52,098	52,098
Effect from transactions in the period	0	0
Weighted average number of ordinary shares in thousands	**52,098**	**52,098**

	2014	2013
Weighted average number of ordinary shares in thousands	52,098	52,098
Loss for the period, TSEK	(8,137)	(15,696)
Basic earnings per share (SEK)	(0.16)	(0.30)
Diluted earnings per share (SEK)	(0.16)	(0.30)

Diluted earnings per share do not differ from basic earnings per share as the Group has no financial instruments issued that could potentially dilute the earnings per share.

15 Loans and Borrowings

The structure of non-current borrowings is as follows:

In thousands of SEK	31.12.2014	31.12.2013
Loans from related parties	4	0
Finance leases	148	334
Total non-current borrowings	**152**	**334**

The Group's non-current borrowings mature within one to four years.

The structure of current borrowings is as follows:

In thousands of SEK	31.12.2014	31.12.2013
Loans from related parties	13,556	10,944
Bank loans	0	0
Loans from companies	2,031	1,856
Finance leases	72	53
Total current borrowings	**15,659**	**12,853**

The Group's borrowings denominated in the following currencies:

In thousands of SEK	31.12.2014	31.12.2013
USD	1,973	1,565
RUB	3,567	5,480
SEK	5,067	3,357
EUR	5,204	2,785
Total borrowings	**15,811**	**13,187**

As at 31 December 2014 the effective interest rate on borrowings ranged between 5% p.a. to 18% p.a. Implicit interest rate in leasing agreement is 21.8%.

The Group does not apply hedge accounting and did not hedge its risks arising from currency liabilities or interest rate risks. The estimated fair value of borrowings approximates their carrying value.

16 Accounts payable and accruals

In thousands of SEK	31.12.2014	31.12.2013
Trade accounts payable	10,315	10,089
Advances received	1	0
Salary payable	3,539	2,341
Other payables to personnel	242	198
Other payables	6,146	4,938
Total accounts payable and accruals	**20,243**	**17,566**

As of 31 December 2014 the Group was to a large extent financed by the short-term borrowings that matured shortly after 31 December 2014, mostly with related parties. In addition, there was a material overdue trade creditors balance as of 31 December 2014. Furthermore, as has been reported during 2014 the Company has been subject to petitions on bankruptcy charges through actions made by creditors. All these cases have been settled out of court and the Company has established repayment plans. All of the factors may cause doubts regarding the Company's ability to continue as a going concern through 2015.

As disclosed in the production update on page 14 of this report, the Company commenced production in 2014 and anticipates further acquisition and launch of oil wells in 2015. As the result, it is expected that the Group's financial position will improve significantly in Q3 and Q4 2015. Also, the Board of Directors is in process of negotiations with major creditors to reach debt settlement plans. Furthermore, the Company has been successful to agree payment schedules and to settle the bankruptcy charges in out of court process with the financial support of its Board of Directors and key shareholders throughout 2013 and in 2014. As the result, the board of directors is of the opinion that the Group will be continuing as a going concern through 2015.

17 Taxes payable

In thousands of SEK	31.12.2014	31.12.2013
Mineral extraction tax	276	2
VAT payable	0	86
Property tax	0	0
Social taxes	814	586
Other taxes	165	129
Total taxes payable	**1,255**	**803**

18 Sales revenue

In thousands of SEK	2014	2013
Sales of crude oil	2,363	21,142
Sales of oil liquid	2,764	0
Sales of third parties crude oil	0	78,110
Other revenue	63	4,518
Total revenue	**5,190**	**103,770**

19 Cost of goods sold

In thousands of SEK	2014	2013
Taxes	481	8,376
Cost of purchased crude oil	0	73,805
Depreciation	36	2,550
Salary and wages	0	2,647
Materials and supplies	0	1,680
Rent	0	2,831
Services	1,276	4,172
Other cost of sales	59	888
Total cost of goods sold	**1,852**	**96,949**

20 Selling, general and administrative expenses

In thousands of SEK	2014	2013
Salary and wages	1,832	3,348
Consulting services	3,615	3,315
Transport	0	134
Taxes other than profit tax	94	786
Rent	110	273
Depreciation	109	77
Fines and penalties	0	614
Provision for Doutful Debts	0	0
Other	409	630
Total selling, general and administrative expenses	**6,169**	**9,177**

20 Finance income

In thousands of SEK	2014	2013
Interest income	0	25
Gain on Financial instruments recognition	0	0
Total finance income	**0**	**25**

21 Finance expenses

In thousands of SEK	2014	2013
Interest costs	2,595	1,509
Net foreign exchange (gain) / loss	28	1,733
Loss on loan forgiveness	340	0
Loss on Financial instruments recognition	0	200
Total finance expenses	**2,963**	**3,442**

23 Other income

In thousands of SEK	2014	2013
Gain/Loss from sales of materials and other assets	2,509	0
Recovery of provision for VAT prepaid	0	1,440
Other income	10	667
Total other income	**2,519**	**2,107**

24 Other expences

In thousands of SEK	2014	2013
Provision for VAT prepaid	0	0
Loss on disposal of subsidiary	0	1,230
Net loss of restructuring	0	4,124
Loss of asset value write down to their realizable values	4,342	6,095
Other expenses	468	17
Total other income	**4,810**	**11,466**

25 Commitments and Contingencies

Assets pledged and restricted. There were no assets pledged as a collateral at 31 December 2014 and at 31 December 2013.

26 Financial assets, liabilities and risks

This note contains disclosure information regarding financial assets and liabilities, including the risks in these financial instruments that the group is exposed to.

Financial instruments categories, classifications and holdings:

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets. The Group currently has no assets classified as financial assets at fair value through profit or loss, held-to-maturity investments and available-for-sale financial assets.

The Group's financial liabilities include trade, lease and other payables and loans.

The risk management function within the Group is carried out in respect of financial risks (credit, market, currency, liquidity, interest rate and commodity price), operational risks and legal risks. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures of the Group to minimise these risks.

Financial liabilities disclosures	**Group**	
In thousands of SEK	**31.12.2014**	**31.12.2013**
Loans payable	4	0
Lease payable	148	334
Other long-term liabilities	0	0
Total long-term financial liabilities	**152**	**334**
Loans payable	15,587	12,800
Lease payable	72	53
Trade accounts payable	10,315	10,089
Other current liabilities	9,928	7,477
Total short-term financial liabilities	**35,902**	**30,419**

Liquidity risk. Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Reasonable liquidity risk management includes maintaining certain level of adequacy of cash and liquid securities.

To manage liquidity risk the Group applies the policy that provides for holding financial assets for which there is an active market and which can be readily converted in case of necessity to maintain liquidity. The maturity analysis of liabilities of the Group as of 31 December 2014 is provided below. The outstanding amount in the table represents contractual undiscounted cash flows.

Maturity analysis in relation to the total contractual, undiscounted cash flows is presented below:

In thousands of SEK	**2015**	**2016**	**2017**	**2018**	**2019**
Loans payable	15,587	4	0	0	0
Lease payable	114	114	60	0	0
Trade accounts payable	10,315	0	0	0	0
Other current liabilities	9,928	0	0	0	0
Total	**35,944**	**118**	**60**	**0**	**0**

Fair and carrying values of financial liabilities	**31.12.2014**	**31.12.2014**	**31.12.2013**	**31.12.2013**
In thousands of SEK	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**
Loans payable	15,591	15,591	12,800	12,800
Lease payable	220	220	387	387
Trade accounts payable	10,315	10,315	10,089	10,089
Other current and long-term liabilities	9,928	9,928	7,477	7,477
Total financial liabilities	**36,054**	**36,054**	**30,753**	**30,753**

Maturity structure of financial liabilities as of 31 December 2014

In thousands of SEK	Due in 1 year from reporting date	From 1 to 5 years from reporting date	More than 5 years from reporting date
Loans payable	15,587	4	0
Lease payable	72	148	0
Trade accounts payable	10,315	0	0
Other current and long-term liabilities	9,928	0	0
Total financial liabilities	**35,902**	**152**	**0**

Interest rate risk. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

The Group's loans issued and borrowings obtained are under fixed interest rates. The Group does not have a policy of hedging interest rate risk.

Finance lease liabilities are payable as follows:

In thousands of SEK	31.12.2014 Minimum lease payments	31.12.2014 Interest	31.12.2014 Present value of payments
Less than one year	114	41	73
Between one and five years	174	27	147
Total	**288**	**68**	**220**

Financial assets disclosures

Cash and cash equivalents

In thousands of SEK	31.12.2014 Fair value	31.12.2014 Reported value	31.12.2013 Fair value	31.12.2013 Reported value
Cash and cash equivalents in SEK	55	55	39	39
Cash and cash equivalents in RUB	285	285	15	15
Cash and cash equivalents in EUR	232	232	12	12
Total cash and cash equivalents	**572**	**572**	**66**	**66**

Fair and carrying values of financial assets

The fair value of the financial instruments is included in the price that would be received in the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments which are measured at fair value by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

All financial instruments measured at fair value use Level 2 valuation techniques in both years. There have been no transfers between fair value levels during the reporting period.

Credit risk. The Group takes on exposure to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Exposure to credit risk arises as a result of the Group's sale of crude oil and provision of services on the terms of lending and other transactions with counterparties giving rise to financial assets.

Fair and carrying values of financial assets and the Group's maximum exposure to credit risk by class of assets

In thousands of SEK	31.12.2014 Fair value	31.12.2014 Reported value	31.12.2014 Maximum credit risk	31.12.2014 Fair value	31.12.2014 Reported value	31.12.2014 Maximum credit risk
Trade accounts receivable	426	426	426	499	499	499
Less, provision for impairment of trade accounts receivable	0	0	0	0	0	0
Accounts receivable, net	426	426	426	499	499	499
Loans issued	101	101	101	124	124	124
Other current receivables	8,357	8,357	8,357	10,105	10,105	10,105
Cash and cash equivalents	572	572	0	66	66	0
Total financial assets	**9,456**	**9,456**	**8,884**	**10,794**	**10,794**	**10,728**

Although settlement of receivables is exposed to economic factors the management believes that there is no significant risk of losses exceeding the provision for impairment of receivables that was booked by the Group.

Cash is deposited with financial institutions with minimum default risk at the moment of account opening. The Group does not have significant risk arising from issued loans.

No collateral is provided to the benefit of the Group with regard to its exposure to credit risk.

Market risk. The Group takes on exposure to market risks. Market risks arise from open positions in (a) currency, (b) interest rate (c) equity products and (d) commodity price risk, all of which are exposed to general and specific market movements. Management sets limits on the value of risk that may be accepted, which is monitored on a daily basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Commodity price risk. The Group is exposed to the risk of fluctuations in prevailing market commodity prices on the oil produced. The Group concludes a contract for a sale of crude oil with the customer for the subsequent month at a fixed price and receives a prepayment equal to the expected volume of sales of crude oil. There are no subsequent adjustments to the contract concluded. The changes in the respective market price of oil have a direct impact on the earnings for the subsequent periods. In 2014 the Group did not use derivatives to hedge the commodity price risks related to the future income.

Currency risk. In respect of currency risk, management sets limits on the level of exposure by currency and in total, which are monitored on monthly basis. The table below presents general analysis for the net balance sheet position of the Group in various currencies as of 31 December 2014:

Financial assets and liabilities of the Group by currency:

In thousand SEK	31.12.2014 SEK	31.12.2014 RUR	31.12.2014 USD	31.12.2014 EUR	31.12.2014 Total
Cash and cash equivalents	55	285	0	232	572
Trade accounts receivable	0	426	0	0	426
Loans issued	0	101	0	0	101
Other current receivables	7,244	1,113	0	0	8,357
Total financial assets	**7,299**	**1,925**	**0**	**232**	**9,456**
Loans payable	5,067	3,347	1,973	5,204	15,591
Lease payable	0	220	0	0	220
Trade accounts payable	9,318	997	0	0	10,315
Other current and long-term liabilities	4,091	760	4,734	343	9,928
Total financial liabilities	**18,476**	**5,324**	**6,707**	**5,547**	**36,054**
Net financial items	**(11,177)**	**(3,399)**	**(6,707)**	**(5,315)**	**(26,598)**

The Group's main operations were carried out in RUB which is functional currency for the Russian subsidiaries.

The major currency risk for the Group relates to the borrowings in USD. At 31 December 2014, if SEK weakened/strengthened by 10% against the USD with all other variables held constant, net profit for the year would have decreased/increased by 671 TSEK, mainly as a result of foreign exchange losses/gains on translation of USD-denominated borrowings.

27 Management of Capital

The Group's objectives in respect of capital management are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The amount of capital that the Group managed as at 31 December 2014 was 42,179 TSEK.

Consistent with others in the energy industry, the Group monitors capital on the basis of a gearing ratio, and ensures that the ratio is not more than 1.0. This ratio is calculated as the total debt divided by the total capital. Debt is calculated as a sum of non-current and current debt, as shown in the Consolidated Statement of Financial Position. Total capital is equal to the total equity, as shown in the Consolidated Statement of Financial Position. Gearing ratio was 0.37 as at 31 December 2014.

28 Related Parties

The definition of related parties is provided in IAS 24 "Related Party Disclosures". Parties are generally considered to be related if the parties are under common control or one party has the ability to control the other party or can exercise significant influence over the other party in making financial and economic decisions or exercise general control over its operations. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. Information on the principal shareholders of the Group is disclosed in Note 13.

Transactions with related parties for 2014 and balances with related parties as of 31 December 2014 were as follows:

In thousands of SEK	**Shareholders**	**Companies under common control**	**Key management personnel**
Services and good purchased	0	0	902
Loans payable	3,043	4,654	5,863

Mr. Paul Waern, member of the Board of Directors, has granted loans to the Company. The loan principal and accrued interest balance amounted to 851 TSEK as of 31 December 2014; the loan carries 10% interest rate.

In September 2013 Bryum Estonia AS provided loans to the Company carrying 5% interest rate. The balance and accrued interest amounted to 1,964 TSEK as of 31 December 2014.

In 2014 the Group received loan from OU SEE carrying 8% interest rate. The balance and accrued interest amounted to 1,079 TSEK as of 31 December 2014.

Sixbees provided several loans to the Group in 2013 and 2014. The loan principal and accrued interest balance amounted to 1,965 TSEK as of 31 December 2014; the loans carry 10% interest rates.

In May 2014 the Group received loan from Mr Petr Arbatov. The balance and accrued interest on Mr. Arbatov's loans amounted to 3,103 TSEK as of 31 December 2014.

In 1Q 2014 Ms Nadezhda Popova forgave the loan and accrued interest to the Group in the amount of 2,509 TSEK and further 351 TSEK loan was offset against OOO Selena-Perm trade receivables. As of 31 December 2014 the Group has no receivables or payables with Popov's family.

In addition to the above, there are certain intra-group transactions between the Group companies and members of the management of OOO Selena-Oil; however, such transactions are not material for the operations of the Group as a whole.

All related party transactions of the Group have been made on market terms in all material aspects.

29 Remuneration to the Board of Directors

According to the AGM resolution from 28 June 2012 the Director's fee was set at SEK 125,000 per year for the members of the Board of Directors and SEK 150,000 per year for the Chairman of the Board of Directors. As of 31 December 2014 no payments to the members of the Board of Directors have been made and the accrual for the respective amount has been created as of 31 December 2014.

30 Salaries, other remuneration and social security costs

In thousands of SEK	2014 Salaries and benefits	2014 Social security costs	2013 Salaries and benefits	2013 Social security costs
Parent	946	298	843	262
Subsidiaries	476	112	3,674	1,014
Group	**1,422**	**410**	**4,517**	**1,276**

The Company's remuneration policy in 2014 included fixed monthly remuneration; there were no bonus or stock option schemes implemented. The Company intends to implement management motivation scheme in 2015 when the production of the Company will be increased.

As of 31 December 2014 the Group employed 5 employees (31 December 2013: 5 employees) and average number of employees in 2014 was 5 (2013: 42 employees), including 2 women (40%). 2 employees were employed in Sweden, including 1 woman (50%), and 3 employees were employed in Russia, including 1 woman (33.3%). From total number of employees there was 1 woman in leading position in 2014 (20%).

The board consisted of 5 board members, all of whom are men (6 board members as of 31 December 2013, all men).

Amount of expenses related to the Board of Directors remuneration amounted to 713 TSEK and social security costs amounted to 224 TSEK. Remuneration in form of the CEO fee amounted to 473 TSEK in 2014. As of 31 December 2014 no payments to the members of the Board of Directors or to CEO have been made and the accrual for the respective amount has been created as of 31 December 2014. The Board of Directors costs are accrued by Parent of the Group. Remuneration and other benefits for 2014 of the Board was as follows (accrued, unpaid as of 31.12.2014):

In thousand SEK	Accrued remuneration
Jurgen Lamp	125
Staffan Torstensson *	63
Paul Waern	125
Indrek Rahumaa	125
Lars Bergstrom	150
Per Olof Sjöstedt	125
Total	**713**
Accrued social charges	**224**

*Board members who left the Board of Directors of Selena Oil & Gas Holding AB on 25 June 2014.

Remuneration and other benefits for 2013 of the Board was as follows (accrued, unpaid as of 31.12.2013):

In thousand SEK	Accrued remuneration
Oleg Popov*	63
Dmitry Ermakov*	52
Aleksejs Rjabijs*	52
Magnus Stuart*	41
Jurgen Lamp	73
Staffan Torstensson	73
Paul Waern	73
Indrek Rahumaa	73
Lars Bergstrom	87
Per Olof Sjöstedt	73
Total	**660**
Accrued social charges	**208**

*Board members who left the Board of Directors of Selena Oil & Gas Holding AB onMay 31, 2013.

32 Audit Remuneration

In thousands of SEK	2014	2013
PricewaterhouseCoopers		
Audit assignments	2,238	1,400
Additional audit assignments	0	0
Tax assignments	0	0
Other assignments	0	0
Total PricewaterhouseCoopers	**2,238**	**1,400**
Other auditors		
Audit assignments	0	0
Total other auditors	**0**	**0**
Total audit remunerations	**2,238**	**1,400**

33 Events After the Reporting Period

There have been no events from the last day of the reporting period until the date of these financial statements have been signed, as a result of which the adjusted would be needed to these financial statement or which would have to be explained in these financial statements.

Comments on the Parent Company

The legal parent of the Group from 6 May 2011 is Selena Oil & Gas Holding AB (publ) (previously – Emitor Holding AB). The name of the Parent company was changed in Q2 2011.

The business of the Parent company is now investment in and management of oil and gas assets.

The net assets of the Parent company amounted to 74,912 TSEK as of 31 December 2014 and net loss amounted to 4,415 TSEK for the twelve months period ended 31 December 2014.

Accounting Principles

The financial statements of the Parent Company are prepared in accordance with accounting principles generally accepted in Sweden, applying RFR 2 issued by the Swedish Financial Reporting Board and the Annual Accounts Act (1995: 1554). RFR 2 requires the Parent Company to use similar accounting principles as for the Group, i.e. IFRS to the extent allowed by RFR 2. The Parent Company's accounting principles do not in any material respect deviate from the Group principles, see pages 14-18.

Parent Company Statement of Financial Position as of 31 December 2014

In thousand SEK	*Note*	**31 December 2014**	**31 December 2013**
ASSETS			
Non-current assets			
Shares in subsidiaries	*33*	89,823	89,823
Total non-current assets		**89,823**	**89,823**
Current assets			
Accounts receivable and prepayments	*34, 42*	47	132
Loans issued	*35, 42*	2,180	1,367
Cash and cash equivalents	*36, 42*	272	47
Total current assets		**2,499**	**1,546**
TOTAL ASSETS		**92,322**	**91,369**
EQUITY AND LIABILITIES			
Equity			
Restricted reserve			
Share capital		70,471	70,471
Restricted reserve		6,747	6,747
Non-restricted reserve			
Share premium		331,867	331,867
Retained earnings		(334,173)	(329,758)
Equity attributable to equity holders of the company	***37***	**74,912**	**79,327**
Current liabilities			
Loans and borrowing	*38, 42*	8,363	4,442
Accounts payable and accruals	*42*	8,130	6,911
Taxes payable		917	689
Total current liabilities		**17,410**	**12,042**
Total liabilities		**17,410**	**12,042**
TOTAL LIABILITIES AND EQUITY		**92,322**	**91,369**
Pledged assets		none	none
Contingent liabilities		none	none

The accompanying notes on pages 38-42 form an integral part of these financial statements.

Parent Company Statement of Comprehensive Income for year ended 31 December 2014

In thousand SEK	*Note*	**2014**	**2013**
Other revenue		0	0
Total other revenue		0	**0**
Selling, general and administrative expenses	*39, 43 ,44*	(3,244)	(3,563)
Operating loss		**(3,244)**	**(3,563)**
Finance income		78	289
Finance expenses	*40*	(1,111)	(78,968)
Other income		0	0
Other expenses	*41*	(138)	(232,810)
Profit before income tax		**(4,415)**	**(315,052)**
Income tax		0	0
Net income / (loss)		**(4,415)**	**(315,052)**
Other comprehenisve income		0	0
Total comprehensive income / (loss), net of tax		**(4,415)**	**(315,052)**

The accompanying notes on pages 38-42 form an integral part of these financial statements.

Parent Company Statement of Changes in Equity for year ended 31 December 2014

In thousand SEK	RESTRICTED EQUITY Share capital	 Restricted reserve	NON-RESTRICTED EQUITY Share premium	 Retained earnings	Total
As of 31 December 2012	**70,471**	**6,747**	**331,867**	**(14,706)**	**394,379**
Net profit / (loss) for the period	0	0	0	(315,052)	(315,052)
Total comprehensive income	**0**	**0**	**0**	**(315,052)**	**(315,052)**
As of 31 December 2013	**70,471**	**6,747**	**331,867**	**(329,758)**	**79,327**
Net profit / (loss) for the period	0	0	0	(4,415)	(4,415)
Total comprehensive income	**0**	**0**	**0**	**(4,415)**	**(4,415)**
As of 31 December 2014	**70,471**	**6,747**	**331,867**	**(334,173)**	**74,912**

The accompanying notes on pages 38-42 form an integral part of these financial statements.

Parent Company Statement of Cash Flows for year ended 31 December 2014

In thousand SEK	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	**(4,415)**	**(315,052)**
Adjustments for:		
Provisions for impairment	0	232,677
Finance income	(78)	(289)
Finance expenses	1,111	78,968
Change in accounts receivable	85	(102)
Change in accounts payable and accruals	1,063	1,568
Change in taxes payable	228	(1)
Net cash generated by operating activities	**(2,006)**	**(2,231)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	0	26
Issuance of loans	(1,348)	(2,631)
Repayment of loans	217	2,182
Net cash used in investing activities	**(1,131)**	**(423)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	3,962	3,453
Repayment of borrowings	(600)	(695)
Repayment of interest	0	(60)
Share issue	0	0
Net cash used in financing activities	**3,362**	**2,698**
Net change in cash and cash equivalents	**225**	**44**
Cash and cash equivalents at the beginning of the period	**47**	**3**
Cash and cash equivalents at the end of the period	**272**	**47**

The accompanying notes on pages 38-42 form an integral part of these financial statements.

33 Shares in Subsidiaries

In thousands of SEK	Registration number	Registered address	Share	31.12.2014	31.12.2013
Selena Oil & Gas AB	556814-3084	Stockholm, Sweden	100.00%	89,823	89,823
Total investments into subsidiaries				**89,823**	**89,823**

34 Accounts Receivable and Prepayments

In thousands of SEK	31.12.2014	31.12.2013
Current tax receivable	41	126
Other short term receivables	6	6
Total accounts receivable and prepayments	**47**	**132**

35 Loans issued

In thousands of SEK	31.12.2014	31.12.2013
Loan issued to Selena Oil & Gas AB	1,163	0
Loan issued to Selena Oil Group	1,017	1,367
Total loans issued	**2,180**	**1,367**

36 Cash and cash equivalents

Breakdown of cash and cash equivalents by currencies is provided below.

In thousands of SEK	31.12.2014	31.12.2013
EUR	226	8
USD	0	0
SEK	46	39
Total cash and cash equivalents	**272**	**47**

37 Capital and Reserves

At 31 December 2014 the total number of authorised and issued ordinary shares was 52,098,477 shares, with a quota value of SEK 1,352642 each. Each ordinary share carries one vote. All issued ordinary shares are fully paid.

38 Loans and Borrowings

Short term loans and borrowings balance at 31 December 2014 includes loans from related parties in the amount of 8,104 TSEK (31 December 2013: 4,238 TSEK). All loans fall due in 2015 and carry interest rate of 5% - 10% per annum.

39 Selling, general and administrative expenses

In thousands of SEK	2014	2013
Personnel expenses	1,244	1,105
Consulting fees	1,177	1,665
Audit fees	700	700
Other expenses	123	93
Total selling, general and administrative expenses	**3,244**	**3,563**

40 Finance expenses

In thousands of SEK	2014	2013
Conditional shareholders contribution in Selena Oil & Gas	0	78,632
Interest costs	556	268
Net foreign exchange loss	555	68
Total other expenses	**1,111**	**78,968**

Finance expenses for year ended 31 December 2013 included financial loss related to conditional shareholders contribution made by the Parent into its subsidiary Selena Oil & Gas AB as of 31 December 2013. The amount of loss represented the amount of loans issued to Selena Oil & Gas AB and used as conditional shareholders contribution.

41 Other expenses

In thousands of SEK	2014	2013
Travel expenses	109	92
Other expenses	17	0
Publications expenses	12	38
Impairment loss from investment into subsidiary	0	232,680
Total other expenses	**138**	**232,810**

Impairment loss of 2013 related to the re-assessment of value of subsidiary Selena Oil & Gas AB due to restructured underlying assets of OOO Selena-Perm.

42 Financial assets, liabilities and risks

This note contains disclosure information regarding financial assets and liabilities, including the risks in these financial instruments that the parent is exposed to.

Financial instruments categories, classifications and holdings:

The Parent classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets. The Parent currently has no assets classified as financial assets at fair value through profit or loss, held-to-maturity investments and available-for-sale financial assets.

The Parent's financial liabilities include other payables and loans.

The risk management function within the Parent is carried out in respect of financial risks (credit, market, currency, liquidity and interest rate), operational risks and legal risks. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures of the Parent to minimise these risks.

Financial liabilities disclosures

In thousands of SEK	Parent 31.12.2014	Parent 31.12.2013
Loans payable	8,363	4,442
Trade accounts payable	4,510	3,857
Other current liabilities	3,620	3,054
Total short-term financial liabilities	**16,493**	**11,353**

Maturity analysis in relation to the total contractual, undiscounted cash flows is presented below:

In thousands of SEK	2015	2016	2017	2018	2019
Loans payable	8,363	0	0	0	0
Trade accounts payable	4,510	0	0	0	0
Other current liabilities	3,620	0	0	0	0
Total	**16,493**	**0**	**0**	**0**	**0**

Fair and carrying values of financial liabilities

In thousands of SEK	31.12.2014 Fair value	31.12.2014 Carrying amount	31.12.2013 Fair value	31.12.2013 Carrying amount
Loans payable	8,363	8,363	4,442	4,442
Trade accounts payable	4,510	4,510	3,857	3,857
Other current and long-term liabilities	3,620	3,620	3,054	3,054
Total financial liabilities	**16,493**	**16,493**	**11,353**	**11,353**

Liquidity risk. Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Reasonable liquidity risk management includes maintaining certain level of adequacy of cash and liquid securities.

To manage liquidity risk the Parent applies the policy that provides for holding financial assets for which there is an active market and which can be readily converted in case of necessity to maintain liquidity. The maturity analysis of liabilities of the Parent as of 31 December 2014 is provided below. The outstanding amount in the table represents contractual undiscounted cash flows.

Maturity structure of financial liabilities as of 31 December 2014

In thousands of SEK	Due in 1 year from reporting date	From 1 to 5 years from reporting date	More than 5 years from reporting date
Loans payable	8,363	0	0
Trade accounts payable	4,510	0	0
Other current and long-term liabilities	3,620	0	0
Total financial liabilities	**16,493**	**0**	**0**

Interest rate risk. The Parent takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

The Parent's loans issued and borrowings obtained are under fixed interest rates. The Parent does not have a policy of hedging interest rate risk.

Financial assets disclosures

Cash and cash equivalents *In thousands of SEK*	**31.12.2014 Fair value**	**31.12.2014 Reported value**	**31.12.2013 Fair value**	**31.12.2013 Carrying amount**
Cash and cash equivalents in SEK	46	46	39	39
Cash and cash equivalents in EUR	226	226	8	8
Total cash and cash equivalents	**272**	**272**	**47**	**47**

Credit risk. The Parent takes on exposure to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Fair and carrying values of financial assets and the Parent's maximum exposure to credit risk by class of assets

In thousands of SEK	**31.12.2013 Fair value**	**31.12.2013 Reported value**	**31.12.2013 Maximum credit risk**	**31.12.2013 Fair value**	**31.12.2013 Reported value**	**31.12.2013 Maximum credit risk**
Loans issued	2,180	2,180	2,180	1,367	1,367	1,367
Other current receivables	47	47	47	132	132	132
Cash and cash equivalents	272	272	0	47	47	0
Total financial assets	**2,499**	**2,499**	**2,227**	**1,546**	**1,546**	**1,499**

Although settlement of receivables is exposed to economic factors the management believes that there is no significant risk of losses exceeding the provision for impairment of receivables that was booked by the Parent.

Cash is deposited with financial institutions with minimum default risk at the moment of account opening. The Parent does not have significant risk arising from issued loans.

No collateral is provided to the benefit of the Parent with regard to its exposure to credit risk.

Market risk. The Parent takes on exposure to market risks. Market risks arise from open positions in (a) currency, (b) interest rate and (c) equity products risk, all of which are exposed to general and specific market movements. Management sets limits on the value of risk that may be accepted, which is monitored on a daily basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Currency risk. In respect of currency risk, management sets limits on the level of exposure by currency and in total, which are monitored on monthly basis. The table below presents general analysis for the net balance sheet position of the Parent in various currencies as of 31 December 2014:

In thousand SEK	**31.12.2014 SEK**	**31.12.2014 EUR**	**31.12.2014 RUB**	**31.12.2014 Total**
Cash and cash equivalents	46	226	0	272
Loans issued	1,163	0	1,017	2,180
Other current receivables	47	0	0	47
Total financial assets	**1,256**	**226**	**1,017**	**2,499**
Loans payable	4,678	3,685	0	8,363
Trade accounts payable	4,510	0	0	4,510
Other current and long-term liabilities	3,277	343	0	3,620
Total financial liabilities	**12,465**	**4,028**	**0**	**16,493**
Net financial items	**(11,209)**	**(3,802)**	**1,017**	**(13,994)**

The Parent's functional currency is Swedish Krona.

44 Audit Remuneration

In thousands of SEK	2014	2013
PricewaterhouseCoopers		
Audit assignments	700	700
Additional audit assignments	0	0
Tax assignments	0	0
Other assignments	0	0
Total PricewaterhouseCoopers	**700**	**700**
Other auditors		
Audit assignments	0	0
Total other auditors	**0**	**0**
Total audit remunerations	**700**	**700**

44 Remuneration to the Board of Directors

According to the AGM resolution from 25 June 2014 the Director's fee was set at SEK 125,000 per year for the members of the Board of Directors and SEK 150,000 per year for the Chairman of the Board of Directors. As of 31 December 2014 no payments to the members of the Board of Directors have been made and the accrual for the respective amount has been created as of 31 December 2014.

Amount of expenses related to the Board of Directors remuneration amounted to 713 TSEK and social security costs amounted to 224 TSEK. As of 31 December 2014 no payments to the members of the Board of Directors have been made and the accrual for the respective amount has been created as of 31 December 2014. The Board of Directors costs are accrued by Parent of the Group. Remuneration and other benefits for 2014 of the Board was as follows (accrued, unpaid as of 31.12.2014):

In thousand SEK	Accrued remuneration
Jurgen Lamp	125
Staffan Torstensson *	63
Paul Waern	125
Indrek Rahumaa	125
Lars Bergstrom	150
Per Olof Sjöstedt	125
Total	**713**
Accrued social charges	**224**

*Board members who left the Board of Directors of Selena Oil & Gas Holding AB on 26 June 2014.

Confirmation by the Board of Directors

The Board of Directors declare that the consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU and give a true and fair view of the Group's financial position and results of operations. The financial statements of the Parent Company have been prepared in accordance with generally accepted accounting principles in Sweden and give a true and fair view of the Parent Company's financial position and results of operations. The statutory administration report of the Group and the Parent Company provides a fair review of the development of the Group's and the Parent Company's operations, financial position and results of operations and describes material risks and uncertainties facing the Parent Company and the companies included in the Group. The statements of income and financial position of the Parent Company and the Group are subject to adoption by the Annual General Meeting on 17 June 2015.

Stockholm, 20 May 2015

Lars Bergström

Chairman

Indrek Rahumaa

Director

Paul Waern

Director

Per Olof Sjöstedt

Director

Jürgen Lamp

Director

Magnus Stuart

Managing Director

Our audit report with modifications has been submitted on May 20th, 2015

PricewaterhouseCoopers AB

Martin Johansson

Authorized Public Accountant

Auditor's report

To the annual meeting of the shareholders of Selena Oil & Gas Holding AB (publ), Corporate Identity Number 556643-6613

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and the consolidated accounts of Selena Oil & Gas Holding AB (publ) for the year 2014.

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

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

Auditor's responsibility

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

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

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

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2014 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Emphasis of matter

Without qualifying our opinion, we would like to draw attention to Note 16 in the annual accounts and consolidated accounts. As of the signing date of the Auditor's Report, there is no confirmed long-term financing to the extent deemed necessary for the continued operations of the company until the next annual general meeting of shareholders. These circumstances, together with the circumstances stated in Note 16, imply that there is an element of substantial uncertainty which could result in significant doubt as to whether the company can continue as a going concern.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Selena Oil & Gas Holding AB (publ) for the year 2014.

Responsibilities of the Board of Directors and the Managing Director

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

Auditor's responsibility

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

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

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

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

Opinions

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

Remarks

Without impact on our conclusions from the audit, we emphasize the fact that social security charges and taxes in some instances have been paid late. This has not materially damaged the company apart from interest charges.

Stockholm, May 20, 2015

PricewaterhouseCoopers AB

Martin Johansson
Authorized Public Accountant

Terms and measurements

Abbreviations

EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EUR	Euro
RUR	Russian rouble
SEK	Swedish krona
USD	US dollar
TSEK	Thousand SEK
TUSD	Thousand USD
TRUB	Thousand RUB

Oil related terms and measurements

boe	Barrels of oil equivalents
boepd	Barrels of oil equivalents per day
bopd	Barrels of oil per day
Mbbl	Thousand barrels (in Latin mille)
Mmbbl	Million barrels
Mboe	Thousand barrels of oil equivalents
Mboepd	Thousand barrels of oil equivalents per day
Mbopd	Thousand barrels of oil per day

For further information, please contact:

Magnus Stuart, Managing Director

Tel: +46 706 211 350

Selena Oil & Gas Holding AB (Publ) (former Emitor Holding AB) is engaged in the exploration, and production of oil and gas in the Volga-Ural region in the Russian Federation, around Perm. The Company´s shares are temporarily not publicly listed, but the Company observes all rules, practices and policies for any company subject to public listing. Selena Oil & Gas Holding AB are in process of seeking for a new listing. Mangold Fondkommission serves as before as the company´s Adviser on public information. For further information on Selena Oil & Gas Holding AB (publ), see the website www.selenaoil.com

Disclaimer

The statement and assumptions made in the company's information regarding current plans, forecasts, strategy and other statements that are not historical facts are estimates or "forward looking statements" regarding future activities. Such future estimates comprise, but are not limited to, statements that include words such as "may occur", "plans", "expects", "estimates", "believes", "anticipates" or similar expressions. Such expressions reflect the management's expectations and assumptions made on the basis of information available at the date of this report. These statements and assumptions are subject to a large number of risks and uncertainties. These, in their turn, comprise but are not limited to:

- *changes in the financial, legal and political environment of the countries in which the Company operates*
- *changes in the available geological information concerning the Company's operations and reserves*
- *the Company's capacity to continuously guarantee sufficient financing for the expansion plans*
- *changes in currency exchange rates, in particular those relating to the RUR/USD rate*

Due to the background of the risks and uncertainties that exist for any oil production company in an active development stage, SOGH's actual future development may significantly deviate from that indicated in the company's informative statements. SOGH assumes no implicit liability to immediately update any such future evaluations.