

## Interim report January - June 2016

### 1. Summary

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#### MISEN ENERGY AB (publ)

Reg. No. 556526-3968

#### Group definition

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

On 26 June 2016 the Board of the Parent Company approved the sale of 37.5 % of the shares and shares capital in its subsidiary Misen Enterprises AB to the Hong Kong based company Powerful United Limited (“PUL”). Company remains the owner of 62.5 % of Misen Enterprises AB shares and maintains full control of the company. The Misen group (“**Misen Group**” or “**Group**”) comprises Misen Energy AB (publ), partially owned subsidiaries LLC Karpatygaz (Ukraine) and Misen Enterprises AB (Sweden). Misen Enterprises AB is consolidated in the Misen Group accounts with a minority share. Consolidated accounts represent the Misen Group.

#### Joint Activity and Joint Activity Agreement

The Misen Group has a 50.01 % participation interest in the Joint Activity (“**JA**”) dedicated to the hydrocarbon production and sales business in Ukraine. The remaining 49.99 % interest in the JA is held by the Public Joint Stock Company Ukrigasvydobuvannya (“**PJSC Ukrigasvydobuvannya**”) (Ukraine), a wholly owned subsidiary of the National Joint Stock Company Naftogaz of Ukraine (Ukraine). JA is governed by the Joint Activity Agreement No. 3, dated 10 June 2002 (“**JAA**” or “**JAA No.3**”) (as further restated and amended) signed by PJSC Ukrigasvydobuvannya, LLC Karpatygaz. Misen Enterprises AB entered into the JAA together with PJSC Ukrigasvydobuvannya and LLC Karpatygaz on 25 February 2011

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

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

Consolidated operating group income	KSEK 12,524 (5,081)
Consolidated group net turnover	KSEK 185,922 (185,311)
Earnings per share	SEK 0,02 (0,14)
Parent company operating loss	KSEK -3,518 (-3,925)
Parent company net turnover	KSEK 30 (30)

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

Consolidated operating group income	KSEK 41,102 (62,192)
Consolidated group net turnover	KSEK 393,412 (417,161)
Earnings per share	SEK 0,11 (0,18)
Parent company operating loss	KSEK -8,262 (-7,389)
Parent company net turnover	KSEK 60 (60)

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

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### Group financial situation and going concern

In July 2015, the JA breached its obligation to pay off KUSD 2,240 (KSEK 18,858) of a total of KUSD 12,250 (KSEK 103,128) to Public Joint Stock Company Sberbank (“**PJSC Sberbank**”). In August 2015, the JA breached its obligation to pay off the remaining debt KUSD 10,010 (KSEK 84,270) of a total of KUSD 12,250 (KSEK 103,128). In connection with this, the JA reached an agreement with PJSC Sberbank to restructure the debt with new repayment terms. However, the restructuring agreement had not been signed at the end of June 2016 due to agreement not having been achieved between the JA’s participants. PJSC Sberbank therefore has legal grounds to impose punitive interest on the JA amounting to KUAH 66,529 (KSEK 22,489) as of end of June 2016. This punitive interest is recognized in the Misen Group’s financial statements. As of 30 June 2016 amount of provision recognized in the Misen Group’s balance sheet makes up KSEK 11,244. During January – June 2016 financial expenses related to punitive interest recognized in the Misen Group’s income statement amounted to KSEK 2,352.

During January – June 2016 JA repaid KUSD 2,209 (KSEK 18,395) of PJSC Sberbank loan making outstanding balance as of 30 June 2016 of KUSD 9,812 (KSEK 81,708).

In August 2015, besides restructuring agreement negotiations with PJSC Sberbank, Sberbank Leasing Ukraine LLC (“**Sberbank Leasing**”) filed suit against the JA for violation of a leaseback agreement. According to the suit, the JA has not delivered equipment in time based on the agreement and Sberbank Leasing therefore has legal grounds to sue the JA for breach of contract. However, the JA considers that the unrealized delivery of equipment has legal grounds as Sberbank Leasing did not fulfil its obligations under the contract (full payment of the value of the equipment) at the time the agreement began to apply.

On 13 April 2016 trial court hearings regarding leaseback agreement with Sberbank Leasing took place. According to the decision taken, the trial court rejected the claims of Sberbank Leasing to JA related to the contract. Sberbank Leasing reserved its right to file an appeal to the higher instance court. Please also refer to chapter Essential events after the end of the second quarter 2016.

Based on the facts described above and the fact that the JA has a stable production and positive cash flow, the Board and management believe that the JA has enough liquidity to cover its outstanding commitments to its creditors. The Board and management will monitor the situation and report on the future development.

### Financing of the Company’s Swedish operations

The Company continued to borrow from its shareholders. In January 2016, the Company borrowed KSEK 270 from TCT Holding AB. In February 2016, the Company borrowed KEUR 700 (KSEK 6,607) from Prolux Resources AG, a company registered in Panama and controlled by the shareholder Blankbank Investment Ltd.

The Company on 20 April 2016 borrowed from Prolux Resources AG KEUR 500 with an interest of 5.5 % p.a. and due date of 1 May 2017. This secures financing of Misen’s Swedish operations until August 2016.

On 16 June 2016 the Board of Misen Energy AB (publ) approved the sale of 37.5 % of the shares and shares capital in its subsidiary Misen Enterprises AB to the Hong Kong based company Powerful United Limited (“**PUL**”).

For further information, please also refer to chapter Essential events after the end of the second quarter 2016.

### **The operation of Khrestyshchenska Booster Compressor Station**

In September 2015, the Khrestyshchenska Booster Compressor Station (BCS) was commissioned. This BCS is one of the largest in Ukraine and serves the extraction of up to 25 % of the total domestic natural gas production.

However, after the commissioning of the Khrestyshchenska BCS, a dispute arose between the JA and the PJSC Ukrigasvydobuvannya regarding how the incremental production of gas at Khrestyshchenska BCS should be allocated between the parties. According to the currently applied methodology for calculating incremental production volumes, the production at Khrestyshchenska BCS did not exceed the “base line” which led to no increase in production to be utilized by the JA. Due to this, the JA was forced to use part of the produced gas for the operation of Khrestyshchenska BCS. As mentioned in the previous reports, the gas that was used for operations amounted to 9 million cubic meters (“**mmcm**”) per month.

At the beginning of February 2016, Misen Enterprises AB and PJSC Ukrigasvydobuvannya had a meeting regarding the operation of Khrestyshchenska BCS. During this meeting, the parties agreed how the issue of the gas used for the operation of Khrestyshchenska BCS shall be resolved. According to the agreement, Misen Enterprises’ subsidiary LLC Karpatygaz, which is in charge of operating the JA, rents out Khrestyshchenska BCS to PJSC Ukrigasvydobuvannya with an obligation of latter to cover the gas needed for operation. The agreement is presumed to be renewed on a monthly basis. Based on this arrangement, during January – June 2016 the JA concluded 6 agreements with PJSC Ukrigasvydobuvannya. These temporary agreements have a positive impact on the JA’s earnings in 2016 compared with 2015.

### **Subsoil use charge**

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

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

The Misen Group’s earnings for January – June 2016 were negatively impacted by this. It will also have a negative impact on the continuation of the JA’s investment program, including a possible Misen Enterprises’ AB contribution commitment in the amount of MUSD 8.6.

## Tax payments in Ukraine

Despite difficult situation with the increased subsoil use charge, the Misen led JA continued paying all taxes to Ukrainian tax authorities during Q2 2016. Since 2011, the JA has contributed to Ukraine KUAH 9,596,326 (adjusted KSEK 4,730,600) in taxes. During January-June 2016 alone, the JA paid KUAH 1,625,876 (adjusted KSEK 526,317).

## Ukraine's economy

During January – June 2016, the rate for UAH towards SEK has decreased from 0.3468 on 31 December 2015 to 0.3380 on 30 June 2016, or by -2.5 %. Main contributor was current account deficit, which was mainly covered from National Bank of Ukraine foreign currency reserves. Since the Misen Group's operations and net assets are almost entirely located in Ukraine this has caused a negative effect on the Group's equity, decreasing it by KSEK 11,804.

On 7 June 2016 the National Bank of Ukraine (the "NBU") adopted Resolutions No. 341 and 342 (the "Resolutions") related to liberalization of administrative restrictions for foreign currency transactions.

The most critical changes for the energy sector under the Resolutions are the following:

1. Decrease of compulsory sales of proceeds received by Ukrainian legal entities (from 75 % to 65 %), including proceeds from foreign loans
2. Simplification of currency exchange transactions
3. The possibility to purchase foreign currency for distribution of dividends with the following restrictions:
  - a. only dividends for 2014 and 2015 may be paid in a foreign currency
  - b. the amount of dividends may not exceed a bigger figure of the following ones:
    - (i) MUSD 1 mln. (or equivalent) or
    - (ii) 10 % of the total amount of dividends to be paid abroad
  - c. if 10 % of such total amount exceeds MUSD 5, a Ukrainian company may purchase foreign currency only in the amount up to MUSD 5 per month
  - d. distribution of dividends in a foreign currency is allowed only via one bank but it is possible to change such bank subject to a special procedure.

According to the announcement, in the future NBU intends also to allow the purchase of foreign currencies to pay dividends accumulated before 2014 and after 2016.

In January – June 2016, consumer inflation continued to slow and made up 18.1 % versus 30.8 % in January – March 2016 compared to the same period of the previous year. Reduced inflationary pressure was of fundamental nature: the strengthening exchange rate and pent-up consumer demand. The decrease in commodity prices on world markets along with appreciation of Ukrainian currency caused industrial inflation to decelerate to 15.0 % in January-June 2016 versus 16.1 % in January – March 2016 compared to the same period of the previous year.

Industrial production growth slowed to 2.0 % in January – June 2016 versus 3.7 % in January – March 2016 compared to the same period of the previous year. The main reason for the slowdown is decline in coal mining due to the reduced consumption by the thermal power plants as a result of end of heating season as well as decrease in oil and gas production. During January – June 2016

compared to the same period of previous year, oil and gas condensate production decreased by -11.6 % and -4.3 % correspondingly, whereas gas production grew by 0.35 %.

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

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

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

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

### **Contribution to the JA**

During H1 2016, Misen Enterprises AB did not contribute any additional funds towards its commitment to the JA in the amount of MUSD 8.6. The total amount contributed remains at KUSD 3,930 (KSEK 33,085).

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

### **Investment program report**

Despite financial constraints imposed by the increased subsoil use taxation, the Company continued construction of booster compressor stations during January – June 2016. During this period, JA invested KSEK 23,501 (KSEK 124,129) into development program (compared to the same period of 2015).

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

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

## Production report

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

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

	January – June 2016	January – June 2015	January – June 2014
Natural Gas (mmcm)	332.5	339.2	346
Gas Condensate (ktons*)	17.7	16.2	15.1
Oil (ktons)	3.3	5.2	10.7
LPG (ktons)	5.2	1.5	

\* *thousand tons*

## **Essential events after the end of the second quarter 2016**

### ***Financing of the Company's Swedish operations***

On 5 July 2016 Misen Energy AB (publ) and PUL completed the Share Purchase Agreement. The purchase sum amounted to MSEK 165 and was paid by PUL by taking over Misen Energy AB (publ) existing debt plus cash payment amounting to approximately MSEK 26. Upon completion of the deal, Misen Energy AB (publ) has become debt-free and have financing for the Swedish operation secured for the period of two years. As a consequence of the deal, 37.5 % of the future dividends from operations in Ukraine will go to PUL. Also, since Misen Energy AB (publ) will remain the owner of 62.5 % of Misen Enterprises AB shares, Misen Energy AB (publ) shall maintain full control of the company.

### ***Currency fluctuations***

During the period July to mid-August 2016, Ukrainian currency was relatively stable appreciating by 1.6 % in relation to SEK from 0.3380 to 0.3434.

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

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

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

Misen Enterprises AB and LLC Karpatygaz, the two partially owned subsidiaries of Misen Energy AB (publ), received the Request for Arbitration from PJSC Ukrgasvydobuvannya on 18 July 2016. PJSC Ukrgasvydobuvannya submitted the Request for Arbitration to the Arbitration Institute of the Stockholm Chamber of Commerce and requested termination of the Joint Activities Agreement No. 3 dated 10 June 2002 (as further amended) between PJSC Ukrgasvydobuvannya, LLC Karpatygaz and Misen Enterprises AB.

The two partially owned subsidiaries of Misen Energy AB (publ) have previously notified PJSC Ukrgasvydobuvannya that a dispute had arisen between them, therefore, the claims of PJSC Ukrgasvydobuvannya and the subsequent Request for Arbitration were anticipated. Karpatygaz LLC and Misen Enterprises AB will participate in the arbitration proceeding and will vigorously defend the legitimate interests of their investors.

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

### ***Group financial situation and going concern***

On 26 July 2016, the Ukrainian appeal court hearings regarding leaseback agreement with Sberbank Leasing took place. According to the decision taken, the appeal court rejected the claims of Sberbank Leasing to the JA related to the contract. The decision came into force on the day of court hearings. Sberbank Leasing reserved its right to file a cassation to the Supreme Economic Court of Ukraine.

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

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

During July to mid-August 2016, Misen Enterprises' subsidiary LLC Karpatygaz, which is in charge of operating the JA, continued to rent out Khrestyshchenska BCS to PJSC Ukgasvydobuvannya with an obligation of the latter to cover the gas needed for operation of Khrestyshchenska BCS. The Company is monitoring the situation and will report on the future development.



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

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The Misen Group accounted for an operating income of KSEK 12,524 (KSEK 5,081 for the same period 2015) for the second quarter 2016. Profit after financial items for the period was KSEK 6,739 (KSEK 27,287 for the same period 2015). The higher operating income in the quarter is mainly due to lower subsoil charges relative to the revenues as a result of changed basis of calculation while lower profit after financial items in the second quarter is explained by the fact that in the same period in 2015 it was positively affected by the interest income as well as Ukrainian currency appreciation.

For January – June 2016, operating income of the Misen Group was KSEK 41,102 (KSEK 62,192) and the Group result after the financial items for January – June 2016 was KSEK 23,849 to be compared to KSEK 33,849 for the same period 2015.

The weak financial development observed during the first quarter has continued during the second quarter mainly due to the increased subsoil charges.

During January – June 2016, the JA gas production totalled 332 mmcm (339 mmcm during the same period 2015), generating a turnover of KSEK 614,034 (KSEK 803,742) of which 50.01 % is attributable to the Misen Group's interest in the JA, the corresponding numbers in KUAH are 1,896,845 (KUAH 2,018,948).

Loss after financial items for the Parent Company in the second quarter 2016 amounted to KSEK -9,423 (KSEK -5,326). During January – June 2016 the Parent Company's loss after financial items made up KSEK -16,232 (KSEK -10,838).

Misen Group net sales for the second quarter of 2016 was KSEK 185,622 (KSEK 188,287) and the Parent Company net sales for this period was KSEK 30 (KSEK 30). During January – June 2016, the Misen Group net sales was KSEK 379,915 (KSEK 401,973) while the Company revenue in the same period amounted to KSEK 60 (KSEK 0).

#### Amendments to the tax code

As reported in the annual report 2014, as of 1 January 2015 Ukrainian Parliament adopted amendments to the tax code. According to the adopted amendments, Joint Activities are not corporate profit tax ("CPT") payers starting from 2015. Instead, Joint Activities' operators are liable to pay income taxes on behalf of the participants. In December 2015 Ukrainian Parliament adopted additional amendments to the tax code. According to these amendments the CPT return is submitted within 40 days after the end of reporting period on a quarterly basis. The CPT obligations are based on the tax returns for the previous quarter and are paid within 10 days after submission of the return.

In this report it has been assumed that Misen Group with regard to the taxes related to JA will be tax payer according to Ukrainian legislation based on the presumption that it has an operating activities within the country. The income in the JA accrued before 1 January 2015 will not be subject to Swedish tax, that the holding in the JA is considered as business-related shares (*Sw. näringsbetingade aktier*) and that the difference in tax rates in Sweden and Ukraine can be set off against Swedish CPT and losses carried forward in the Swedish companies.

## **Cash position**

As of 30 June 2016, the cash balance of the Misen Group was KSEK 45,337 (KSEK 20,802). The cash flow from operations after changes in working capital was KSEK 62,452 in the first two quarters of 2016 (KSEK 71,074).

## **Capital expenditure**

The Misen Group's capital expenditure on equipment for gas production in Ukraine related to the JA activity during January – June 2016 amounted to KSEK 14,584 (KSEK 88,583).

During January – June 2016, capital expenditure orders not yet delivered have been placed at an aggregate value of KSEK 11,032. The capital expenditures are equipment, constructions and constructions in progress for extraction of natural gas. The activities are capital intensive and the level of capital expenditures will be on a continuing high level.

## **Expected future development of the Company**

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

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

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

## **Environmental impact**

The JA operations have an impact on the environment in Ukraine, which is governed by laws and conventions, which in turn control the JA's operations as regards to the environment. Oil and natural gas operations are subject to extensive regulations with respect to the environment at both international and national levels. Environmental legislation covers the control of water and air pollution, waste, licensing requirements, restrictions on operations in environmentally sensitive and coastal areas. Environmental regulations are expected to become more stringent over time, which will most likely result in increasing costs. The Misen Group meets the environmental requirements in order to maintain existing licenses or obtain new ones.

## **Accounting principles**

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

## **Financial assets and liabilities**

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

During January – June 2016 since the amicable agreements has been reached with some of the debtors JA partially reversed provision for bad debts made in 2015 and accounted them at amortized cost. The amount of reversed provisions makes up KUAH 56,260 (KSEK 18,369) out of which 50,01 % has affect the Misen Groups´ result.

## **Financial and other risks**

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

The need for funding that may arise in 2016 will be handled through extended credits and, if necessary, adjustments in the investment program.

Due to current account deficit, which was mainly covered from National Bank of Ukraine foreign currency reserves, during January – June 2016, the rate for UAH towards SEK has decreased from 0.3468 on 31 December 2015 to 0.3380 on 30 June 2016, or by -2.5 %. Since the Misen Group's operations and net assets are almost entirely located in Ukraine this has caused a negative effect on the Group's equity, decreasing it by KSEK 11,804.

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

## **First North**

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

## Sector information - the Misen Group

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

### Geographical area

	30 June 2016	30 June 2015	31 Dec 2015
<i>(All amounts in KSEK)</i>			
Net sales, external:			
Sweden	--	--	--
Ukraine	379,915	401,973	853,359
Fixed assets:			
Sweden	--	--	--
Ukraine	578,251	655,284	603,677

### Transactions with related parties

	30 June 2016	30 June 2015	31 Dec 2015
<i>(All amounts in KSEK)</i>			
Ukrigasvydobuvannya:			
Sale	26,341	--	--
Purchase	69,255	81,295	179,140
Short-term receivables	--	--	--
Short-term debts	11,405	8,345	17,708
Management, Board and major Shareholders:			
Purchase of services	2,142	1,389	4,446
Interest	686	--	350
Salaries and remunerations	2,107	1,994	4,885
Short-term debts	23,684	1,525	3,510
Long-term debts	--	--	10,613

## Publication of the January - June 2016 report

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

*This information is information that Misen Energy AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 11:00 CET on 31 August 2016.*

## Future reports

Next report, the Q3 report for 2016, will be published on 30 November 2016.

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

Stockholm, 31 August 2016

## Misen Energy AB (publ)

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

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

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

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

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

**CONDENSED INCOME STATEMENT-THE GROUP**

	1 Apr - 30 June 2016 3 months	1 Apr - 30 June 2015 3 months	1 Jan - 30 June 2016 6 months	1 Jan - 30 June 2015 6 months	1 Jan - 31 Dec 2015 12 months
<i>All amounts in KSEK</i>					
<b>Operating revenue</b>					
Net sales	185,622	188,287	379,915	401,973	853,359
Other operating income	0	0	13,155	12,259	27,528
Result from associated companies	342	-96	342	2,929	3,486
	<b>185,964</b>	<b>188,191</b>	<b>393,412</b>	<b>417,161</b>	<b>884,373</b>
<b>Operating expenses</b>					
Other external expenses	-160,523	-165,114	-324,310	-327,034	-738,953
Personnel expenses	-2,128	-3,882	-6,194	-7,765	-16,078
Depreciation and amortisation of tangible and intangible fixed assets	-8,695	-9,601	-19,328	-17,753	-34,845
Other operating cost	-2,094	-4,513	-2,478	-2,417	-79,888
	<b>-173,440</b>	<b>-183,110</b>	<b>-352,310</b>	<b>-354,969</b>	<b>-869,764</b>
<b>Operating income/loss</b>	<b>12,524</b>	<b>5,081</b>	<b>41,102</b>	<b>62,192</b>	<b>14,609</b>
<b>Financial items</b>	<b>-5,785</b>	<b>22,206</b>	<b>-17,253</b>	<b>-28,349</b>	<b>-63,296</b>
<b>Profit/loss after financial items</b>	<b>6,739</b>	<b>27,287</b>	<b>23,849</b>	<b>33,843</b>	<b>-48,687</b>
Taxes for the period	-3,577	-7,284	-7,843	-7,163	14,963
<b>Profit/loss for the period attributable to the parent company shareholders</b>	<b>3,162</b>	<b>20,003</b>	<b>16,006</b>	<b>26,680</b>	<b>-33,724</b>
<b>Statement of comprehensive income - The Group</b>					
Net profit for the period	3,162	20,003	16,006	26,680	-33,724
Other comprehensive income					
Items possible for later reclassification in income statement:					
Translation differences	48,332	35,059	-11,804	-140,984	-293,834
Other comprehensive income for the period, net after taxes	48,332	35,059	-11,804	-140,984	-293,834
<b>Total comprehensive income for the period</b>	<b>51,494</b>	<b>55,062</b>	<b>4,202</b>	<b>-114,304</b>	<b>-327,558</b>
<b>Net earnings per share, allocated to the share owners in the parent company (in SEK per share)</b>					
Net earnings for the period, before and after dilution	0.02	0.14	0.11	0.18	-0.24
Average number of shares for the period was 145,068,222					

## CONDENSED BALANCE SHEET-THE GROUP

<i>All amounts in KSEK</i>	30 June 2016	30 June 2015	31 Dec 2015
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible fixed assets	30,377	33,422	31,859
Tangible fixed assets	536,704	619,956	554,800
Shares in associated companies	2,224	1,907	2,282
Deferred tax receivables	8,946	-	14,736
<b>Total non-current assets</b>	<b>578,251</b>	<b>655,285</b>	<b>603,677</b>
<b>Current assets</b>			
Stock	2,962	57,446	3,157
Accounts receivable	68,808	102,703	44,763
Other receivables	14,621	18,001	10,872
Prepaid expenses and accrued income	461	346	525
<b>Total current assets</b>	<b>86,852</b>	<b>178,496</b>	<b>59,317</b>
<b>Cash and bank balances</b>	<b>45,337</b>	<b>20,802</b>	<b>7,413</b>
<b>Total current assets</b>	<b>132,189</b>	<b>199,298</b>	<b>66,730</b>
<b>TOTAL ASSETS</b>	<b>710,440</b>	<b>854,583</b>	<b>670,407</b>

<i>All amounts in KSEK</i>	30 June 2016	30 June 2015	31 Dec 2015
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>343,620</b>	<b>457,875</b>	<b>339,418</b>
<b>Non-current liabilities</b>			
Long-term loans	113,069	87,792	99,161
Deferred tax liability	-	1,757	-
Other long-term liabilities	36,917	32,558	30,737
<b>Total non-current liabilities</b>	<b>149,986</b>	<b>122,107</b>	<b>129,898</b>
<b>Current liabilities</b>			
Accounts payable	40,816	41,107	21,811
Tax debts	3,466	8,678	4,414
Short-term loans	60,803	93,506	79,411
Other short-term debt to JA	45,909	34,162	33,829
Other short-term debt	54,740	88,461	55,896
Accrued expenses and deferred income	11,100	8,687	5,730
<b>Total current liabilities</b>	<b>216,834</b>	<b>274,601</b>	<b>201,091</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>710,440</b>	<b>854,583</b>	<b>670,407</b>
Pledged assets	648,653	554,527	438,487
Contingent liabilities	1,055,886	1,242,408	1,102,483

CONDENSED STATEMENT OF CHANGES IN EQUITY - THE GROUP

<i>All amounts in KSEK</i>	Share capital	Other paid in capital	Other reserves	Retained earnings	Total equity
<b>Equity brought forward 2015-01-01</b>	<b>290,136</b>	<b>-274,435</b>	<b>-330,616</b>	<b>887,094</b>	<b>572,179</b>
<b>Net result</b>					
Net result of the period Jan-June 2015	-	-	-	26,680	26,680
<b>Other comprehensive income</b>					
Translation difference	-	-	-140,984	-	-140,984
<b>Total comprehensive income</b>	<b>290,136</b>	<b>-274,435</b>	<b>-471,600</b>	<b>913,774</b>	<b>457,875</b>
<b>Equity brought forward 2015-06-30</b>	<b>290,136</b>	<b>-274,435</b>	<b>-471,600</b>	<b>913,774</b>	<b>457,875</b>
<b>Equity brought forward 2015-07-01</b>	<b>290,136</b>	<b>-274,435</b>	<b>-471,600</b>	<b>913,774</b>	<b>457,875</b>
<b>Net result</b>					
Net result of the period July-Dec 2015	-	-	-	-60,404	-60,404
<b>Other comprehensive income</b>					
Translation difference	-	-	-58,053	-	-58,053
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>-58,053</b>	<b>-60,404</b>	<b>-118,457</b>
<b>Equity brought forward 2015-12-31</b>	<b>290,136</b>	<b>-274,435</b>	<b>-529,653</b>	<b>853,370</b>	<b>339,418</b>
<b>Equity brought forward 2016-01-01</b>	<b>290,136</b>	<b>-274,435</b>	<b>-529,653</b>	<b>853,370</b>	<b>339,418</b>
<b>Net result</b>					
Net result of the period Jan- June 2016	-	-	-	16,006	16,006
<b>Other comprehensive income</b>					
Translation difference	-	-	-11,804	-	-11,804
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>-11,804</b>	<b>16,006</b>	<b>4,202</b>
<b>Equity brought forward 2016-06-30</b>	<b>290,136</b>	<b>-274,435</b>	<b>-541,457</b>	<b>869,376</b>	<b>343,620</b>



## CONDENSED STATEMENT OF CASH FLOWS - THE GROUP

	1 Jan - 30 June 2016 6 months	1 Jan - 30 June 2015 6 months	1 Jan - 31 Dec 2015 12 months
<i>All amounts in KSEK</i>			
<b>Operating activities</b>			
Operating income	41,102	62,192	14,609
Adjustment for non-cash items	26,117	34,829	70,264
Interest and dividends received	3,214	7,709	13,731
Interest paid	-7,205	-10,612	-8,148
Income tax	-3,623	-23,630	-50,950
<b>Cash flow from operating activities before working capital changes</b>	<b>59,605</b>	<b>70,488</b>	<b>39,506</b>
Decrease(+)/increase in stocks	84	-33,504	21,247
Decrease(+)/increase in receivables	-28,835	-22,327	13,664
Decrease(-)/increase in short-term debts	31,598	56,397	11,431
<b>Cash-flow from operating activities</b>	<b>62,452</b>	<b>71,054</b>	<b>85,848</b>
<b>Investing activities</b>			
Acquisition of tangible and intangible assets	-14,584	-88,583	-103,108
Sale of tangible and intangible assets	438	1,616	1,737
Contribution to JA	0	0	-4,124
<b>Cash flow from investing activities</b>	<b>-14,146</b>	<b>-86,967</b>	<b>-105,495</b>
<b>Financing activities</b>			
Change in long-term debt (increase+)	-11,855	-30,815	-38,646
<b>Cash flow from financing activities</b>	<b>-11,855</b>	<b>-30,815</b>	<b>-38,646</b>
Cash flow for the period	36,451	-46,728	-58,293
Cash at the beginning of the period	7,413	80,976	80,976
Exchange rate difference in cash	1,473	-13,446	-15,270
<b>Cash at the end of the period</b>	<b>45,337</b>	<b>20,802</b>	<b>7,413</b>

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

	1 Apr - 30 June 2016 3 months	1 Apr - 30 June 2015 3 months	1 Apr - 30 June 2016 6 months	1 Apr - 30 June 2015 6 months	1 Jan - 31 Dec 2015 12 months
<i>All amounts in KSEK</i>					
<b>Operating revenue</b>					
Net sales	30	30	60	60	120
	<b>30</b>	<b>30</b>	<b>60</b>	<b>60</b>	<b>120</b>
<b>Operating expenses</b>					
Other external expenses	-1,761	-2,343	-4,163	-4,219	-7,968
Personnel expenses	-1,787	-1,612	-4,159	-3,230	-7,370
	<b>-3,548</b>	<b>-3,955</b>	<b>-8,322</b>	<b>-7,449</b>	<b>-15,338</b>
<b>Operating result</b>	<b>-3,518</b>	<b>-3,925</b>	<b>-8,262</b>	<b>-7,389</b>	<b>-15,218</b>
Interest income	-678	-	0	666	1,459
Write-down of shares in subsidiary	-	-	0	-	-560,000
Interest expense	-5,227	-1,401	-7,970	-4,115	-10,045
	<b>-5,905</b>	<b>-1,401</b>	<b>-7,970</b>	<b>-3,449</b>	<b>-568,586</b>
<b>Profit/loss after financial items</b>	<b>-9,423</b>	<b>-5,326</b>	<b>-16,232</b>	<b>-10,838</b>	<b>-583,804</b>
Taxes for the period	-	-	-	-	-
<b>Net profit/loss</b>	<b>-9,423</b>	<b>-5,326</b>	<b>-16,232</b>	<b>-10,838</b>	<b>-583,804</b>
<b>Statement of comprehensive income - Parent company</b>					
Net loss for the period	-9,423	-5,326	-16,232	-10,838	-583,804
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-9,423</b>	<b>-5,326</b>	<b>-16,232</b>	<b>-10,838</b>	<b>-583,804</b>

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

<i>All amounts in KSEK</i>	30 June 2016	30 June 2015	31 Dec 2015
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Financial fixed assets</b>			
Shares in subsidiaries	468,069	1,028,069	468,069
<b>Total financial fixed assets</b>	<b>468,069</b>	<b>1,028,069</b>	<b>468,069</b>
<b>Total fixed assets</b>	<b>468,069</b>	<b>1,028,069</b>	<b>468,069</b>
<b>Total non-current assets</b>	<b>468,069</b>	<b>1,028,069</b>	<b>468,069</b>
<b>Current receivables</b>			
Other receivables	285	111	402
Short-term receivables subsidiaries	3,559	3,495	3,536
Prepaid expenses and accrued income	285	256	171
	<b>4,129</b>	<b>3,862</b>	<b>4,109</b>
<b>Cash and bank balances</b>	<b>1,733</b>	<b>1,070</b>	<b>1,703</b>
<b>Total current assets</b>	<b>5,862</b>	<b>4,932</b>	<b>5,812</b>
<b>TOTAL ASSETS</b>	<b>473,931</b>	<b>1,033,001</b>	<b>473,881</b>

<i>All amounts in KSEK</i>	30 June 2016	30 June 2015	31 Dec 2015
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<b>Restricted equity</b>			
Share capital	290,136	290,136	290,136
Statutory reserves	345	345	345
	<b>290,481</b>	<b>290,481</b>	<b>290,481</b>
<b>Non-restricted equity</b>			
Profit/Loss brought forward	62,704	646,509	646,508
Profit/loss for the year	-16,232	-10,838	-583,804
	<b>46,472</b>	<b>635,671</b>	<b>62,704</b>
<b>Total equity</b>	<b>336,953</b>	<b>926,152</b>	<b>353,185</b>
<b>Non-current liabilities</b>			
Long-term loan	113,069	87,382	99,161
Other long-term debts to group companies	92	92	92
<b>Total non-current liabilities</b>	<b>113,161</b>	<b>87,474</b>	<b>99,253</b>
<b>Current liabilities</b>			
Accounts payable	3,022	3,233	4,935
Other short-term liabilities	401	355	462
Other short-term liabilities group	11,244	9,013	11,617
Accrued expenses and deferred income	9,150	6,774	4,429
<b>Total current liabilities</b>	<b>23,817</b>	<b>19,375</b>	<b>21,443</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>473,931</b>	<b>1,033,001</b>	<b>473,881</b>
<b>Pledged assets</b>	<b>233,985</b>	<b>514,113</b>	<b>233,985</b>
<b>Contingent liabilities</b>	<b>39</b>	<b>39</b>	<b>39</b>

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

(Misen Energy AB (publ))

<i>All amounts in KSEK</i>	Share capital	Statutory reserves	Share Premium reserve	Retained earnings	Total equity
<b>Equity brought forward 2015-01-01</b>	<b>290,136</b>	<b>345</b>	<b>714,285</b>	<b>-67,776</b>	<b>936,990</b>
<b>Net result</b>					
Net result of the period Jan-June 2015	-	-	-	-10,838	-10,838
<b>Other comprehensive income</b>					
Translation difference	-	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-10,838</b>	<b>-10,838</b>
<b>Equity brought forward 2015-06-30</b>	<b>290,136</b>	<b>345</b>	<b>714,285</b>	<b>-78,614</b>	<b>926,152</b>
<b>Equity brought forward 2015-07-01</b>	<b>290,136</b>	<b>345</b>	<b>714,285</b>	<b>-78,614</b>	<b>926,152</b>
<b>Net result</b>					
Net result for the period July - Dec 2015	-	-	-	-572,967	-572,967
<b>Other comprehensive income</b>					
Translation difference	-	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-572,967</b>	<b>353,185</b>
<b>Equity brought forward 2015-12-31</b>	<b>290,136</b>	<b>345</b>	<b>714,285</b>	<b>-651,581</b>	<b>353,185</b>
<b>Equity brought forward 2016-01-01</b>	<b>290,136</b>	<b>345</b>	<b>714,285</b>	<b>-651,580</b>	<b>353,185</b>
<b>Net result</b>					
Net result of the period Jan-June 2016	-	-	-	-16,232	-16,232
<b>Other comprehensive income</b>					
Translation difference	-	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-16,232</b>	<b>-16,232</b>
<b>Equity brought forward 2016-06-30</b>	<b>290,136</b>	<b>345</b>	<b>714,285</b>	<b>-667,812</b>	<b>336,953</b>

## CONDENSED STATEMENT OF CASH FLOWS - PARENT COMPANY

(Misen Energy AB (publ))

	1 Jan - 30 June 2016 6 months	1 Jan - 30 June 2015 6 months	1 Jan - 31 Dec 2015 12 months
<i>All amounts in KSEK</i>			
<b>Operating activities</b>			
Operating income	-8,262	-7,389	-15,218
Adjustment for non-cash items			
Interest received	-	-	-
Interest paid	-	-	-
<b>Cash flow from operating activities before working capital changes</b>	<b>-8,262</b>	<b>-7,389</b>	<b>-15,218</b>
Decrease(+)/increase in receivables	-20	-61	-308
Decrease(-)/increase in accounts payable	-1,913	1,562	3,264
Decrease(-)/increase(+) in short term debts	-1,549	884	381
<b>Cash flow from operating activities</b>	<b>-11,744</b>	<b>-5,004</b>	<b>-11,881</b>
<b>Investment activities</b>			
Payment of shareholders contribution	-	-9,746	-9,746
<b>Cash flow from investing activities</b>	<b>0</b>	<b>-9,746</b>	<b>-9,746</b>
<b>Financing activities</b>			
Increase in long-term debt	11,774	15,461	22,971
<b>Cash flow from financing activities</b>	<b>11,774</b>	<b>15,461</b>	<b>22,971</b>
Cash flow for the period	30	10,457	1,344
Cash at the beginning of the period	1,703	359	359
<b>Cash at the end of the period</b>	<b>1,733</b>	<b>10,816</b>	<b>1,703</b>

**CONDENSED FINANCIAL AND OPERATIONAL KEY RATIOS**

	1 Jan - 30 June 2016 6 months	1 Jan - 30 June 2015 6 months	1 Jan - 31 Dec 2015 12 months
<b>The Group</b>			
<b>Financial key ratios</b>			
EBITDA (KSEK)	60,430	79,945	49,454
Profit/loss per share before dilution SEK*	0.11	0.18	-0.23
Profit/loss per share after dilution SEK*	0.11	0.18	-0.23
Return on equity (ROE)	neg	n.a.	Neg
Return on capital employed (ROCE)	neg	n.a.	Neg
Debt/equity ratio	50.6%	39.6%	52.6%
Equity ratio	48.4%	53.6%	50.6%
Share of risk bearing capital	48.4%	53.6%	50.6%
Weighted average number of shares for the period*	145,068,222	145,068,222	145,068,222
Number of outstanding shares before dilution *	145,068,222	145,068,222	145,068,222
Number of outstanding shares after dilution *	145,068,222	145,068,222	145,068,222
Weighted average number of shares for the period after dilution*	145,068,222	145,068,222	145,068,222

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

EBITDA (KSEK)	neg	neg	neg
Profit/loss per share before dilution SEK*	neg	neg	neg
Profit/loss per share after dilution SEK*	neg	neg	neg
Return on equity (ROE)	neg	n.a.	neg
Return on capital employed (ROCE)	neg	n.a.	neg
Debt/equity ratio	33.6%	9.4%	28.9%
Equity ratio	71.1%	89.7%	74.5%
Share of risk bearing capital	71.1%	89.7%	74.5%
Weighted average number of shares for the period*	145,068,222	145,068,222	145,068,222
Number of outstanding shares before dilution *	145,068,222	145,068,222	145,068,222
Number of outstanding shares after dilution *	145,068,222	145,068,222	145,068,222
Weighted average number of shares for the period after dilution*	145,068,222	145,068,222	145,068,222

**Definition of financial key ratios**

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

**Share capital information**

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