INTERIM REPORT JANUARY 1st – JUNE 30th, 2007

PA RESOURCES AB (PUBL)
Corporate Identity Number 556488-2180

PA Resources' profit for the period increased with 308 percent to SEK 314 million

Summary second quarter 2007 (March 1st – June 30th, 2007)

- Profit for the period amounted to SEK 314.3 million (77.1) during the second quarter 2007.
- Group revenue during the quarter amounted to SEK 862.5 million (208.2). The revenue refers to sales of crude oil.
- Operating profit for the quarter amounted to SEK 573.9 million (104.3) and the operating profit margin became 67 percent (50). Profit after financial items amounted to SEK 525.4 million (121.6).
- EBITDA (earnings before interests, taxes and depreciations) amounted to SEK 645.6 million (129.8).
- Earnings per share before dilution became 2.17 SEK (0.57) and earnings per share after dilution became 2.15 SEK (0.57).
- Total production during the second quarter was 1,866,000 (456,000) barrels of oil equivalents, of which 1,866,000 (456,000) barrels of oil and 0 (0) barrels of oil equivalents of gas.
- Average production amounted to 20,500 (5,000) barrels of oil equivalents per day during the quarter.
- A total of 1,691,000 (213,000) barrels of oil was sold during the quarter, of which 1,355,000 (50,000) to export and 336, 000 (163,000) to the local market in Tunisia, to an average price of 66.62 USD per barrel (60.80). A total of 182,699 barrels of oil have been paid as royalty.

Summary first half 2007 (January 1st – June 30th, 2007)

- Profit for the period amounted to SEK 354.2 million (74.0) during the first half of 2007.
- Group revenue amounted to SEK 1,255.1 million (335.7).
- Operating profit during the first half of the year amounted to SEK 703.5 million (106.7) and the operating profit margin became 56 percent (32). Profit after financial items amounted to SEK 604.6 million (122.9).
- EBITDA (earnings before interests, taxes and depreciations) amounted to SEK 813.2 million (150.8).
- Earnings per share before dilution became 2.44 SEK (0.55) and earnings per share after dilution became 2.42 SEK (0.55).
- Cash and cash equivalents amounted to SEK 200.6 million (468.1) at the end of the period.
- Total production during the first half of 2007 was 2,536,000 (739,000) barrels of oil equivalents, of which 2,536,000 (739,000) barrels of oil and 0 (0) barrels of oil equivalents gas.
- Average production amounted to 14,022 (4,100) barrels of oil per day during the first half of 2007.
- A total of 1,987,000 (742,000) barrels of oil was sold during the period, of which 1,433,000 (565,000) to export and 554, 000 (177,000) to the local market in Tunisia, to an average price of 64.65 USD per barrel (58.10).

Summarizing comments from the President and CEO Ulrik Jansson

- PA Resources production and sales of oil have set new records during the second quarter. This has resulted in an increase of group revenue by 314 percent and an increase of the result after taxes by 308 percent compared to the corresponding period last year. We have reached another milestone in the company's development, and it forms a good base for our future growth.

- The most important event during the second quarter is that the platform at the Didon-field has been in full production during the whole period. The finding of condensate and natural gas in Block I in Equatorial Guinea is also very gratifying. We are now looking forward to the results of the drillings in the Volve field and the Lie prospect in Norway, as well as the El Bibane field and the Linda prospect in Tunisia. Both the Volve field and the El Bibane field are expected to add to production during the autumn. We also expect a contribution to the companies oil- and gas resources from Equatorial Guinea, when additional drillings have been done during this year.

Stockholm, August 22nd, 2007

PA Resources AB

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Capital market meeting on August 22nd, 2007

PA Resources AB (publ) invites to a presentation of the Interim Report. The capital market meeting will take place on Wednesday August 22nd at 09.00 (CET) at Felix Konferansesenter, Aker Brygge, Bryggetorget 3, 0114 in Oslo, Norway. You can also follow the presentation live via Internet, or look at a recording afterwards, on the company's web site www.paresources.se. For more information about the meeting, see the invitation on the web site.

The Board of Directors and the President of PA Resources AB (publ) herewith submit the Interim Report for the period January 1st to June 30th 2007, including quarter 2, with comparative figures for the corresponding period prior year. The Group's financial year is the same as the calendar year 2007.

The Interim Report has been prepared in Swedish and translated inhouse to English. In the event of any discrepancies between the Swedish and English version, the former shall have precedence.

Business review

PA Resources AB is the parent company within a Group whose business consists of exploration and production of oil and gas. The Group operates in Tunisia, Norway, Equatorial Guinea and the Republic of Congo (Brazzaville). So far, production refers solely to Tunisia.

Group activities during the second quarter of 2007

Tunisia

Production

PA Resources' total production of oil and gas in Tunisia amounted to 1,866,000 (456,000) barrels of oil equivalents during the second quarter. This is an increase of 309 percent compared with the corresponding period in 2006. The increase is due to the fact that the new platform on the Didon field has been in full production during the entire quarter. Production during the second quarter of 2007 comes from the fields Didon, Douleb, Semmama, Tamesmida and Ezzaouia, where the Didon field stands for 97 percent of the total production. No gas has been produced during the second quarter.

Didon
PA Resources' largest production asset in Tunisia is the Didon field which is wholly-owned by the Group. The new production platform was put in operation in December 2006, and reached its expected 20,000 barrels in average per day level in the end of March 2007. The platform has maintained this production level during the second quarter and the uptime reached 97 percent during the period.

During the second quarter a series of process refinements have been carried out which has helped the company to maintain a high uptime. The platform's system for power generation has been revised and new living quarters have been installed to improve the working conditions for the operators. Safety on the platform continues to be at a high level, and no injuries or accidents that have affected production have been reported so far this year.

During the third quarter of 2007, the tanker Melide, which is temporarily being used for storage of the produced crude oil from the Didon field, will be replaced by the company's own tanker Didon FSO, which has a greater storage capacity. This will contribute to mayor cost savings. During the second quarter, Didon FSO has been modified in order to fit the new mooring system on the Didon field and a five-year inspection has been completed in order for the tanker to pass the safety and environmental requirements of 2008 regarding tankers of this kind. Thanks to the fact that the company carries out this five-year inspection with modifications now instead of next year, the company avoids shutdowns and replacement tankers during 2008. The tanker will be able to remain on location on the Didon field until at least 2013.

Douleb, Semmama
Production on the fields Douleb and Semmama have decreased slightly during the second quarter of 2007 compared to the production levels that were reached in 2006. The fields are so-called mature fields that have passed their peak production level a long time ago, but they are still profitable to run. PA Resources owns a 70 percent working interest and is the operator of the two fields, but has outsourced the work to Serept, which owns the remaining working interest in the permits.

A reservoir study using both 2D and 3D seismic will be initiated during 2007. This is the best possible way to evaluate the existence of additional reserves in the area and also to explore what the possibilities are for a future development.

Tamesmida
Production on the Tamesmida field (95 percent working interest) maintained at the same level during the second quarter of 2007 as the production levels that were reached in 2006. Like the Douleb and Semmama field, Tamesmida has produced oil for over 30 years, but it is still profitable to run. Serept, which owns the remaining working interest in the permit, act as the operator of the field on behalf of PA Resources.

During the second quarter a well was drilled in order to dispose the produced water from the production in an environmentally friendly way.

El Bibane
The El Bibane field, where PA Resources owns a 25 percent working interest, has been closed since August 2005 and was still closed during the second quarter of 2007. Ecumed, a wholly-owned subsidiary of Candax Energy Inc., is the operator of the field.

Ecumed will carry out a development programme during 2007 in order to start production and extract the remaining reserves on the El Bibane field. The agreement with a previously contracted drilling rig was cancelled during the first quarter of 2007 due to the fact that there were recurring delays in adapting and certifying the drilling rig. A new jack-up drilling rig, the West Titania, has therefore been contracted during the second quarter. The drilling programme consists of drilling a new production well (El Bibane-4), re-opening the existing well (El Bibane-3) by drilling a new horizontal sidetrack and possibly, drilling a gas injection well (El Bibane-5).

On July 29th, the drilling of the production well El Bibane-4 was begun. The operator expects that production should start sometime during the fourth quarter 2007. For more information, see Note 12 *Events after the balance sheet date*.

Ezzaouia
Operator of the Ezzaouia field is Maretap, a subsidiary of Candax Energy. Other partners are ETAP and PA Resources, which have a 13.6136 percent working interest in the field.

Maintenance work has been carried out this year on three of the production wells; Ezzaouia-2, Ezzaouia-4 and Ezzaouia-10. A side track has also been drilled. This has resulted in a slightly increased production on the Ezzaouia field during the second quarter of 2007 compared with the production levels in 2006. The sidetrack results have also generated fresh interest in the potential of the Zebbag reservoir.

Preparatory work for the drilling of two production wells towards the end of 2007/early 2008 has been carried out during the quarter. The decision to postpone the previously planned programme with water injections and instead drill the two new production wells was made by all partners during the first quarter of 2007.

Exploration

Zarat exploration permit – the Elyssa and Zarat fields
The Elyssa and Zarat fields are two oil fields with associated gas located in the exploration permit Zarat offshore eastern Tunisia. Through its Tunisian company, PA Resources is the operator of Zarat and owns a 45 percent working interest. Partner is ETAP, the Tunisian state oil company, which owns the remaining working interests in the permit.

In the end of April 2007, PA Resources completed the drilling of a new sidetrack to the Elyssa-3 appraisal well on the Elyssa field. The sidetrack found a new, promising and previously untested oil reservoir which showed very good reservoir quality. The area was the secondary target of the sidetrack. This interval has been logged and oil samples were extracted for further analysis. The sidetrack did also confirm the lateral extent and quality of the previously discovered gas bearing intervals in the Eocene Vascus and Cherahil formations, which are located above the discovered oil zone. Preliminary log analyses show a total net oil pay of 12 meters and a total net gas pay of 28 meters in the Elyssa-3 sidetrack. The Upper Cretaceous Bireno reservoir, which was the primary drilling target, proved to be more structurally complex than what earlier had been mapped in this part of the field. Therefore, the Bireno reservoir is no longer the primary target for future coming production.

The company has begun work to evaluate the commercialization and different technical development options regarding both discoveries. More appraisal wells will probably be required before the appraisal can be completed. Therefore, work is ongoing to find suitable locations for the drill of these wells in mid 2008. The time table for the production start depends on when and how the development of the field will be carried through.

Makthar
The exploration area Makthar is located in the western part of central Tunisia and near the producing oil fields Douleb, Semmama and Tamesmida. Through a subsidiary, PA Resources owns a 45 percent working interest and is the operator of the permit. Partner is ETAP which owns the remaining working interests in the permit.

A third-party appraisal of Makthar, with the aim to appraise and rank the most interesting prospects, has established that the Linda and Serraguia prospects are the two most interesting prospects in the area. During the second quarter, the planning of the drilling of exploration wells on both these prospects has continued. Both prospects are located near existing production facilities on the Tamesmida field. This may prove to be an advantage when it comes to achieving an early production start.

The drillings of the Linda prospect started after the balance sheet date. For more information on these events, see Note 12 *Events after balance sheet date*. Drillings of the Serraguia prospect will be carried out during the third quarter of 2007.

Jelma
The exploration permit Jelma is located in the western parts of central Tunisia near the fields of Douleb, Semmama and Tamesmida fields. PA Resources owns a 35 percent working interest in the permit through a subsidiary and is also the operator for the permit. Partners are ETAP and the service company Topic.

A third-party appraisal of the exploration block Jelma, that was carried out during the first quarter of 2007, showed that the Maargaba and Ksar Baroud prospects are the two most interesting prospects within the exploration block.

During 2007/2008, additional seismic data will be acquired. According to the plans, two new exploration wells will be drilled during 2008 if a drilling rig can be secured.

Acquisitions

No new acquisitions have taken place in Tunisia during the second quarter of 2007.

Norway

PA Resources owns, through its Norwegian subsidiary, interests in 12 licenses on the Norwegian continental shelf as at June 30, 2007. None of the fields have so far started any production. The most important event during the second quarter of 2007 was the installation of the production and drilling platform Maersk Inspire on the Volve field in the beginning of May and that the drilling of the production well started in the beginning of June.

Production and exploration

PL046BS - Volve

The oil discovery in the Volve field is under development. Operator of the Volve field is Statoil ASA. Other partners are ExxonMobil Exploration & Production AS, Norsk Hydro and PA Resources Norway AS (10 percent working interest).

Statoil's work during the spring has been focused on completing tthe platform Maersk Inspirer and a process facility. In the beginning of May, the platform was installed on the Volve field. In the beginning of June drilling began on the first production well. A total of three production wells, three water injectors and two water production wells are to be drilled from the platform. In addition, Statoil plans to drill three exploration wells as side steps to the production wells. The production is estimated to begin during the third quarter of 2007. Statoil estimates that the field will produce at the most approximately 50.000 barrels of oil per day during six to seven years.

PL 274 - Oselvar

The license PL 274 contains a promising discovery in the Oselvar field as well as several other possible prospects. Operator of the license is DONG Norge AS and other partners are PA Resources with a 30 percent working interest, Revus Energy and Noreco.

During the second quarter of 2007, work has consisted of drilling preparations. A drilling rig – the Maersk Guardian – has been secured and will drill an appraisal well on the Oselvar discovery during the autumn of 2007 and thereafter, possibly not until 2008, drill an exploration well on the Ipswich prospect south of the Oselvar discovery. If the result is positive, a plan for development and operation of the Oselvar will be sent to the authorities during 2008. Production is estimated to start sometime at the turn of the year 2009-2010.

PL 001B

PA Resources owns a 15 percent working interest in the license PL 001B on the Norwegian continental shelf. Operator is DNO and other partner is Statoil. The license contains a discovery in West Cable as well as several possible prospects at the Draupne prospect.

During the second quarter of 2007, work has consisted of drilling preparations. During 2007, an exploration well will be drilled on the Draupne prospect and a drilling rig – the Bredford Dolpin – is secured. If the results from the drilling are successful, this could lead to a co-ordinated development of Draupne together with the West Cable and Hanz (PL 028B) discoveries. A plan for development and operation will in that case be drawn up during 2008.

PL 305/305B

PA Resources owns a 10 percent working interest in the license PL 305 as well as PL 305B. Operator is DNO and other partners are Talisman and Revus Energy.

During the second quarter, preparatory work before the exploration drillings on the Lie prospect has continued.

After the balance sheet date the drilling of an exploration well began on the Lie prospect. For more information, see Note 12 *Events after the balance sheet date.* The result of the drilling will be evaluated before a decision is made about further work.

PL 341

PA Resources owns a 10 percent working interest in the license PL 341. Operator is DNO and other partners are Talisman and Revus Energy.

The license contains the prospect Thorkildsen as well as several other possible prospects. A decision has been made about drilling an exploration well on Thorkildsen and the drilling is planned to start during the autumn 2007. The work programme for 2007 will mainly consist of analyzing the results from the drilling. Since previous results from PL 305/PL 305B and PL 341 are positive, a plan for development and operation can be drawn up during 2008. A development of the Thorkildsen prospect could be co-ordinated with a development of the Lie, Draupne, Hanz and West Cable prospects.

PL 332

PA Resources owns a 10 percent working interest in the license PL 332. Operator is Talisman and other partners are DNO and Pertra.

The license contains several findings. During the second quarter, work has consisted of acquiring and re-processing seismic data. The license was administered at TFO 2004. A decision on drilling (drill or drop) must be made before the end of 2007, otherwise the license must be returned to the Norwegian State.

PL 334
PA Resources owns a 10 percent working interest in the license PL 334. Operator is Talisman and the other partner is DNO.

During the second quarter, work has consisted of acquiring and processing seismic databases. The license was awarded at TFO 2004, and a decision on drilling (drill or drop) must be made regarding this license well before December 2007.

PL 414
PA Resources owns a 20 percent working interest in the license PL 414, which was awarded at TFO 2006. Operator is Pertra and other partners are Faroe Petroleum and Noreco. The license contains several prospects and possible prospects.

During the second quarter, work has consisted of preparing a work programme, acquiring seismic data and preparing for re-processing of these data. A decision on drilling (drill or drop) must be made before the end of 2009.

PL 418
PA Resources owns a 20 percent working interest in the license PL 418, which was also awarded at TFO 2006. Operator is Nexen and other partners are Revus, Edison and Premier. The license contains several prospects and possible prospects.

During the second quarter, work has consisted of preparing an agreement with the license group in PL 419 about collaborating on the re-processing of seismic data in the area that is a part of the work programme for both licenses. The collaboration has been approved and the work collecting data from previous operators in the area is now in progress. The re-processing is expected to continue until the end of the year at the very least, and thereafter an analysis of the data will be carried out. A decision on drilling (drill or drop) must be made before the end of 2009.

Acquisitions
No acquisitions have taken place in Norway during the second quarter of 2007.

Equvatorial Guinea

PA Resources AB owns shares in two exploration blocks in the Gulf of Guinea off the coast of Equatorial Guinea in West Africa.

Equatorial Guinea has recently passed a new petroleum law that will affect all oil companies with business or assets in the country. The law implies, among other things, that the country's own petroleum company, GEPetrol, will enter as a partner in all licenses in Equatorial Guinea. In addition, there are a number of new rules and requirements that all companies which have agreements with the State must fulfil. However, it is still very unclear how the new law will be implemented and how it will affect PA Resources and the company's assets in the country. Negotiations will however start between GEPetrol and the operators of block H and block I.

Exploration

Block I
The American company Noble Energy is the technical operator of Block I. Other partners are the administrative operator Atlas Petroleum International Limited and PA Resources through its wholly-owned subsidiary Osbourne Resources Limited (6 percent working interest). After the balance sheet day, Atlas Petroleum International Ltd has sold 25 percent working interest in the Block to Glencore Exploration (EG) Ltd – an oil- and gas company, which is active in more licenses in Equatorial Guinea. Atlas Petroleum remains owner of a 29 percent working interest.

During the quarter, the operators Noble Energy and Atlas Petroleum International started the drilling of an exploration well "I-1" in the Benita prospect in Block I with the help of the drilling rig Songa Saturn. The drilling of the well resulted in the discovery of a major finding of condensate and natural gas in June 2007. The exploration well encountered an extremely high quality Miocene reservoir containing 41.5 meters of net hydrocarbon pay. Production tests from the well yielded flow rates of 1,038 barrels per day of condensate and 34.3 million cubic feet (approximately 1 million cubic meters) per day of natural gas (equivalent to 6,755 barrels of oil equivalents). However, these production rates are limited due to the test facilities used. The "I-1" well, located at 878 meters under water and approximately 40 kilometers east of Bioko Island, has been drilled to a total depth of 3,188 meters. Additional appraisal work will be necessary to verify the areal extent of the Benita discovery.

During 2007 additional drillings will be carried out in Block I, but the location and the time table for the drillings have not yet been decided.

Block H
Operators of Block H are Pioneer Natural Resources together with Roc Oil. Other partners are Atlas Petroleum and PA Resources, which has a 3.1 percent working interest in Block H.

During the second quarter, a dispute has arisen between the operator Pioneer Natural Resources and its partners in Block H offshore Equatorial Guinea, including Roc Oil, Atlas Petroleum and PA Resources AB's subsidiary Osbourne Resources. The essence of the dispute is a disagreement between the companies about how and when an exploration well should be drilled in Block H in Equatorial Guinea, and the associated costs. In order to seek clarification of certain procedural matters under the terms of the Joint Venture Agreement which governs the operations and co-operation between the companies, Pioneer commenced arbitration actions against Roc Oil, Atlas and PA Resources on June 14th 2007. Subsequently, Roc Oil, Atlas and PA Resources have notified Pioneer of their claims, due to the fact of the company's breach of their contractual obligations under the Farm-in agreement. Further, they have advised Pioneer of their intention to pursue their claims through arbitration. PA Resources has authorized Roc Oil to pursue the dispute legally. Until this dispute is resolved, it is unlikely that the drilling of the previously planned well H-2 (Aleta) will begin. For more information, see the press release dated on June 29th 2007.

Production

Production is expected to begin in 2010 at the earliest.

Acquisitions

No new acquisitions have taken place in Equatorial Guinea during the second quarter of 2007.

The Republic of Congo (Brazzaville)

In October 2006, PA Resources AB acquired all of the share capital in the company Adeco Congo BVI Ltd. The company owns a local subsidiary with residence in the Republic of Congo (Brazzaville) which owns an 85 percent license share in a production sharing agreement for the block Marine XIV.

Exploration

Marine XIV
The block Marine XIV is located in relatively shallow water in an area with several producing fields offshore in the Republic of Congo (Brazzaville). PA Resources' subsidiary owns an 85 percent license share in the license. The national oil company in Congo, SNPC, owns the remaining shares in accordance with the production sharing agreement applicable to the license.

During the second quarter of 2007, PA Resources has established an office in the city of Pointe Noire, begun hiring local staff and started geological work in order to define prospects and prepare for drillings in 2008. Furthermore, budget and activity plans have been presented to the partner SNPC and the Oil Department of the Republic of Congo. In connection with the establishment of an office in Pointe Noire, PA Resources has made contacts with other operators and suppliers within the oil industry in Congo.

During 2007, the analyses of 3 dimensional seismic data and log data will be completed, a re-processing of existing seismic data will be carried out and a database will be established. In addition, PA Resources will begin the preparatory work before the drilling of an exploration well in 2008.

In the event of commercially recoverable resources being found at the drilling of the exploration well, production from Marine XIV can be started in approxiamately 2-3 years, depending on the availability of drilling rigs.

Acquisitions

No new acquisitions have taken place in the Republic of Congo (Brazzaville) during the second quarter of 2007.

Production and sales

Second quarter, 2007 (April 1st – June 30th 2007):

- Total production during the second quarter of 2007 was 1,866,000 (456,000) barrels of oil equivalents, of which 1,866,000 (456,000) barrels of oil and 0 (0) barrels of oil equivalents gas. This is an increase by 309 percent compared to the corresponding period in 2006. The increase is due to the fact that the new platform on the Didon field has been in full production during the whole quarter. No gas was produced during the quarter.
- Average production amounted to 20,500 (5,000) barrels of oil per day during the quarter.
- A total of 1,691,000 (213,000) barrels of oil was sold during the quarter, of which 1,355,000 (50,000) to export and 336,000 (163,000) to the local market in Tunisia, to an average price of 66.62 USD per barrel (60.80).
- A total of 182,699 barrels of oil have been paid as royalty in kind to the Tunisian government during the second quarter. For more information, see note 2 *Accounting principles*.
- The oil inventory decreased during the quarter with 12,000 barrels and amounted to 376,000 at the end of the period.

First six months, 2007 (January 1st – June 30th 2007):

- During the first half of 2007, total production was 2,536,000 (739,000) barrels of oil equivalents, of which 2,536,000 (739,000) barrels of oil and 0 (0) barrels of oil equivalents gas.
- Average production amounted to 14,022 (4,100) barrels of oil per day during the first 6 months.
- A total of 1,987,000 (742,000) barrels of oil was sold during the period, of which 1,433,000 (565,000) to export and 554,000 (177, 000) to the local market in Tunisia, to an average price of 64.65 USD per barrel (58.10).

Production forecast

PA Resources' forecast is that the company will produce approximately an average of 23,000 barrels of oil per day at the end of 2007 and approximately 25,000 barrels towards the end of 2008. During 2011, the company estimates that it will reach production levels of about 50,000 barrels of oil per day. This forecast does not include the new discovery in Equatorial Guinea. The increase in production is expected to come from Norway during 2007 and from Tunisia and Norway during 2008.

Oil and gas reserves

The Group's reserves are estimated to 106.1 million barrels of oil equivalents as of December 31st, 2006. The estimates are based on geological studies as well as external third-party evaluations. For additional information about PA Resources' reserves, see the Year-End Report 2006.

Financial results and revenue - Group

Second quarter, 2007 (April 1st – June 30th, 2007)

- PA Resources' profit for the period amounted to SEK 314.3 million (77.1) during the second quarter, which corresponds to an increase by 308 percent compared to the corresponding period 2006.
- Group revenue during the quarter amounted to SEK 862.5 million (208.2) which corresponds to an increase by 314 percent compared to the corresponding period prior year. The Group's revenue completely refers to production and sales of oil in Tunisia. The principle reason for the increase is that the platform on the Didon field in Tunisia has reached full production. The oil sales price has also been on a high level, which has had a positive influence on group revenue.
- Operating profit for the quarter amounted to SEK 573.9 million (104.3) and the operating profit margin became 67 percent (50). Profit after financial items amounted to SEK 525.4 million (121.6).
- EBITDA (earnings before interests, taxes and depreciations) amounted to SEK 645.6 million (129.8).
- Earnings per share before dilution became 2.17 SEK (0.57) and earnings per share after dilution became 2.15 SEK (0.57). The dilution effect is referred to the Group's share option program from October 2005.
- Cash and cash equivalents amounted to SEK 200.6 million (468.1) at the end of the quarter.

First six months, 2007 (January 1st – June 30th, 2007)

- The group's profit for the period amounted to SEK 354.2 million (SEK 74.0 million) which corresponds to an increase by 379 percent compared to the corresponding period 2006. The lower result for the comparable first six months 2006 (74.0) compared to the comparable second quarter 2006 (SEK 77.1 million) is due to the Group's change of accounting principle for the oil inventory the 1st of January 2007. The pro-forma profit for the period for the first quarter 2006 amounted to SEK -3.1 million.

- Group revenue amounted to SEK 1,255.1 million (335.7) which corresponds to an increase of 274 percent compared to the corresponding period prior year. For comments regarding the principle reason for the increase see comments under point two under section “Second quarter, 2007 (April 1st – June 30th, 2007)” above.
- Operating profit amounted to SEK 703.5 million (106.7) and the operating profit margin became 56 percent (32). The increase in operating profit, compared to the corresponding period prior year, is mostly due to that total revenue has increased considerably more than the total operating costs. Profit after financial items amounted to SEK 604.6 million (122.9) during the first six months 2007.
- EBITDA (earnings before interests, taxes and depreciations) amounted to SEK 813.2 million (150.8).
- Return on equity (the Group’s profit divided by the Group’s total shareholders’ equity) amounted to 12.9 percent (4.5). Return on capital employed (the Group’s profit before tax plus interest expenses plus/less exchange differences on financial loans divided by the average capital employed (the average balance sheet total less non-interest bearing liabilities)) amounted to 14.2 percent (2.8).
- Earnings per share before dilution became 2.44 SEK (0.55) and earnings per share after dilution became 2.42 SEK (0.55).
- The cash flow for the period became SEK -471.7 million (-281.7) and cash and cash equivalents amounted to SEK 200.6 million (468.1) at the end of the period. The negative cash flow is due to continued significant investments in oil and gas assets in Tunisia.

Investments during the period

Investments in tangible fixed assets amounted to SEK 1,013.7 million (589.5) during the period, whereof SEK 1,008.0 million referred to investments in oil and gas assets and SEK 5.7 million referred to investments in machinery and equipment. Investments in intangible fixed assets amounted to SEK 87.7 million during the period and referred to investments in oil- and gas assets.

Financial position

The Group cash flow during the first six months 2007 amounted to SEK -471.7 million (-281.7). Cash and cash equivalents amounted to SEK 200.6 million (468.1) and shareholders equity amounted to SEK 2,748.0 million (1,628.8) at the reporting date, resulting in a financial strength of 49.9 percent (43.4).

In May 2007 PA Resources signed an oil hedge contract with Merrill Lynch Commodities Trading Limited, which means that 2,500 barrels of oil per day is secured to a minimum oil price of 50 US Dollar per barrel. The purpose is to secure part of the Group sale of oil against decreasing oil price in US Dollar and by that reduce the Group risk. The oil hedge contract has duration of 24 months with a maturity date of 31st of May 2009. The oil hedge contract is recorded in the parent company PA Resources AB and for further comments how the contract is recorded in detail, see Note 7 *Accounting for financial instruments*.

No new loans have been taken and no new share issues have been carried out during the second quarter.

Parent company

Second quarter, 2007 (April 1st – June 30th, 2007):

Parent company revenue amounted to SEK 22.7 million (-3.4) during the second quarter. Total loss for the period amounted to SEK -14.1 million (1.3). No significant investments have been made during the period.

First six months, 2007 (January 1s – June 30th, 2007):

Parent company revenue mostly refers to sales within the Group and amounted to SEK 25.9 million (13.0) during the first six months 2007. Total loss for the period amounted to SEK -94.5 million (7.0) and has primarily been affected by the negative development within the financial items. Cash and cash equivalents amounted to SEK 21.7 million (412.8) at the reporting date and shareholders’ equity amounted to SEK 1,772.6 million (1,345.5).

Risks and uncertainty factors

The Board of PA Resources has analyzed the presence of possible risks and uncertainties that may affect the parent company and the Group during the coming six months period. The risks that apply to PA Resources and its operations can be divided into four categories; that is financial risks such as foreign currency risks, business risks such as the development of the oil price, operating risks such as shutdowns, and social risks such as political decisions or political/religious unrest. For more information about these risks, see the Annual Report 2006.

Allocation of share warrants

At the extraordinary shareholders’ meeting on October 17th 2005, it was decided to issue 5,100,000 share warrants in PA Resources AB. The share warrants were part of an incentive call option programme intended for management, key personnel and certain board members within the Group. Of the total number of issued share warrants, 1,800,000 share warrants were allocated to certain present and future board members and 3,300,000 share warrants were allocated to the management and other key personnel.

During the period from the 1st of April 2007 until the day of the Annual General Meeting on May 9th, 2007, 75,000 share warrants were allocated to key personnel within the Group at an exercise price of SEK 71 per share. As at May 9th, 2007 a total of 4,125,000 share warrants had been allocated, of which 1,500,000 to board members and 2,625,000 to key personnel.

At the Annual General Meeting on May 9th, 2007, it was decided, in accordance with a proposal from the shareholders, to cancel 500,000 share warrants that were issued at the extraordinary shareholders' meeting on October 17th, 2005 as well as to issue 500,000 new share warrants. The new share warrants were intended for the new Chairman of the Board Jan Kvarnström, who became a member of the Board of PA Resources at the Annual General Meeting. On May 22nd 2007, the 500,000 share warrants were allocated to Jan Kvarnström at an issue price of SEK 65.80.

For additional information, see Note 9 *Accounting of share warrants* in this Interim Report.

New Chairman of the Board

At the Annual General Meeting on May 9th 2007 it was decided to re-elect Ulrik Jansson, Harald Arnet, Jan Haudemann-Andersen, Catharina Nystedt-Ringborg and Jan Pihl Grimnes as well as elect Jan Kvarnström as new member of the Board. Jan Kvarnström was appointed Chairman of the Board.

Personnel

As at June 30th 2007 the total number of employees was 122 (103) persons, of which 4 (3) in Sweden, 14 (10) in Norway and 104 (90) in Tunisia. Of the total number of employees, 103 (87) were men and 19 (16) were women. The average number of employees in the Group during the second quarter of 2007 was 119. The numbers in parenthesis regard corresponding period prior year.

Dates for financial reports

Interim Report Jan – Sep 2007 (incl. Q3):	November 14th, 2007
Year-End Report 2007 (incl. Q4):	February 13th, 2008

FINANCIAL REPORTS

Group - Income Statement Summary

TSEK	Notes	Q 2 2007	Q 2 2006	Jan - June 2007	Jan - June 2006	Jan - Dec 2006
Revenue	2,3	862,550	208,167	1,255,133	335,674	843,356
Changes in inventory and work in progress	2	-577	1,139	-149	949	-9,262
Cost of sales	2	-126,953	-20,680	-295,580	-95,752	-125,981
Other external expenses	10	-48,667	-49,427	-76,332	-71,617	-124,650
Personnel expenses	9	-39,531	-9,564	-68,055	-18,411	-109,599
Depreciations and write-downs	3	-71,633	-25,525	-109,711	-44,127	-112,029
Result from assets available-for-sale	6	-1,201	-	-1,805	-	-3,705
Operating profit	3	**573,938**	**104,310**	**703,501**	**106,716**	**358,130**
Financial revenue	4	97,925	123,226	143,336	173,065	296,619
Financial expenses	4	-146,497	-105,936	-242,252	-156,889	-354,418
Total financial items		**-48,572**	**17,290**	**-98,916**	**16,176**	**-57,799**
Profit before tax	3	**525,366**	**121,600**	**604,585**	**122,892**	**300,331**
Income tax	5	-211,017	-44,451	-250,340	-48,933	-66,996
Profit for the period		**314,349**	**77,149**	**354,245**	**73,959**	**233,335**
Profit for the period attributable to:						
Equity holders of the Parent Company		314,349	77,149	354,245	73,959	233,408
Minority interest	8	-	-	-	-	-73
Profit for the period		**314,349**	**77,149**	**354,245**	**73,959**	**233,335**
Earnings per share before dilution		2,17	0,57	2,44	0,55	1,69
Earnings per share after dilution		2,15	0,57	2,42	0,55	1,69

Earnings per share is attributable to shareholders of the Parent Company

Group - Balance Sheet Summary

TSEK	Notes	June 30 2007	June 30 2006	Dec 31 2006
ASSETS				
Intangible fixed assets		377,983	-	290,312
Tangible fixed assets		4,252,331	2,951,182	3,348,305
Financial assets		1,839	665	1,074
Total fixed assets		**4,632,153**	**2,951,847**	**3,639,691**
Inventory	2	14,961	25,321	15,110
Accounts receivables		264,997	99,333	153,808
Tax receivables		122,686	-	-
Other receivables		20,136	25,265	290,356
Prepaid expenses and accrued income		230,218	176,114	108,375
Cash and cash equivalents	11	200,631	468,093	669,555
Assets available-for-sale	6	18,401	-	19,671
Total current assets		**872,030**	**794,126**	**1,256,875**
TOTAL ASSETS		**5,504,183**	**3,745,973**	**4,896,566**
EQUITY				
Equity attributable to equity holders of the Parent Company				
Share capital		72,507	67,557	70,007
Other capital contribution		1,791,995	1,301,361	1,784,960
Reserves		4,759	-45,052	-33,907
Retained earnings and profit for the period	7	878,724	304,909	490,839
		2,747,985	1,628,775	2,311,899
Minority interest	8	0	0	0
Total equity		**2,747,985**	**1,628,775**	**2,311,899**
LIABILITIES				
Long-term liabilities		2,123,766	1,651,068	1,486,409
Deferred tax liability	5	64,986	-	-
Provisions	2,9	59,482	21,439	18,227
Total non-current liabilities		**2,248,234**	**1,672,507**	**1,504,636**
Provisions		638	-	11,860
Tax liabilities	2	168,058	63,080	11,478
Accounts payables		45,649	225,406	180,484
Other liabilities		246,550	128,927	794,451
Accrued expenses and deferred income		44,859	27,278	79,962
Liabilities referred to assets available-for-sale	6	2,210	-	1,796
Total current liabilities		**507,964**	**444,691**	**1,080,031**
TOTAL EQUITY AND LIABILITIES		**5,504,183**	**3,745,973**	**4,896,566**
PLEDGED ASSETS	11	**1,795,595**	**349,000**	**330,500**
CONTINGENT LIABILITIES	11	**14,000**	**294,000**	**66,400**

Group – Changes in equity

		Attributable to equity holders of the parent company					
TSEK	Notes	Share capital	Other capital contribution	Reserves	Retained earnings and Net result	Minority interest	Total
Balance at 1 January 2006		64,057	1,015,426	-15,379	175,945	0	1,240,049
Effects of change in accounting principle					55,005		55,005
Balance at 1 January 2006 (restated)		**64,057**	**1,015,426**	**-15,379**	**230,950**	**0**	**1,295,054**
Exchange differences				-29,673			-29,673
Total income and expenses recognised directly in equity				-29,673			-29,673
Net result for the period					73,959		73,959
Total income and expenses for the financial period January - June 2006				-29,673	73,959	0	44,286
New share issue		3,500	285,935				289,435
Closing balance at 30 June 2006		**67,557**	**1,301,361**	**-45,052**	**304,909**	**0**	**1,628,775**
Balance at 1 July 2006		67,557	1,301,361	-45,052	304,909	0	1,628,775
Acquisitions	8					73	73
Accounting fair value of financial instruments	7				-20,123		-20,123
Exchange differences				11,145			11,145
Total income and expenses recognised directly in equity				11,145	-20,123	73	-8,905
Net result for the period					159,449	-73	159,376
Total income and expenses for the financial period July - December 2006				11,145	139,326	0	150,471
New share issue		2,450	192,248				194,698
Unregistered share capital			300,510				300,510
Issue expenses			-9,159				-9,159
Share based payments	9				46,604		46,604
Closing balance at 31 December 2006		**70,007**	**1,784,960**	**-33,907**	**490,839**	**0**	**2,311,899**
Balance at 1 January 2007		70,007	1,784,960	-33,907	490,839	0	2,311,899
Accounting fair value of financial instruments	7				1,171		1,171
Exchange differences				38,666			38,666
Total income and expenses recognised directly in equity				38,666	1,171	0	39,837
Net result for the period					354,245		354,245
Total income and expenses for the financial period January - June 2007				38,666	355,416	0	394,082
New share issue		2,500	-2,500				0
Issue expenses			-961				-961
Exchange difference referred to new share issue			10,496				10,496
Share based payments	9				32,469		32,469
Closing balance at 30 June 2007		**72,507**	**1,791,995**	**4,759**	**878,724**	**0**	**2,747,985**

Total shares amounted to 145,014,004 at 30 June 2007. No dividend has been proposed for the financial year 2006 or earlier years.
The item for existing reserves refers to effects due to revaluation of businesses in foreign currencies.

Group – Cash Flow Statement Summary

TSEK	Jan - June 2007	Jan - June 2006	Jan - Dec 2006	Jan - Dec 2005
Cash flow from operations				
Income after financial items	604,585	122,892	300,331	212,178
Adjustments for items not included in cash flow	440,522	60,762	-71,791	78,231
Income tax paid	-122,651	-77,450	-154,064	-7,666
Total cash flow from operations				
before change in working capital	**922,456**	**106,204**	**74,476**	**282,743**
Cash flow from changes in working capital				
Increase (-)/Decrease (+) in inventories	-149	-949	9,262	-19,993
Increase (-)/Decrease (+) in current assets	39,734	-90,097	-380,722	-100,007
Increase (+)/Decrease (-) in current liabilities	-727,255	58,807	778,855	305,918
Cash flow from operating activities	**234,786**	**73,965**	**481,871**	**468,661**
Cash flow from investing activities				
Investments in subsidiaries	-	-	-89,428	-
Investments in tangible fixed assets	-972,586	-645,113	-1,175,179	-2,190,973
Investments in intangible fixed assets	-75,351	-	-180,207	-
Investments in financial assets	-1,094	-	-	-
Sale of financial assets	-	-	-	8,460
Cash flow from investing activities	**-1,049,031**	**-645,113**	**1,444,814**	**-2,182,513**
Cash flow from financing activities				
Loans raised	638,376	-	212,521	1,513,658
Amortization of liabilities	-295,825	-	-87,040	-8,665
New share issue	-	289,435	775,484	911,861
Cash flow from financing activities	**342,551**	**289,435**	**900,965**	**2,416,854**
Cash flow for the period	-471,694	-281,713	-61,978	703,002
Liquid assets at the beginning of period	669,555	750,145	750,145	43,868
Exchange rate difference in liquid assets	2,770	-339	-18,613	3,275
Liquid assets at the end of period	**200,631**	**468,093**	**669,554**	**750,145**
Adjustments for items not included in cash flow				
Depreciations and write-downs	109,711	44,127	112,029	9,772
Exchange gains	-60,180	-116,974	-341,603	-38,462
Exchange losses	353,761	134,392	92,509	132,365
Interest receivables	-593	-783	-	-
Provision for pensions	2,094	-	-1,204	-
Share based payments	35,729	-	66,405	-
Capital gain referred to sale of shares	-	-	-	-7,342
Other operating income	-	-	-	-18,102
Minority interest	-	-	73	-
Total	**440,522**	**60,762**	**-71,791**	**78,231**

Parent company – Income Statement Summary

TSEK	Notes	Q 2 2007	Q 2 2006	Jan - June 2007	Jan - June 2006	Jan - Dec 2006
Net sales	3	22,666	-3,416	25,862	13,019	20,329
Other external expenses	10	-6,753	-18,890	-11,387	-29,367	-21,592
Personnel expenses	9	-18,764	-940	-28,098	-1,795	-35,959
Depreciations and write-downs	3	-8	-27	-40	-51	-97
Operating profit	3	**-2,859**	**-23,273**	**-13,663**	**-18,194**	**-37,319**
Other financial revenues and similar revenues	4	78,985	99,304	111,878	133,707	242,732
Financial expenses and similar expenses	4	-90,228	-74,700	-192,748	-108,532	-251,491
Total financial items		**-11,243**	**24,604**	**-80,870**	**25,175**	**-8,759**
Profit before tax	3	**-14,102**	**1,331**	**-94,533**	**6,981**	**-46,078**
Income tax		0	0	0	0	0
Profit/loss for the period		**-14,102**	**1,331**	**-94,533**	**6,981**	**-46,078**

Parent company – Balance Sheet Summary

TSEK	Notes	June 30 2007	June 30 2006	Dec 31 2006
ASSETS				
Tangible fixed assets		179	249	203
Financial assets		2,251,301	2,000,826	2,220,267
Total fixed assets		**2,251,480**	**2,001,075**	**2,220,470**
Accounts receivables		-	50	-
Receivables Group companies		542,124	176,733	300,356
Tax receivables		282	-	164
Other receivables		401	922	288,650
Prepaid expenses and accrued income		24,119	34,064	39,030
Cash and cash equivalents	11	21,712	412,801	378,609
Total current assets		**588,638**	**624,570**	**1,006,809**
TOTAL ASSETS		**2,840,118**	**2,625,645**	**3,227,279**
SHAREHOLDERS EQUITY				
Restricted equity				
Share capital		72,507	67,557	70,007
New share issue in progress		-	-	291,351
Statutory reserve		985,063	1,290,279	985,063
Total restricted equity		1,057,570	1,357,836	1,346,421
Non-restricted equity				
Share premium reserve		776,568	-	478,183
Profit/loss brought forward and profit/loss for the period	7	-61,537	-12,300	-16,635
Total non-restricted equity		715,031	-12,300	461,548
Total shareholders equity		**1,772,601**	**1,345,536**	**1,807,969**
LIABILITIES				
Long-term liabilities		1,014,353	1,089,908	1,016,286
Provisions	9	14,306	-	10,300
Total long-term liabilities		**1,028,659**	**1,089,908**	**1,026,586**
Liabilities Group companies		-	171,528	56,086
Account payables		1,917	2,653	1,124
Other liabilities		22,066	246	304,332
Accrued expenses and prepaid income		14,875	15,774	31,182
Total current liabilities		**38,858**	**190,201**	**392,724**
TOTAL SHAREHOLDERS EQUITY AND LIABILITIES		**2,840,118**	**2,625,645**	**3,227,279**
PLEDGED ASSETS	11	**1,771,315**	**349,000**	**298,000**
CONTINGENT LIABILITIES	11	**14,000**	**294,000**	**272,400**

Currency rates

	Closing day rate (average)	Average rate
30 June 2007		
1 Euro in SEK	9,25	9,23
1 USD in SEK	6,84	6,94
1 TND in SEK	5,32	5,39
1 NOK in SEK	1,16	1,13
30 June 2006		
1 Euro in SEK	9,23	9,31
1 USD in SEK	7,35	7,41
1 TND in SEK	5,55	5,64
1 NOK in SEK	1,17	1,19
31 Dec 2006		
1 Euro in SEK	9,05	9,26
1 USD in SEK	6,85	7,38
1 TND in SEK	5,35	5,60
1 NOK in SEK	1,10	1,15

Key ratios and shares data

		31 June 2007	31 June 2006	31 Dec 2006	31 Dec 2005	31 Dec 2004
Revenue	TSEK	1,255,133	335,674	843,356	395,319	148,648
Operating profit	TSEK	703,501	106,716	358,130	239,094	90,938
Operating profit per share after dilution	SEK	4,81	0,79	2,60	2,14	1,39
Income after financial items per share after dilution	SEK	4,13	0,91	2,18	1,90	1,34
Profit for the period per share after dilution	SEK	2,42	0,55	1,69	1,05	0,88
Return on equity	Percent	12,9%	4,5%	10,1%	9,0%	21,1%
Return on capital employed	Percent	14,2%	2,8%	8,8%	11,0%	28,8%
Shareholders equity per share before dilution	SEK	18,95	12,05	15,94	10,11	3,04
Shareholders equity per share after dilution	SEK	18,36	12,05	15,94	10,11	3,04
Profit margin	Percent	48,2%	36,6%	35,6%	53,7%	58,9%
Financial strength	Percent	49,9%	43,5%	47,2%	38,0%	70,1%
Debt/Equity ratio	Percent	77,3%	101,4%	64,3%	126,7%	13,0%
Share price at year end of period	SEK	72,50	41,20	72,25	39,00	42,10
Share price/Shareholders equity per share before dilution	Times	3,83	3,42	4,53	3,86	13,86
Price earnings per share	Times	29,68	75,27	42,66	37,12	48,06
Number of outstanding shares before dilution	Number	145,014,004	135,114,004	145,014,004	128,114,004	89,414,004
Number of outstanding shares after dilution	Number	149,639,004	135,114,004	145,014,004	128,114,004	89,414,004
Average number of outstanding shares before dilution	Number	145,014,004	135,114,004	137,824,278	111,514,004	65,485,592
Average number of outstanding shares after dilution	Number	146,378,269	135,114,004	137,824,278	111,514,004	65,485,592

PA Resources possesses no own shares at the end of reporting period

Information about key ratio definitions can be obtained in latest annual report for the financial year 2006

Shareholder structure – the 10 principle shareholders

10 principle shareholders as at June 30, 2007	Number of shares	Share of capital/votes
Bertil Lindqvist	13,680,000	9.4%
Jan Haudemann-Andersen (incl. controlled companies)	11,396,130	7.9%
Hunter Hall International (incl. controlled funds)	9,955,600	6.9%
Ulrik Jansson (incl. controlled companies)	8,512,512	5.9%
UBS AG, London (IPB segregated client accounts)	7,070,900	4.9%
Stein Haudemann Andersen (incl. controlled companies)	2,388,400	1.6%
Tore Aksel Voldberg	2,300,000	1.6%
Livförsäkringsaktiebolaget	2,004,600	1.4%
Nordnet Pensionförsäkringar	1,996,534	1.4%
Jan Pihl Grimnes (incl. controlled companies)	1,750,000	1.2%
Länsförsäkringar Småbolagsfond	1,596,100	1.1%
SIS Segaintersettle AG	1,561,537	1.1%
Total - principle shareholders	**64,212,313**	**44.3%**
Total - other shareholders	80,801,691	55.7%
Total number of shares	**145,014,004**	**100.0%**

NOTES TO THE FINANCIAL REPORTS

1. Corporate information

PA Resources AB (publ), corporate identity no. 556488-2180, registered in Stockholm, Sweden, is listed on the Stockholm Nordic Stock Exchange since 2006 and the Oslo Stock Exchange since 2001. The company's businesses including subsidiaries are described under the section "Group activity".

The board of Directors and the President approved this interim report for the period January 1st – June 30th, 2007 for publication on August 22nd, 2007.

2. Accounting principles

The parts within the interim report referred to the Group have been prepared according to Annual Accounts Act and IAS 34 Interim Reporting which is in accordance with rules in the Swedish Financial Accounting Standard RR 31 Interim Financial Reporting. The parts within the interim report referred to the Parent Company have been prepared in accordance with Swedish law and the Annual Accounts Act and by applying RR 32:05 – Accounting for legal entities and statements and statements from Swedish Financial Accounting Standards Council. The accounting principles are unchanged compared to latest year-end with exception of the application of the accounting principle named Net Entitlement Method and accounting for royalty. The interim report is shorted and does not contain all the information and disclosures available in the annual report and the interim report should be read together with the annual report for 2006.

As from January 2007 the Group has changed accounting principle referred to accounting for and valuation of outstanding oil inventory. The new accounting principle, named Net Entitlement Method, means that total outstanding oil inventory as per the end of the accounting period is valuated and handled as if the oil inventory would have been sold at the reporting date. By that means no inventory referred to petroleum products are recorded in Group balance sheet and the revenue is recorded based on the current international market sales price at the reporting date and is recorded as accrued income.

Within total Group revenue amounted to SEK 1,255.133 thousand recorded in the Group income statement total revenue amounted to SEK 156.890 thousand referred to valuation of total outstanding oil inventory in number of barrels is included. The corresponding amount has been recorded within the balance sheet item "Prepaid expenses and accrued income" in the Group balance sheet. A deferred tax liability has been considered and is included in the income statement item "Income tax" in the Group income statement. The corresponding amount has been recorded within the balance sheet item "Provisions" which is included in the total balance sheet item for "Long-term liabilities".

At the time when the new accounting principle Net Entitlement Method has been implemented the financial years 2004, 2005 and 2006 have been retroactive adjusted leading to a negative effect amounted to SEK 578 thousand which has been recorded within the retained earnings in the Group shareholders equity.

As from the second quarter 2007 the Group has changed accounting principle referred to accounting for royalty which refers to oil paid as royalty in kind to the Tunisian government. Before the change in accounting principle this royalty has been netted directly against the revenue in the Group income statement but from the second quarter 2007 the royalty and the revenue referred to oil paid as royalty in kind to the Tunisian government are gross recorded in the Group income statement. By that means both royalty revenue is included within total revenue and a royalty cost is included in the income statement item "Cost of sales" in the Group income statement. The new accounting principle does not lead to any result effect and has been considered in the income statement for second quarter and for the period January – June 2007. Comparative figures for corresponding periods prior years have not been recalculated as the assessment is that this will not lead to any significant affection of those financial reports.

The interim report for the period January – June 2007 has moreover been prepared in accordance with prevailing IFRS/IAS standards applied by the EG Commission on January 1st, 2005. Any future changes in the IFRS/IAS regulations and interpretations could cause possible changes in the accounting principles used within PA Resources.

3. Segment reporting

PA Resources Group's business concept is to buy, develop and extract oil and gas reserves and pursue exploration to find new reserves. The Group shall operate in the first stage of the value chain. Segment information is reported in accordance with IAS 14 "Segment Reporting". The primary classification to the segment reporting for the Group is based on geographical areas, where the definition of a geographical area is based on where the production facilities and the assets are located. The classification is also based on the fact that the Group's risks and possibilities are affected by the businesses in different countries and geographical areas. The geographical areas which are included in the segment reporting are the same entities which are reported internally to the management and the board for their purpose to judge the historical development and to make decisions about future emphasis and use of facilities. The elements which the Group's classification are based on motivates that all segments should be classified as primary segment. Secondary segments are missing.

At the segment reporting of geographical areas, entities with similar risks and possibilities are reported as one common segment based on prevailing guidelines according to IAS 14. Within the segment results, assets and liabilities items directly assignable to and items which have been able to be allocated to a specific segment in a reasonable and reliable way are included. Segment revenue includes revenue group companies where the Group's basis for transfer pricing is that general costs are further invoiced and costs referred to work performed between the entities are invoiced based on the employees' local salaries. Invoicing between Group companies is made with an overhead charge of ten percent. All revenue from other group companies is eliminated on consolidation.

Interim period			January - June 2007				
TSEK	**Tunisia**	**Norway**	**Sweden**	**Eq. Guinea**	**Rep. Congo**	**Eliminations**	**Total**
Revenue, external	1,255,090	0	43	0	0		**1,255,133**
Revenue, internal	0	16,912	28,483	0	0	-45,395	**0**
Operating profit	803,107	-47,529	-43,067	-11	-8,999		**703,501**
Profit before tax	785,918	-48,453	-123,870	-11	-8,999		**604,585**
Depreciations	-109,494	-177	-40	0	0		**-109,711**

Interim period			January - June 2006				
TSEK	**Tunisia**	**Norway**	**Sweden**	**Eq. Guinea**	**Rep. Congo**	**Eliminations**	**Total**
Revenue, external	335,674	0	0	0	0		**335,674**
Revenue, internal	0	10,588	12,597	0	0	-23,185	**0**
Operating profit	177,331	-31,887	-38,728	0	0		**106,716**
Profit before tax	160,963	-24,581	-13,490	0	0		**122,892**
Depreciations	-43,979	-97	-51	0	0		**-44,127**

				30 June 2007			
TSEK	**Tunisia**	**Norway**	**Sweden**	**Eq. Guinea**	**Rep. Congo**	**Eliminations**	**Total**
Fixed assets	3,809,070	697,238	224	35,982	89,639		**4,632,153**
Current assets, external	656,071	149,791	65,310	0	858		**872,030**
Current assets, internal	70,104	17,218	606,383	0	0	-693,705	**0**
Non-current liabilities	760,988	458,587	1,028,659	0	0		**2,248,234**
Current liabilities, external	373,101	70,296	61,997	0	2,570		**507,964**
Current liabilities, internal	342,392	306,601	15,962	20,801	7,949	-693,705	**0**
Investments tangible assets (gross amounts)	600,788	407,690	0	5,259	0		**1,013,737**
Investments intangible assets (gross amounts)	0	87,311	0	0	360		**87,671**

				30 June 2006			
TSEK	**Tunisia**	**Norway**	**Sweden**	**Eq. Guinea**	**Rep. Congo**	**Eliminations**	**Total**
Fixed assets	2,734,303	194,753	299	22,492	0		**2,951,847**
Current assets, external	321,064	14,059	459,003	0	0		**794,126**
Current assets, internal	47,955	173,717	181,074	0	0	-402,746	**0**
Non-current liabilities	196,825	385,774	1,089,908	0	0		**1,672,507**
Current liabilities, external	399,903	26,105	18,683	0	0		**444,691**
Current liabilities, internal	203,215	0	193,564	5,967	0	-402,746	**0**
Investments tangible assets (gross amounts)	425,271	164,221	40	0	0		**589,532**
Investments intangible assets (gross amounts)	0	0	0	0	0		0

4. Financial revenue and financial expenses during the interim perod

TSEK	30 June 2007	30 June 2006	31 Dec 2006
Interests	25,446	27,795	48,233
Exchange gains and other financial items	117,890	145,270	248,386
Total finance income	**143,336**	**173,065**	**296,619**
The exchange gains can be broken down as follows;			
Exchange gains referred to bank equivalents	18,802	8,580	45,645
Exchange gains referred to revenues	2,832	6,760	2,269
Exchange gains referred to cost of sales	5,871	-	16,634
Exchange gains referred to borrowings	90,385	129,930	183,838
Total exchange gains	**117,890**	**145,270**	**248,386**

TSEK	30 June 2007	30 June 2006	31 Dec 2006
Charges and overdrafts	-113,067	-99,420	-220,475
Exchange losses	-126,379	-57,469	-133,943
Other financial items	-2,806	-	-
Total finance expenses	**-242,252**	**-156,889**	**-354,418**
The exchange losses can be broken down as follows;			
Exchange losses referred to bank equivalents	-28,299	-57,469	-123,374
Exchange losses referred to revenues	-3,606	-	-2,724
Exchange losses referred to cost of sales	-10,184	-	-7,845
Exchange losses referred to borrowings	-84,290	-	-
Total exchange losses	**-126,379**	**-57,469**	**-133,943**

5. Income tax

As from 2005 and forward oil companies operating in Norway, which are not in tax position, will get a 78 percent refund of total costs referred to exploration from the Norwegian Government. However, this refund is limited to the taxable losses for the same year. As per June 30th, 2007 total income tax revenue amounted to SEK 68.6 million for the first six months referred to exploration expenses is recorded in the accounts for the subsidiary PA Resources Norway AS. This income tax revenue is expected to be refunded.

As per June 30th, 2007 a deferred income tax amounted to SEK 61.5 million referred to PA Resources Norway AS interests in oilfields on the Norwegian continental shelf and outstanding loan obligations connected to the interests is recorded in the subsidiary. The income tax is calculated according to the liability method and is based on applicable local tax rules and tax rates as per reporting date.

6. Assets available-for-sale

The Group applies IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”, which deals with disclosure and valuation requirements when non-current assets or major parts of businesses are going to be disposed. Non-current assets are accounted for as assets held for sale if assets recorded will be recovered by a sale rather than by continued use within the Group.

Net results referred to non-current assets held for sale amounted to SEK -1.8 million referred to the financial period January 1st – June 30th, 2007. Non-current assets held for sale and liabilities referred to non-current assets held for sale are shown in the table below.

Assets available-for-sale

TSEK	30 June 2007	30 June 2006	31 Dec 2006
Tangible assets	17,722	-	17,480
Cash and cash equivalents	679	-	2,191
Total	**18,401**	**-**	**19,671**

Liabilities referred to assets available-for-sale

TSEK	30 June 2007	30 June 2006	31 Dec 2006
Non-current liabilities	1,377	-	1,423
Current liabilities	833	-	373
Total	**2,210**	**-**	**1,796**

7. Accounting for financial instruments

The assets owned by PA Resources Group predominantly consist of international oil and gas discoveries which are valued in USD and generates income in USD. The Group consequently seeks to reduce its foreign exchange risks by various measures of which currency hedge of the interest bearing debt is one of the most important measure. As such, the Group has entered into two currency swap agreements which should match in exposure the Group’s two NOK denominated bond loans amounting in total of NOK 630 million. A combining of the bond loans with the currency swap contracts these two loans will carry a joint exposure that corresponds to two USD denominated loans. As per June 30th, 2007 the currency swap contracts are valued at market terms which generated an unrealized loss amounted to SEK 18.9 million which has been recorded directly against Group shareholders equity in accordance with IFRS accounting standards.

As per May 22nd, 2007 PA Resources signed an oil hedge contract with Merrill Lynch Commodities Trading Limited with the purpose to secure part of the Group sale of oil against decreasing oil price in US Dollar and by that means reduce the Group risk. The contract includes a total oil quantity of 2,500 barrels of oil per day secured to a minimum oil price of 50 US Dollar per barrel and the contract has duration of 24 months with a maturity date of May 31st, 2009. The oil hedge contract is recorded in PA Resources AB and as per June 30th, 2007 a total negative outcome amounted to SEK -2.8 million had arisen based on the contract conditions and the amount has been recorded as an unrealized financial cost in the income statement with a corresponding amount in the balance sheet item “Other liabilities” in the balance sheet.

8. Accounting for minority interest

The profit for the period as per 30 June 2007 includes a loss amounted to SEK 354 thousand recorded in the recently formed new company PA Energy Africa Ltd which refers to the minority owners. This means that this loss has been distributed to the majority (PA Resources AB). Accumulated losses taken by the majority (PA Resources AB) but referred to the minority owners will be settled against future positive results recorded in PA Energy Africa Ltd.

9. Accounting for share warrants

At the extraordinary general meeting held at October 17th, 2005, a decision was taken to offer share warrants to members within the board, management and other key personnel within the Group. As per June 30th, 2007 a total cost of SEK 37.4 million referred to the Group’s share-based incentive program for the financial period January 1st – June 30th 2007 has been recorded as personnel expenses in the income statement and has affected the profit for the interim period. Total social security contributions calculated on allocated share warrants amounted to SEK 24.5 million as per June 30th, 2007 and are included in the balance sheet item for “Long-term liabilities” in the balance sheet. A total cost amounted to SEK 79.1 million has been recorded against shareholders equity as per June 30th, 2007.

Total number of outstanding shares before full utilization of share warrants amounted to 145,014,004 at the end of the interim period. Total number of outstanding shares after full utilization of share warrants (4,625,000) would amount to 149,639,004.

10. Transactions with related parties

Transactions entered into between the Parent Company and related parties within the Group during the interim period are shown in the table below.

Related Parties - TSEK	Year	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
International Gold Exploration IGE AB; Related party through Ulrik Jansson, President PA Resources AB and Board of Director of International Gold Exploration IGE AB - Administration services and rental office premises	2007	37	-	-	-
Catharina Nystedt Ringborg Related party through Board of Director PA Resources AB - travelling expenses	2007	-	14	-	-

Sales and purchases made between the Parent Company and related parties within the Group are based on normal business conditions.

11. Pledged assets and Contingent liabilities

As per June 30th, 2007 total pledged assets amounted to SEK 1,796 million and total contingent liabilities amounted to SEK 14 million within the Group. For the Parent Company solely total pledged assets amounted to SEK 1,771 million and total contingent liabilities amounted to SEK 14 million as per June 30th, 2007. Total pledged assets have increased by SEK 1,465 million within the Group compared to December 31st, 2006. The increase refers to interests in oilfield in Tunisia and also interests in oilfields on the Norwegian continental shelf in Norway which have been pledged when new bond loans have been taken. As for the Parent Company total pledged assets have increased by SEK 1,473 million during the first six months 2007 compared to December 31st, 2006 and the explanation for the increase refers to the corresponding increase as for the Group.

During first six months 2007, the outstanding guarantee against Micoperi has been realized and bank guarantees referred to acquisitions of interests in oil fields in Norway has been settled as the acquisitions have been final paid.

During the first six months 2007, the total contingent liabilities within the Group have decreased by SEK 52.4 million compared to December 31st, 2006. The decrease refers to a guarantee against ABC Bank which has been settled during the period. As for the Parent Company total contingent liabilities have decreased by SEK 258 million during the corresponding period and the decrease refers to a guarantee in the oilfield Didon against ABC Bank which has been settled during the period.

Total pledged assets and contingent liabilities for both the Group and the Parent Company as per June 30th, 2007 compared to June 30th, 2006 and December 31st, 2006 are shown below.

Pledged assets and Contingent liabilities

Pledged assets - TSEK	Group 30 June 2007	Group 30 June 2006	Group 31 Dec 2006	Parent Company 30 June 2007	Parent Company 30 June 2006	Parent Company 31 Dec 2006
The pledged assets can be divided as follows:						
Standby letter of credit against ABC Bank.	20,525	86,000	95,000	20,525	86,000	95,000
Guarantee of shares in oilfield in Tunisia against Norsk Tillitsmann ASA	1,368,320	-	-	-	-	-
Guarantee of pledged shares in Didon Tunisia Pty Ltd against Norsk Tillitsmann ASA	-	-	-	684,160	-	-
Guarantee of shares in oilfields in Norway against Norsk Tillitsmann ASA	382,470	-	-	-	-	-
Guarantee commitment of subsidiaries loan obligatior	-	-	-	1,066,630	-	-
Guarantee against company Micoperi	-	43,000	-	-	43,000	-
Oil inventory referred to payment of royalty in kind	24,280	-	32,500	-	-	-
Bank guarantees referred to acquisitions of interests in oilfields in Norway	-	220,000	203,000	-	220,000	203,000
Total pledged assets	**1,795,595**	**349,000**	**330,500**	**1,771,315**	**349,000**	**298,000**

Contingent liabilities - TSEK	Group 30 June 2007	Group 30 June 2006	Group 31 Dec 2006	Parent Company 30 June 2007	Parent Company 30 June 2006	Parent Company 31 Dec 2006
The contingent liabilities can be divided as follows:						
Contingent liabilities referred to acquisition of Adeco Congo BVI Ltd	14,000	-	14,000	14,000	-	14,000
Guarantee in oilfield Didon against ABC Bank	-	-	-	-	294,000	206,000
Contingent liability against ABC Bank	-	-	52,400	-	-	52,400
Total contingent liabilities	**14,000**	**0**	**66,400**	**14,000**	**294,000**	**272,400**

12. Events after the balance sheet date

On July 18th, 2007 the drilling rig Bredford Dolphin began drilling an exploration well on the Lie prospect in PL 305 on the Norwegian continental shelf. The operator DNO estimates that the prospect contains reserves of approximately 60 million barrels of oil, with a probability of discovering oil of about 30 percent. The exploration well is estimated to be completed within 40 days.

On July 31st, 2007 the drilling rig West Titania began drilling a new horizontal production well (El Bibane-4) on the El Bibane field in Tunisia. The operator Ecumed (a subsidiary of Candax Energy) anticipates that production from this well should start sometime during the fourth quarter of 2007. Upon completion of the El Bibane-4 drilling the rig will be moved and the existing well (El Bibane-3) will be re-opened through the drilling of a new horizontal production well. A gas injection well (El Bibane-5) may also be drilled.

On August 16th, 2007, PA Resources started drilling an exploration well in the Linda prospect in the exploration area Makthar in Tunisia. An additional exploration well is to be drilled in the Serraguia prospect during the third quarter of 2007. For additional information, see the press release from August 16th, 2007.

Board assurance

The Board of Directors and the President assure that the interim report provides a fair and accurate overview of the operations, financial position and results of the Parent Company and the Group, and that it describes the significant risks and uncertainty factors faced by the Parent Company and the companies in the Group.

Stockholm, August 21st, 2007

Jan Kvarnström, Chairman of the Board

Harald Arnet
Board member

Jan Pihl Grimnes
Board member

Jan Haudemann-Andersen
Board member

Catharina Nystedt-Ringborg
Board member

Ulrik Jansson, President and CEO
and Board member

Auditor's Review Report

We have reviewed the interim report of PA Resources AB for the period January 1st, 2007 to June 30th, 2007. Management is responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

We conducted our review in accordance with the Standard on Review Engagements SÖG 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by FAR. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing in Sweden RS and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

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

Stockholm, August 21st, 2007

Ernst & Young AB

Jaan Kubja
Authorized Public Accountant