SELENA
OIL & GAS

Consolidated financial statements for the year ended 31 December 2013

Selena Oil & Gas Holding AB

company registration number 556643-6613

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Background information

Selena Oil & Gas Holding AB (publ) ("SOGH", "Parent" or the "Company", and together with its subsidiaries the "Group") is an independent Swedish oil and gas holding company with proved and producing assets located in the Russian Federation. The Group is engaged in the exploration and production of oil in the Volga-Ural region of the Russian Federation, including in Perm. The Volga-Ural region has a well-developed infrastructure as well as a high concentration of heavy industry. Several major oil and gas pipelines pass through the region. 2.5 % of all Russian oil production originates from the Perm Region. The Volga-Ural region is located in the European part of Russia.

The Group was formed by entrepreneurs Mr. Oleg Popov, Mr. Indrek Rahumaa, Mr. Jurgen Lamp and Mr. Vyacheslav Pershukov H2 2010 with the purpose to consolidate various oil and gas assets in the Volga-Ural region of the Russian Federation, more specifically in Perm and Udmurtia regions.

The Group acquired its first energy assets in November 2010 when the agreement was signed for the contribution in kind of OOO Selena-Perm and OOO Selena-Neft to the capital of Selena Oil & Gas AB. OOO Selena-Perm and OOO Selena-Neft were merged in January 2011 with OOO Selena-Perm as the surviving entity. Subsequently, Selena Oil & Gas AB through the reverse acquisition acquired a NASDAQ OMX First North listed company Emitor Holding AB (publ), subsequently renamed to Selena Oil & Gas Holding AB (publ), currently a legal parent company of the Group. The operations of the Group involve the exploration and extraction of oil. The history of the Group's core subsidiary dates back to 1997, and it started oil production in 2000. In 2011 the Group acquired Russian companies OOO Georesurs and OOO KRT-OilGasTrans, together with its subsidiaries, all located in Perm and Udmurtia region of Russia.

The reporting year of the Company is 1 January 2013 – 31 December 2013.

Parent company information

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

The Swedish parent company Selena Oil & Gas Holding AB (publ) is a holding company without significant operations. It supports the subsidiary companies with financing and pursues the Group's strategy in terms of new acquisitions and M&A initiatives as well as has the corporate headquarter and investor relations function. Therefore, the parent had no income in 2013.

Board of Directors and CEO

Lars Bergström, Chairman of the Board of Directors

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

Jürgen Lamp, Member of the Board of Directors

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

Indrek Rahumaa, Member of the Board of Directors

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

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

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

Staffan Torstensson, Member of the Board of Directors, member independent from the management and major shareholders

Mr. Torstensson was born in 1972 and he is a Swedish national. Mr. Torstensson studied economics and graduated from the Jönköping Business School with a Master's degree in economy. Mr. Torstensson currently is the Partner of ECM Evli Bank plc. He has more than 13 years of experience in investment banking. Mr. Torstensson is a member of the Board of Formpipe Software AB (publ).

Paul Waern, Member of the Board of Directors, member independent from the management and major shareholders (holding 1,684,560 (3.23%) shares in the Company as of 31 December 2013)

Mr. Paul Waern (born 1950, MSC in Mining) is an experienced oil and gas engineer. Mr. Waern has served more than 30 years in the international oil and gas industry. The addition of Mr. Waern as an investor in Selena adds significant industry expertise to the Company. Mr. Waern works as a technical advisor to the Company, focusing on increasing the production and evaluating new acquisition prospects.

Magnus Stuart, CEO

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

Shareholders

The largest shareholders of the Company as at 31 December 2013 were the following:

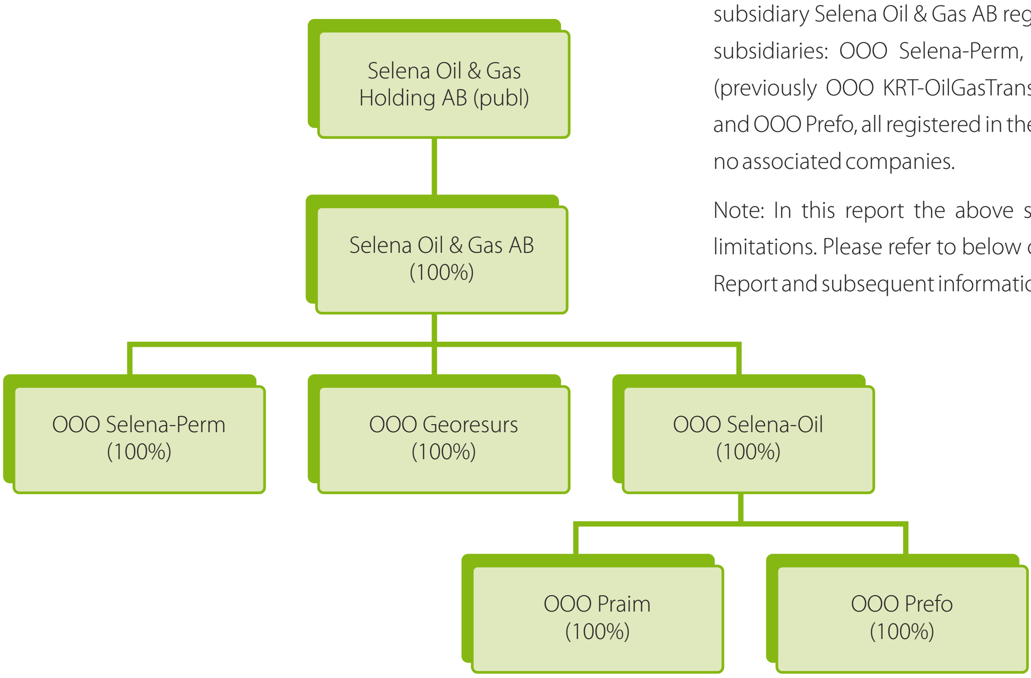
Shareholder	Number of Shares	Proportion
Bryum Estonia	15,336,062	29.44%
Altare Energy	14,249,137	27.35%
OU SEE	6,000,000	11.52%
Yuri Gusev	9,147,756	17.56%
Others	7,365,522	14.14%
Total	**52,098,477**	**100.00%**

Auditors

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

Group structure

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



As of 31 December 2013 the Group consisted of Selena Oil & Gas Holding AB (publ) (previously Emitor Holding AB, further SOGH), its subsidiary Selena Oil & Gas AB registered in Sweden, and three 100% subsidiaries: OOO Selena-Perm, OOO Georesurs, OOO Selena-Oil (previously OOO KRT-OilGasTrans) with its subsidiaries OOO Praim and OOO Prefo, all registered in the Russian Federation. The Group has no associated companies.

Note: In this report the above structure is subject to exceptional limitations. Please refer to below chapter Basis for preparation of the Report and subsequent information in the report.

Environmental impact of the operations

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

Group's core assets

In 2013 SOGH held licences for six oil fields (Azinskoye, Dubrovinskoye, Borkmosskoye, Fedortsevskoye, Kulighinskoye and Ilikovskoye), two oil and gas fields (Visokovskoye and Komarikhinskoye) and five licences for prospective resources (Anelka-Patrakovski, Patrakovsko-Timenski, Chikalinski, Tayozhnij and Tokarevski). SOGH also owned a Transneft Access Point, a direct access facility permitting the Group to deliver oil directly to a major oil pipeline. SOGH furthermore owned 20 active wells and the necessary infrastructure for operating its assets, including railroads, storage facilities etc.

As of the date of this report SOGH holds licences for three oil fields (Borkmosskoye, Fedortsevskoye and Kulighinskoye) one oil and gas field (Komarikhinskoye) and one licence for prospective resources (Chikalinski). SOGH furthermore owns one well (well 24) on Fedortsevskoye field along with a production terminal and the necessary infrastructure for operating its assets around Perm. SOGH is also actively exploring opportunities to acquire additional oil and gas fields in the Russian Federation.

In December 2011 SOGH acquired KRT-OilGasTrans and as the result acquired 4 oil fields and two license areas in Perm region. None of the fields were producing in 2013. Borkmosskoye oil field has 3 wells in conservation on the field. Fedortsevskoye oil field is located in the Northern part of the Perm region and there are 3 wells in conservation on the field, one of which as acquired by the Group in 2013. Kulighinskoye oil field has 6 wells in conservation.

Komarikhinskoye oil and gas field was acquired by OOO Selena-Perm in Q1 2011 in the course of a public auction.

After the acquisition of OOO Georesurs, the Group holds the exploration licences for Chikalinksi block.

Operational review and significant events in 2013

Resolutions of Extraordinary General Meeting from 14 January 2013

Extraordinary General Meeting was held on 14 January 2013. The EGM resolved that the Board of Directors shall consist of four ordinary members without deputy members for the period until the end of the next Annual General Meeting.

Furthermore, it was resolved that Mr. Indrek Rahumaa, Mr. Staffan Torstensson, Mr. Yury Gusev, Mr. Paul Waern and Ms. Nadezhda Popova (i.e. all current directors) were discharged from their positions as ordinary members of the Board of Directors and new Board of Directors was elected with Mr. Oleg Popov, Mr. Dmitry Ermakov, Mr. Aleksejs Rjabijs and Mr. Magnus Stuart being new ordinary members of the Board of Directors for the period until the end of the next Annual General Meeting.

Change of Managing Director

On 14 January 2013 the Board of Directors of Selena Oil & Gas Holding AB (publ) resolved to relieve the Managing Director Jürgen Lamp from his duties. The Board of Directors resolved to discharge Jürgen Lamp and to elect the board member Magnus Stuart as new Managing Director of the company on 16 January 2013.

On 12 April 2013, the Managing director and board member Magnus Stuart decided and announced his resignation from all duties in the Company and its subsidiary Selena Oil & Gas AB for personal reasons.

Subsequent to Extraordinary shareholders Meeting on 31 May 2013, Mr Magnus Stuart was appointed by the newly elected board as the Managing director of the Company.

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

On 14 February 2013 the Group received a bankruptcy petition from a creditor, filed at the District Court of Stockholm (Stockholms Tingsrätt). The petition was applicable to the wholly owned subsidiary Selena Oil & Gas AB. The petition was filed by the creditor in relation to unsettled debt. The bankruptcy petition was later suspended and subsequently fully withdrawn on the basis of a settlement agreement between the wholly owned subsidiary Selena Oil & Gas AB and the creditor.

Auction of the shares of Selena Oil & Gas AB

On 18 April 2013 the Company confirmed that the shares of its 100% subsidiary Selena Oil & Gas AB were subject to an auction on 26 April 2013. The auction was arranged by Bryum Limited UK as a pledgee to recover and enforce repayment of its loan. Bryum Limited UK was a creditor of Selena Oil & Gas AB on the basis of loans granted in the principal amount of USD 2,158 million, secured by 100% pledge of shares in Selena Oil & Gas AB. The auction did not take place due to ongoing negotiations of the settlement.

Resolutions of Extraordinary General Meeting from 31 May 2013

The meeting resolved to approve a settlement agreement whereby: (1) Ms. Nadezhda Popova transfers to Selena Oil & Gas AB all shares in OOO Selena-Perm belonging to her and all claims under the loan agreements concluded between the Company and its subsidiaries as the borrowers and Bryum Limited as the lender, for the total principal amount of USD 2,158 million, with all interest and penalties accrued whereon (which claims Ms. Nadezhda Popova intends to acquire from Bryum Limited); (2) OOO Selena-Perm will be reorganized so that OOO KNK (an entity controlled by Ms. Nadezhda Popova) will ultimately acquire assets and liabilities of OOO Selena-Perm except those related to the Komarihinskoye oil field, which will remain on the balance sheet of OOO Selena-Perm with all related assets and liabilities. The meeting resolved to grant the Company´s approval for the proposed transactions and also authorised the new Board of Directors to further negotiate and implement the same.

The settlement agreement with Ms. Nadezhda Popova was signed on 8 July 2013. For background information and further description of the transaction please see page 9 in this Annual report.

Furthermore, the Extraordinary General Meeting elected a new Board of Directors. All previous board members were discharged and the Extraordinary General Meeting elected a new Board of Directors with its members being Indrek Rahumaa, Erik Staffan Bernstein Torstensson, Poul Gunnar Waern, Lars Bergström, Per Olof Sjöstedt and Jürgen Lamp.

Subsequently to the Extraordinary General Meeting a board meeting was called and Mr. Lars Bergström was elected Chairman of the Board of Directors.

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

On 4 June 2013, the Board of Directors of Selena Oil & Gas Holding AB (publ) and CEO were made aware of an earlier bankruptcy petition, which was filed at the district court of Stockholm (Stockholms Tingsrätt) on 22 April 2013. The petition was applicable to the wholly owned subsidiary Selena Oil & Gas AB. The petition was filed by a creditor and had relationship to an unpaid debt.

In June 2013, the Company reached a settlement with the creditor. The settlement entailed that the filed petition at the district court of Stockholm (Stockholms Tingsrätt) was withdrawn and that Selena Oil & Gas Holding AB was to repay the debt through an instalment plan. The settlement was reached through an out of court action in a direct dialogue with the creditor.

Divestment of subsidiary OOO Borei in Perm region

In July 2013, the Company completed a cash transaction for the divestment of its subsidiary OOO Borei. OOO Borei holds the license for Ilikovskoye oilfield located in the Perm region. The Ilikovskoye oilfield had at the occasion of the divestment no production of oil or natural gas.

The Ilikovskoye field was estimated to hold 1P reserves amounting to 0.3 Million boe and 2P reserves of 3.1 Million boe. The value of transaction amounted to RUB 26 million, which corresponds to approximately USD 0.8 million. The transaction was settled on 12 July 2013 through full cash payment in exchange for full title to all shares in OOO Borei.

As investments in OOO Borei were expected to yield lower returns due to isolation of the Ilikovskoye field as compared to the remaining fields of the Company and due to relatively high required capital investment and geological complexity the disposal was considered the best alternative. The transaction allowed the company to focus its resources towards higher investment priorities being development of Fedortsovskoye and Kulighinskoye oil fields.

Resolutions of Annual General Meeting from 31 July 2013

At the Annual General Meeting (AGM) of Selena Oil & Gas Holding AB (publ) on 31 July 2013, it was resolved to adopt the income statement and balance sheet and the consolidated income statement and the consolidated balance sheet for the financial year 2012. The meeting resolved on adoption of dispositions of the Company's result as presented in the publicly presented Annual Report for 2012, presentation of balance sheet and proposed disposition.

The meeting resolved to discharge directors Paul Waern and Karl Bleschert from the liability for the financial year 2012. Directors Indrek Rahumaa, Staffan Torstensson, Vyacheslav Pershukov, Nadezhda Popova, Yuri Gusev and the Managing Director Jürgen Lamp were all denied a discharge from the liabilities for financial year 2012.

The Director's fee was set at SEK 125,000 per year for the members of the Board of Directors and SEK 150,000 per year for the Chairman of the Board of Directors.

The board members Lars Bergström, Indrek Rahumaa, Jürgen Lamp, PeO Sjöstedt, Staffan Torstensson and Paul Waern were re-elected. It was resolved to re-elect PricewaterhouseCoopers AB as the auditor, with Martin Johansson as the responsible auditor until end of the Annual General Meeting 2014.

The proposal to authorize the Board of Directors to resolve on a providing the Board of Directors with a mandate to decide on a new share issue was withdrawn from the agenda.

The minority of shareholders holding 17% of shares requested, and was granted, to conduct a special audit of the management of the company during 2012 and until 31 July 2013.

Petition to cancel the decision of EGM held on 31 May 2013

On 11 September 2013, the Board of Directors of Selena Oil & Gas Holding AB (publ) received a petition on the cancellation of a decision from the EGM held on 31 May 2013. The petition was filed with the district court of Stockholm (Stockholms Tingsrätt). The Company filed its first Statement of defence to the petition on 25 October 2013. The second statement of defence was submitted on 17 February 2014.

Renaming of subsidiary

In September 2013 the Group renamed its subsidiary OOO KRT-OGT to OOO Selena-Oil.

Statement from Aktiemarknadsnämnden

On 3 October 2013 Aktiemarknadsnämnden (The Swedish Securities Council) issued a statement criticizing Selena Oil & Gas Holding AB (publ) provision of information to the shareholders in relation to a decision on EGM held on 31 May 2013. The information provided by Selena Oil & Gas Holding AB (publ) to shareholders are according to Aktiemarknadsnämndens statement 2013:40 not complying with Swedish rules for good practice as observed in the Swedish stock market.

The Swedish Securities Council acts through statements, advice and information with the mission to promote good practices in the Swedish stock market. The Council is a self-regulatory body organized by the Swedish business community.

The Board of Directors accepts the criticism directed to the Company from the Swedish Securities Council (Aktiemarknadsnämnden) and pronounces its full submission to the issued statement.

The regretful shortcomings in the Company's reporting over the course of 2013 are to a large extent attributable to the disputes described herein and the resulting frequent changes to the operational and legal management of the Company.

A creditor's filing of a bankruptcy of Selena Oil & Gas Holding AB (publ)

On 16 October 2013 the CEO and the Board of Directors of Selena Oil & Gas Holding AB (publ) received a bankruptcy petition, filed at the district court of Stockholm (Stockholms Tingsrätt). The petition was filed by a creditor in relation to an unpaid debt.

In October 2013 the Company reached a settlement with the creditor. The settlement means that the filed petition at the district court of Stockholm (Stockholms Tingsrätt) was withdrawn and that Selena Oil & Gas Holding AB (publ) will repay the debt through an instalment plan. The settlement was reached through an out of court action in direct dialogue with the creditor.

The Group's holding in the Russian subsidiary OOO Selena-Perm

On 21 December 2012, Selena Oil & Gas Holding AB (publ) made public that it has obtained information on a registration of a new issue of shares in its Russian subsidiary OOO Selena-Perm. The new issue had taken place without the Company's authorization and had been formally registered with the Russian authorities. This event effectively reduced the Company's holding in its subsidiary OOO Selena-Perm from 100% to 12% and as a consequence reduced the Company's reported 2P reserves by 55%. The Company publicly denounced the share issue and attributed it to a dispute between its major shareholders, of which one group was led by Mr. Oleg Popov and Ms. Nadezhda Popova. Subsequently on 14 January 2013 Mr Oleg Popov was elected as the Chairman of the Company and assumed effective control over all its subsidiaries.

Representatives of the Board of Directors and several shareholders in the Company immediately disputed the registration with the Russian courts. On 12 February 2013 the court of first instance in Perm rejected all disputes. Subsequent appeals made by shareholders of SOGH, were rejected and all possibilities to appeal were exhausted through a court order on 18 June 2013.

The Board of Directors has not identified any other realistic means to restore the Company's full ownership to OOO Selena-Perm including its original assets.

The consequence of the above makes it imperative for the Company to recognize a decrease in value of its investment into OOO Selena-Perm by year-end 2013 due to impairment caused by partially lost assets of OOO Selena-Perm. This impairment loss amounts to SEK 232.7 million and is recognized as "Other expenses" in Q4 2013 and book value of investment in OOO Selena-Perm is consequently decreased by SEK 232.7 million in the balance sheet as of 31 December 2013 of (publ) Parent company accounts. The impairment loss is partially offset by a decrease in liabilities to Bryum Limited as discussed below. The impairment loss only relates to Parent company financial results and financial position and has no impact on Group's consolidated result.

As a consequence the Parent company of the Group decided to make a conditional shareholders contribution to its subsidiary Selena Oil & Gas AB amounting to SEK 78.6 million, to restore its reported equity.

Settlement with Ms Nadezhda Popova and reorganization of OOO Selena-Perm

Despite the reduction of the Company's shareholding in OOO Selena-Perm to 12% in December 2012, the Company continued to receive operating information and exercise managerial control over its Russian assets over the course of 2013 and negotiated with the Popovs family regarding the possibilities to resolve the complicated situation. The financial results of subsidary OOO Selena-Perm were consolidated with the Company's results in 2012 and 2013.

In May 2013 the Company's Board of Directors called for an Extraordinary General Meeting proposing to its shareholders a resolution regarding a settlement and certain transactions between the Company and its shareholder Ms Nadezhda Popova to recover the value lost due to the share capital decrease in OOO Selena-Perm, whereby the Company's 100% ownership of OOO Selena-Perm would be restored, but OOO Selena-Perm would divest a material part of its assets to a company controlled by Ms Popova. To offset the negative impact on the Company's asset value, Ms Popova agreed to acquire from Bryum Limited and to subsequently extinguish Company's debt in the principal amount of USD 2,158 million, with all interest and penalties accrued whereon.

On 8 July 2013 the settlement agreement was signed with Ms Nadezhda Popova according to the above-mentioned terms. Restructuring of OOO Selena-Perm, whereas assets of the company were separated into OOO KNK, initiated on 13 May 2013, was completed in Q3 2013 and the transfer of the production licences and fields to OOO KNK was completed in July 2013. The financial result of the reorganization amounted to a loss of 21,116 TSEK on the consolidated basis. Furthermore, the loans acquired by Ms. Nadezhda Popova were waived for the principal amount, accrued interest and penalties as a compensation for the transaction. The waiver of the loans amounted to a gain of 16,992 TSEK and, therefore, the net result of the settlement was a loss of 4,124 TSEK recorded as Other income/(expenses) on consolidated basis in 12M 2013.

Dispute over settlement with Ms Nadezhda Popova

The validity of the above settlement was disputed by the Company's shareholder Mr. Gusev and a respective court case is pending between him and the Company. The Company has been informed by the large shareholders that negotiations to terminate the dispute amicably are ongoing. Furthermore, the Company submitted its defense to Mr. Gusev's petition on 17 February 2014.

Due to the pending dispute, the Company's Board of Directors did not take any action to carry out the settlement approved in May 2013, despite the authorisation granted by the EGM, with the sole exception of accepting the extinguishing of overdue loans acquired by Ms Popova from Bryum Limited. The Board of Directors does not, however, see any legal or practical possibility to restore the situation existing prior to December 2012 (i.e., on the asset side, to restore 100% ownership in OOO Selena-Perm with all its pre-restructuring assets, and on the liability side, to restore an overdue liability to Bryum Limited with related interest and sanctions). Due to the Russian courts' acceptance of the legality of the share capital increase in OOO Selena-Perm, the Board of Directors firmly believes its duty to be the mitigation of the consequences of the same to the best possible extent.

Status vis-à-vis the Company's creditors

As has been reported during 2013 the Company has been subject to petitions on bankruptcy charges three times through actions made by creditors. All these cases have been settled out of court and the Company has established repayment plans. The Company maintains operative contact with its creditors and are actively seeking solutions on refinancing its debt.

Production update and status

Production volume in 2013 decreased by 46.3% as compared to 2012 and amounted to 62.2 Mbbl. The Group's average production level was 170 bopd in 2013.

Following the restructuring of assets in OOO Selena-Perm, Visakovskoye oil field was disposed on 4 July 2013 and Dubroviskoye and Azinskoye oil fields were disposed on 22 July 2013. As the result, July 2013 was the last month when oil fields Visakovskoye, Dubroviskoye and Azinskoye were consolidated in Selena Oil & Gas Holding AB (publ) and the Company's production of crude oil henceforth discontinued temporarily.

The company will continue focus on activities to develop Borkmosskoye, Fedortsovskoye and Kulighinskoye oil fields. These oil fields hold several temporary abandoned oil wells. The oil wells were drilled and documented as oil discoveries, often more than 25 years ago. Immediately at the time of drilling, wells were carefully sealed pending a subsequent decision to start production. The Group regards the reworking of the wells as an opportunity to achieve production with limited investments.

On 12 September 2013 the Group's subsidiary OOO Praim signed an agreement to buy out the well 24 on Fedortsevskoye field from Lukoil for an approximate consideration 576 TUSD. The transaction was finalized in Q4 2013. Furthermore, OOO Praim defended the project in Permnedra for test production of wells 21 and 24 on the Fedortsevskoye field allowing the company to start the production from those wells as soon as the renovation of the well is complete. In Q4 2013 the Group also made investments in building the basic construction roads to the Fedortsevskoye field and started construction of the oil production terminal on the Fedortsevskoye field to prepare the field for the production. Furthermore, land leases for the necessary land plots were signed.

Employees

As of 31 December 2013 the Group employed 5 employees and average number of employees in 2013 was 42 (2012: 89 employees), including 14 women (33%). The Group outsources its geological activities as well as intend to outsource production and logistics related operations in 2014.

The board consisted of 6 board members, all of whom are men.

Financial result

The Group's sales amounted to 103,770 TSEK in 2013 representing a growth of 52% as compared to sales of the respective period in 2012. Sales of own crude oil decreased by 41% from 35,554 TSEK in 2012 to 21,142 TSEK in 2013. At the same time sales of third party oil increased by 145% and amounted to 78,110 TSEK. The Group is not subject to significant seasonality or cyclicality of the business.

EBITDA loss amounted to 9,088 TSEK in 2013 as compared to a loss of 2,586 TSEK in 2012. Other expenses of 11,466 TSEK include a net loss of 4,124 TSEK related to restructuring and partially offset by gain of waiver of loan, a loss from disposal of investment into OOO Borei in the amount of 1,230 TSEK and loss of asset value write down to their realizable values of 6,095 TSEK. Other income of 2,107 TSEK include a provision reversal gain of 1,440 TSEK related to previously provisioned VAT balance recovered in Russia in 2013.

Net result for 2013 a loss of 15,696 TSEK including a finance loss in amount of 3,442 TSEK.

Investments

Investments amounted to 10,910 TSEK in 12M 2013 and mostly related to buy-out and improvement of wells and infrastructure related investments on Fedortsovskoye field.

Financial position

Total assets of the Group amounted to 95,751 TSEK and decreased by 35% as compared to the position as of 31 December 2012. The decrease is due to reorganization of OOO Selena-Perm whereas major assets were spinned-off.

The Group's equity attributable to the equity holders of the Company amounted to 64,151 TSEK as of 31 December 2013.

Total loans and borrowings amounted to 13,187 TSEK and decreased by 54% as compared to the balance as of 31 December 2012 due to waiver of Bryum Limited loans by Ms. Nadezhda Popova. For further details of the borrowings please refer to note 15 of this report.

Cash and cash equivalents balance decreased from 275 TSEK to 66 TSEK as of 31 December 2013.

Significant events after the balance sheet date

For information regarding significant events after the balance sheet date, see note 33 in this annual report.

Delisting from First North

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

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

It is the Company's intention, to seek listing of its shares as soon as possible, at an exchange for public trading which is attractive to its shareholders. Preparatory work is in progress since some time back and it's the management's opinion that a solution will be ready to be presented shortly.

Finalization of transaction to regain 100% shareholding in OOO Selena-Perm

As of 31 December 2013 the transaction to regain 100% shareholding in restructured OOO Selena-Perm was not completed. In January 2014 Selena Oil & Gas AB was notified that shares of OOO Selena-Perm belonging to Ms Nadezhda Popova were disposed off to Mr Aleksey Chulkin. Subsequent to that Selena Oil & Gas AB as a minority shareholder of OOO Selena-Perm was notified on the option to approve a transaction whereas Mr Aleksey Chulkin sells back his shareholding in OOO Selena-Perm to OOO Selena-Perm. The purchase price for the shares of OOO Selena-Perm would be covered by offset of amount receivable by OOO Selena-Perm from Mr Aleksey Chulkin. As the result, no cash would be payable for the transaction by Selena Oil & Gas AB or OOO Selena-Perm. The agreement for share buy-back of own shares of OOO Selena Perm was signed on 12 March 2014 and transaction was registered with local authorities on 25 March 2014. Following the buy-back Selena Oil & Gas has an option to cancel the shares owned by OOO Selena-Perm. As the result of transaction Selena Oil & Gas AB is a sole shareholder of OOO Selena-Perm and has regained full control over the restructured subsidiary.

Start of production from Fedortsovskoye field

On 5 May 2014 the Company reached an important milestone in its strategy to establish oil production by conducting a production test of well 24, located on the Fedortsevskoye oil field. The test indicated that well 24 has an optimal production capacity of 10 metric tons per day, which corresponds to approximately 70 bbl per day.

Selena Oil & Gas Holding AB has plans to start production from two additional wells, well 21 and well 23, both located on the Fedortsevskoye oilfield. The financing for acquisition of well 21 is secured and will be completed in second quarter of 2014. The Company is preparing plans to finance the acquisition of well 23 in the third quarter of 2014. When the both additional wells will be acquired and put in to the production Selena Oil & Gas Holding AB anticipates reaching a daily production of around 200 bbl from wells 21, 23 and 24.

Oilfield Fedortsevskoye holds estimated 2.8 million bbl of 1P and 6.6 million bbl of 2P reserves, and has an estimated potential of reaching a daily production of 1 500 bbl when fully developed.

Corporate Governance Report

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

Annual General Meeting 2014

Annual General Meeting will be held in Stockholm on 25 June 2014

Proposed allocation of earnings

The statements of comprehensive income and financial position of the Parent Company and the Group are subject to adoption by the Annual General Meeting on 25 June 2014.

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

Share premium	331,867
Retained earnings	(14,706)
Loss for the year	(315,052)
Total	**2,109**

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

To be carried forward	2,109
Total	**2,109**

Financial statements

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

The Parent Company's statement of comprehensive income, statement of financial position, statement of cash flow, statement of changes in equity and related notes are presented in thousand SEK and can be found on pages 49-58.

Key ratios

Group	31.12.2013	31.12.2012	31.12.2011	31.12.2010
Total assets, TSEK	95,751	147,858	138,883	55,114
Total equity, TSEK	64,151	83,258	95,918	24,450
Equity ratio, %	67.00%	56.31%	69.06%	44.36%
Interest bearing debt, TSEK	13,187	28,491	21,703	19,741
Employees at the end of the period	5	89	89	89
Return on equity, %	-21.30%	-11.14%	-13.25%	n/a

Per share data				
Earnings per share, SEK	(0.30)	(0.19)	(0.19)	n/a
Equity per share, SEK	1.23	1.60	2.23	2.45

Key ratio definitions

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

Financial calendar

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

25 June 2014	Annual General Meeting 2014
30 August 2014	Interim report for Q2 2014
28 November 2014	Interim report for Q3 2014
27 Febuary 2015	Interim report for Q4 2014

Consolidated Statement of Financial Position as of 31 December 2013

In thousand SEK	*Note*	**31 December 2013**	**31 December 2012**
ASSETS			
Non-current assets			
Property, plant and equipment	*6*	8,240	41,221
Intangible assets	*7*	75,631	84,471
Deferred tax asset	*8*	1,086	4,943
Total non-current assets		**84,957**	**130,635**
Current assets			
Inventories	*9*	0	4,194
Accounts receivable and prepayments	*10*	10,604	11,641
Loans issued	*11*	124	1,113
Cash and cash equivalents	*12*	66	275
Total current assets		**10,794**	**17,223**
TOTAL ASSETS		**95,751**	**147,858**
EQUITY AND LIABILITIES			
Equity			
Share capital		70,471	70,471
Other equity		15,115	15,115
Translation reserve		(11,161)	(7,750)
Retained earnings		(10,274)	5,422
Equity attributable to equity holders of the company	*13*	**64,151**	**83,258**
Non-current liabilities			
Deferred tax liabilities	*8*	36	3,230
Loans and borrowings	*15*	334	1,353
Asset retirement obligations	*16*	0	4,828
Total non-current liabilities		**370**	**9,411**
Current liabilities			
Loans and borrowings	*15*	12,853	27,138
Accounts payable and accruals	*17*	17,566	22,906
Current income tax payable		8	6
Taxes payable	*18*	803	5,139
Total current liabilities		**31,230**	**55,189**
Total liabilities		**31,600**	**64,600**
TOTAL LIABILITIES AND EQUITY		**95,751**	**147,858**

The accompanying notes on pages 17-35 form an integral part of these financial statements.

Consolidated Income Statement for year ended 31 December 2013

In thousand SEK	Note	2013	2012
Sales revenue	19	103,770	68,258
Cost of goods sold	20	(96,949)	(60,565)
Gross profit		**6,821**	**7,693**
Selling, general and administrative expenses	21	(9,177)	(12,775)
Operating loss		**(2,356)**	**(5,082)**
Finance income	22	25	284
Finance expenses	23	(3,442)	(2,347)
Other income	24	2,107	248
Other expenses	25	(11,466)	(2,774)
Profit before income tax		**(15,132)**	**(9,671)**
Income tax	8	(564)	(305)
Net income / (loss)		**(15,696)**	**(9,976)**
Earnings per share			
Basic earnings per share (SEK)	14	(0.30)	(0.19)
Diluted earnings per share (SEK)	14	(0.30)	(0.19)

Consolidated Statement of Comprehensive Income for year ended 31 December 2013

In thousand SEK	2013	2012
Net income	**(15,696)**	**(9,976)**
Other comprehenisve income		
Currency translation	1,472	86
Currency translation loss on intragroup lending	(4,883)	0
Total comprehensive income / (loss), net of tax	**(19,107)**	**(9,890)**

The accompanying notes on pages 17-35 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity for year ended 31 December 2013

In thousand SEK	Share capital	Other Equity	Currency translation	Retained earnings	Total
As of 31 December 2011	**58,093**	**30,263**	**(7,836)**	**15,398**	**95,918**
Comprehensive income					
Net profit / (loss) for the period	0	0	0	(9,976)	(9,976)
Other comprehensive income					
Effect on consolidation of foreign subsidiaries	0	0	86	0	86
Total comprehensive income	**0**	**0**	**86**	**(9,976)**	**(9,890)**
Transactions with owners					
New share issue (KRT acquisition transaction)	12,378	(12,378)	0	0	0
KRT acquisition transaction	0	(2,770)	0	0	(2,770)
As of 31 December 2012	**70,471**	**15,115**	**(7,750)**	**5,422**	**83,258**
Comprehensive income					
Net profit / (loss) for the period	0	0	0	(15,696)	(15,696)
Other comprehensive income					
Effect on consolidation of foreign subsidiaries	0	0	1,472	0	1,472
Currency translation loss on intragroup lending	0	0	(4,883)	0	(4,883)
Total comprehensive income	**0**	**0**	**(3,411)**	**(15,696)**	**(19,107)**
As of 31 December 2013	**70,471**	**15,115**	**(11,161)**	**(10,274)**	**64,151**

The accompanying notes on pages 17-35 form an integral part of these financial statements.

Consolidated Statement of Cash Flows for year ended 2013

In thousand SEK	**2013**	**2012**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	(15,132)	(9,671)
Adjustments for:		
Depreciation, depletion and amortization	2,627	5,138
Provision for impariment of trade and other receivables	0	75
Finance income	(39)	(117)
Finance costs	1,333	1,530
Other finance (income) / expense	200	817
Loss on disposal of a subsidiary	1,231	0
Loss on assets transfer	4,124	0
(Gain) /loss on disposal of assets	71	24
Net foreign exchange (gain) / loss	105	0
Operating cash flow before changes in working capital	**(5,480)**	**(2,204)**
Changes in working capital:		
Change in accounts receivable	943	(181)
Change in inventories	3,636	(3,357)
Change in accounts payable and accruals	(1,971)	7,495
Change in taxes payable	(4,149)	(171)
Net cash generated by operating activities	**(7,021)**	**1,582**
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	6	20
Issuance of loans	(672)	(1,823)
Repayment of loans	0	1,823
Disposal of a subsidiary, net of cash disposed of	5,188	0
Proceeds from sale of property, plant and equipment	137	0
Purchase of property, plant and equipment	(9,084)	(6,976)
Purchase of intangible assets	(617)	(900)
Net cash used in investing activities	**(5,042)**	**(7,856)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	10,687	15,113
Repayment of borrowings	(4,373)	(8,881)
Repayment of interest	(312)	(651)
Net cash used in financing activities	**6,002**	**5,581**
Currency translation effect	**5,852**	**(59)**
Net change in cash and cash equivalents	**(209)**	**(752)**
Cash and cash equivalents at the beginning of the period	**275**	**1,027**
Cash and cash equivalents at the end of the period	**66**	**275**

The accompanying notes on pages 17-35 form an integral part of these financial statements.

1 Reporting Entity

Selena Oil & Gas Holding AB (the "Company") is a company domiciled in Sweden. The address of the Company's registered office P.O. Box 7614, 103 94 Stockholm, Sweden, register code 556643-6613. The consolidated financial statements of the Company as at and for the year ended 31 December 2013 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

As of 31 December 2013 the Company has one direct subsidiary Selena Oil & Gas AB which in turn has three subsidiaries, which are OOO Selena-Perm, OOO Georesurs and OOO Selena Oil which in turn has its own 2 subsidiaries OOO Praim and OOO Prefo. The subsidiaries are engaged in oil and gas exploration and production in the Russian Federation.

2 Operating Environment of the Group

The Group, through its operations, has a significant exposure to the economy and financial markets of the Russian Federation. The Russian Federation displays certain characteristics of an emerging market, including relatively high inflation and high interest rates. After the Russian economy experienced a moderate recovery of economic growth in 2012 economic growth slowed in 2013 (gross domestic product advanced 1.3 percent compared with 3.4 percent in 2012). The slowdown was a result of weaker demand due to a combination of external and domestic factors, some cyclical, and others structural. The slowdown was also accompanied by devaluation of the Russian Rouble against major foreign currencies.

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

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

3 Summary of Significant Accounting Policies

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

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

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

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

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

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

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

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

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

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

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

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

	RUB/USD	SEK/USD	SEK/RUB
Average 2013	31.9063	6.5154	0.2042
Closing rate 31.12.2013	32.7292	6.5269	0.1994

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

Acquisition-related costs are expensed as incurred.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4 Critical Accounting Estimates and Judgements in Applying Accounting Policies

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

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

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

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

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

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

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

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

5 New Accounting Pronouncements

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

(i) IFRS 12 Disclosure of Interests in Other Entities (2011)

IFRS 12 brings together into a single standard all the disclosure requirements about an entity's interest in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The Group does not expect the new Standard will have a material impact on the financial statements.

These standards are effective for annual periods beginning on or after 1 January 2014 with early adoption permitted.

(ii)IAS 27 (2011) Separate Financial Statements (effective for annual periods beginning on or after 1 January 2014)

IAS 27 (2011) carries forward the existing accounting and disclosure requirements of IAS 27 (2008) for separate financial statements, with some minor clarifications. As well, the existing requirements of IAS 28 (2008) and IAS 31 for separate financial statements have been incorporated into IAS 27 (2011). The standard no longer addresses the principle of control and requirements relating to the presentation of consolidated financial statements, which have been incorporated into IFRS 10, Consolidated Financial Statements. The Group does not expect IAS 27 (2011) to have a material impact on the financial statements, since it does not result in a change in the entity's accounting policy.

(iii) Amendments to IAS 32 on Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2014)

Amendments to IAS 32 (effective for annual periods beginning on or after 1 January 2014; to be applied retrospectively) clarify that an entity currently has a legally enforceable right to set-off if that right is not contingent on a future event and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties. The Company does not expect the Amendments to have any impact on the financial statements since the Company does not apply offsetting to any of its financial assets and financial liabilities and have not entered into master netting arrangements.

(iv) Amendments to IFRS 10, IFRS 12 and IAS 27 on Investment Entities (effective for annual periods beginning on or after 1 January 2014)

The Amendments provide an exception to the consolidation requirements in IFRS 10 and require qualifying investment entities to measure their investments in controlled entities, as well as investments in associates and joint ventures at fair value through profit or loss, rather than consolidating them. The consolidation exemption is mandatory (i.e. not optional), with the only exception being that subsidiaries that are considered as an extension of the investment entity's investing activities, must still be consolidated. An entity qualifies as an investment entity if it meets all of the essential elements of the definition of an investment entity. The Group does not expect the new standard to have any impact on the financial statements, since the Group does not qualify as an investment entity.

(v) Amendments to IAS 36 on Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014)

The Amendments clarify that recoverable amount should be disclosed only for individual assets (including goodwill) or cash-generated units for which an impairment loss was recognised or reversed during the period. The Amendments also require additional disclosures related to fair value hierarchy when an impairment for individual assets (including goodwill) or cash-generated units has been recognised or reversed in the period and recoverable amount is based on fair value less costs to disposal. The Group does not expect the new Standard will have a material impact on the financial statements.

(vi) Amendments to IAS 39 on Novation of Derivatives and Continuation of Hedge Accounting (effective for annual periods beginning on or after 1 January 2014)

The Amendments allows hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws and regulations, when certain criteria are met. The entity does not expect the new standard to have any impact on the financial statements, since the entity does not apply hedge accounting.

6 Property, Plant and Equipment

In thousand SEK	Oil and gas properties	Buildings and construc-tions	Machinery and equipment	Other fixed assets	Construc-tion in progress	Total
Cost as of 31 December 2011	**64,721**	**7,729**	**2,880**	**3,426**	**6,880**	**85,636**
Movements in 2012						
Additions	1,463	0	0	0	6,341	7,804
Transfers	3,869	698	92	63	(4,722)	0
Disposals	(116)	0	(3)	0	0	(119)
Effect of movements in exchange rates	(187)	(31)	(6)	(8)	(174)	(406)
Cost as of 31 December 2012	**69,750**	**8,396**	**2,963**	**3,481**	**8,325**	**92,915**
Movements in 2013						
Additions	55	0	0	0	10,855	10,910
Transfers	48	0	536	1,443	(2,027)	0
Disposals	(110)	0	(180)	(142)	0	(432)
Assets transfer during restructuring	(66,490)	(8,005)	(3,182)	(4,128)	(6,074)	(87,879)
Effect of movements in exchange rates	(3,253)	(391)	(137)	(175)	(3,279)	(7,235)
Cost as of 31 December 2013	**0**	**0**	**0**	**479**	**7,800**	**8,279**
Accumated depreciation as of 31 December 2011	**(42,749)**	**(2,666)**	**(1,084)**	**(318)**	**0**	**(46,817)**
Movements in 2012						
Disposals	92	0	3	0	0	95
Depreciation for period	(3,890)	(291)	(446)	(509)	0	(5,136)
Effect of movements in exchange rates	135	7	10	12	0	164
Accumated depreciation as of 31 December 2012	**(46,412)**	**(2,950)**	**(1,517)**	**(815)**	**0**	**(51,694)**
Movements in 2013						
Disposals	87	0	70	67	0	224
Depreciation for period	(2,120)	(75)	(170)	(236)	0	(2,601)
Assets transfer during restructuring	46,281	2,887	1,546	908	0	51,622
Effect of movements in exchange rates	2,164	138	71	37	0	2,410
Accumated depreciation as of 31 December 2013	**0**	**0**	**0**	**(39)**	**0**	**(39)**
Net book value as of 31 December 2012	**23,338**	**5,446**	**1,446**	**2,666**	**8,325**	**41,221**
Net book value as of 31 December 2013	**0**	**0**	**0**	**440**	**7,800**	**8,240**

There was no property, plant and equipment pledged to third parties as collateral for borrowings as of 31 December 2013 and 31 December 2012.

The carrying amount of property, plant and equipment in the amount of 8,240 TSEK is subject to the estimates and assumptions concerning the future made by the management, specifically, estimates in relation to oil and gas reserves, useful lives of property, plant and equipment and going concern.

7 Intangible assets

In thousand SEK	Exploration and evaluation assets	Other intangible assets	Total
Cost as of 31 December 2011	**83,651**	**26**	**83,677**
Movements in 2012			
Additions	900	0	900
Acquired through subsidiaries acquisitions	(85)	(1)	(86)
Cost as of 31 December 2012	**84,466**	**25**	**84,491**
Movements in 2013			
Additions	617	0	617
Disposed through the sale of the subsidiary	(6,537)	0	(6,537)
Disposals	0	(24)	(24)
Effect of movements in exchange rates	(2,915)	(1)	(2,916)
Cost as of 31 December 2013	**75,631**	**0**	**75,631**
Accumumated amortization as of 31 December 2011	**0**	**(19)**	**(19)**
Movements in 2012			
Amortization for period	0	(2)	(2)
Effect of movements in exchange rates	0	1	1
Accumumated depreciation as of 31 December 2012	**0**	**(20)**	**(20)**
Movements in 2013			
Amortization for period	0	(1)	(1)
Disposals	0	19	19
Effect of movements in exchange rates	0	2	2
Accumumated depreciation as of 31 December 2013	**0**	**0**	**0**
Net book value as of 31 December 2012	**84,466**	**5**	**84,471**
Net book value as of 31 December 2013	**75,631**	**0**	**75,631**

The carrying amount of intangible assets in the amount of 75,631 TSEK is subject to the estimates and assumptions concerning the future made by the management, specifically, estimates in relation to oil and gas reserves.

8 Income taxes

In thousand SEK	2013	2012
Current tax	0	0
Deferred tax	(564)	(305)
Income tax expenses	**(564)**	**(305)**

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

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

In thousand SEK	2013	2012
Profit before tax	(15,132)	(9,671)
Theoretical income tax	3,177	1,768

Tax effect of:

Income for which no deferred income tax liabilities was recognised	(3,741)	(2,091)
Tax charge	**(5,645)**	**(305)**

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

Tax effect of deductible temporary differences:

In thousand SEK	31.12.2013	31.12.2012
Loss carry-forward	1,082	2,018
Property, plant and equipment	4	1,641
Accounts receivable and prepayments	0	125
Loans issued	0	51
Finished goods	0	0
Other long-term liabilties	0	677
Loans and borrowings	0	288
Accounts payable and accruals	0	128
Taxes payable	0	15
Deferred tax asset	**1,086**	**4,943**

In thousand SEK	31.12.2013	31.12.2012
Loss carry-forward	(36)	(72)
Property, plant and equipment	0	(2,077)
Accounts receivable and prepayments	0	(336)
Loans issued	0	0
Finished goods	0	(217)
Other long-term liabilties	0	0
Loans and borrowings	0	0
Accounts payable and accruals	0	(528)
Taxes payable	0	0
Deferred tax liability	**(36)**	**(3,230)**

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

The deferred tax asset originates from the Group's Russian operations. The Group has made an assessment of the recoverability of deferred tax asset and based on the updated Group's strategy, related capital expenditure plans and future profit forecasts the deferred tax asset is considered to be recoverable.

9 Inventories

In thousand SEK	31.12.2013	31.12.2012
Materials	0	759
Crude oil	0	3,435
Total inventories	**0**	**4,194**

10 Accounts Recievable and Prepayments

In thousand SEK	31.12.2012	31.12.2012
Trade accounts receivable	499	0
Total financial accounts receivable	**499**	**0**
Advances issued	1,015	3,618
VAT prepaid	1,816	2,162
Provision for VAT prepaid	(180)	(2,043)
Other accounts receivable	7,454	7,904
Total accounts receivable	**10,604**	**11,641**

In 2011 the Group was in process of listing and new capital raising from the investors. During the process certain costs were incurred by the Group that related to legal fees, accountancy, and competent person assessment of the reserves held by the company and similar. The costs directly related to the capital raising and were not part of the operational cost of the Company. As the result the amount of 7,196 TSEK were capitalized and are recorded as next period expenses as of 31 December 2013. The process of capital raising was not completed in 2013. The company's management intention is that further capital will be raised through 2014 and potentially 2015. Such new issue would partially benefit from past track record and therefore at the moment of capital raising the intention is to offset the capitalized cost against share premium related to new capital.

11 Loans issued

Total amount of loans issued by the Company as of 31 December 2013 amounted to 124 TSEK (as of 31 December 2012: 1,113 TSEK). Loans were granted at rates 8% and 11%.

12 Cash and cash equivalents

In thousand SEK	**31.12.2013**	**31.12.2012**
Cash at bank	61	272
Cash in hand	5	3
Total cash and cash equivalents	**66**	**275**

13 Capital and Reserves

At 31 December 2013 the total number of authorised and issued ordinary shares was 52,098,477 shares, with a quota value of SEK 1,352642 each. Each ordinary share carries one vote. All issued ordinary shares are fully paid.

In thousand SEK	**Number of ordinary shares**	**Share capital**	**Other equity**
At 31 December 2012	**52,098,477**	**70,471**	**15,115**
Changes in 2013	0	0	0
At 31 December 2013	**52,098,477**	**70,471**	**15,115**

Largest shareholders as of 31 December 2013:

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

Shareholder	**Number of Shares**	**Proportion**
Bryum Estonia	15,336,062	29.44%
Altare Energy	14,249,137	27.35%
OU SEE	6,000,000	11.52%
Yuri Gusev	9,147,756	17.56%
Others	7,365,522	14.14%
Total	**52,098,477**	**100.00%**

14 Earnings per Share

The calculation of basic earnings per share at 31 December 2013 was based on the net loss and a weighted average number of ordinary shares.

In thousands of shares	**2013**	**2012**
Number of shares at the beginning of the year, adjusted for exchange ratio used in reverse acquisition and reverse split ratio	52,098	10,000
Effect from transactions in the period	0	31,686
Weighted average number of ordinary shares in thousands	**52,098**	**41,686**

	2013	2012
Weighted average number of ordinary shares in thousands	52,098	52,098
Loss for the period, TSEK	(15,696)	(9,976)
Basic earnings per share (SEK)	(0,30)	(0,19)
Diluted earnings per share (SEK)	(0,30)	(0,19)

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

15 Loans and Borrowings

The structure of non-current borrowings is as follows:

In thousands of SEK	31.12.2013	31.12.2012
Loans from related parties	0	444
Finance leases	334	909
Total non-current borrowings	**334**	**1,353**

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

The structure of current borrowings is as follows:

In thousands of SEK	31.12.2013	31.12.2012
Loans from related parties	10,944	23,178
Bank loans	0	0
Loans from companies	1,856	3,330
Finance leases	53	630
Total current borrowings	**12,853**	**27,138**

The Group's borrowings denominated in the following currencies:

In thousands of SEK	31.12.2013	31.12.2012
USD	1,565	16,365
RUB	5,480	9,376
SEK	3,357	1,653
EUR	2,785	1,097
Total borrowings	**13,187**	**28,491**

As at 31 December 2013 the effective interest rate on borrowings ranged between 5% p.a. to 21.8% p.a.
The Group does not apply hedge accounting and did not hedge its risks arising from currency liabilities or interest rate risks. The estimated fair value of borrowings approximates their carrying value.

16 Asset retirement obligations

The Group had no asset retirement obligations in respect of decommissioning of oil and gas wells as of 31 December 2013. The liability has been transferred during restructuring.

In thousands of SEK	Assets Retirement Obligation
Book value as for 31.12.2012	**4,828**
Additions charged to profit and loss account	195
Obligations reassessment	(4,804)
Currency translation difference	(219)
Book value as for 31.12.2013	**0**

17 Accounts payable and accruals

In thousands of SEK	**31.12.2013**	**31.12.2012**
Trade accounts payable	10,089	12,194
Advances received	0	3,641
Salary payable	2,341	1,944
Other payables to personnel	198	130
Other payables	4,938	4,997
Total accounts payable and accruals	**17,566**	**22,906**

As of 31 December 2013 the Group was to a large extent financed by the short-term borrowings that matured shortly after 31 December 2013, mostly with related parties. In addition, there was a material overdue trade creditors balance as of 31 December 2013. Furthermore, as has been reported during 2013 the Company has been subject to petitions on bankruptcy charges three times through actions made by creditors. All these cases have been settled out of court and the Company has established repayment plans. All of the factors may cause doubts regarding the Company's ability to continue as a going concern through 2014.

As disclosed in the production update on page 11 of this report, the Company commenced production in May 2014 and anticipates reaching average daily production of 200 bbl by September 2014. As the result, it is expected that the Group's financial position will improve significantly in Q3 and Q4 2014. Also, the Board of Directors is in process of negotiations with major creditors to reach debt settlement plans. Furthermore, the Company has been successful to agree payment schedules and to settle the bankruptcy charges in out of court process with the financial support of its Board of Directors and key shareholders throughout 2013 and in 2014. As the result, the board of directors is of the opinion that the Group will be continuing as a going concern through 2014.

18 Taxes payable

In thousands of SEK	**31.12.2013**	**31.12.2012**
Mineral extraction tax	2	2,717
VAT payable	86	960
Property tax	0	201
Social taxes	586	882
Other taxes	129	379
Total taxes payable	**803**	**5,139**

19 Sales revenue

In thousands of SEK	**2013**	**2012**
Sales of crude oil	21,142	35,544
Sales of third parties crude oil	78,110	31,862
Other revenue	4,518	852
Total revenue	**103,770**	**68,258**

20 Cost of goods sold

In thousands of SEK	2013	2012
Taxes	8,376	15,978
Cost of purchased crude oil	73,805	30,129
Depreciation	2,550	4,871
Salary and wages	2,647	4,530
Materials and supplies	1,680	2,605
Rent	2,831	249
Services	4,172	837
Other cost of sales	888	1,366
Total cost of goods sold	**96,949**	**60,565**

21 Selling, general and administrative expenses

In thousands of SEK	2013	2012
Salary and wages	3,348	6,544
Consulting services	3,315	1,986
Transport	134	541
Taxes other than profit tax	786	886
Rent	273	236
Depreciation	77	151
Fines and penalties	614	302
Provision for Doutful Debts	0	75
Other	630	2,054
Total selling, general and administrative expenses	**9,177**	**12,775**

22 Finance income

In thousands of SEK	2013	2012
Interest income	25	117
Gain on Financial instruments recognition	0	167
Total finance income	**25**	**284**

23 Finance expenses

In thousands of SEK	2013	2012
Interest costs	1,509	1,530
Net foreign exchange (gain) / loss	1,733	0
Loss on Financial instruments recognition	200	817
Total finance expenses	**3,442**	**2,347**

24 Other income

In thousands of SEK	2013	2012
Gain/Loss from sales of materials and other assets	0	241
Recovery of provision for VAT prepaid	1,440	0
Other income	667	7
Total other income	**2,107**	**248**

25 Other expences

In thousands of SEK	2013	2012
Provision for VAT prepaid	0	2,043
Loss on disposal of subsidiary	1,230	0
Net loss of restructuring	4,124	0
Loss of asset value write down to their realizable values	6,095	0
Other expenses	17	731
Total other income	**11,466**	**2,774**

26 Commitments and Contingencies

Assets pledged and restricted. There were no assets pledged as a collateral at 31 December 2013 and at 31 December 2012

27 Financial assets, liabilities and risks

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

Financial instruments categories, classifications and holdings:

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

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

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

Financial liabilities disclosures

In thousands of SEK	31.12.2013	31.12.2012
Loans payable	0	444
Lease payable	334	909
Other long-term liabilities	0	0
Total long-term financial liabilities	**334**	**1,353**
Loans payable	12,800	26,508
Lease payable	53	630
Trade accounts payable	10,089	12,194
Other current liabilities	7,477	10,712
Total short-term financial liabilities	**30,419**	**50,044**

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

To manage liquidity risk the Group applies the policy that provides for holding financial assets for which there is an active market and which can be readily converted in case of necessity to maintain liquidity. The maturity analysis of liabilities of the Group as of 31 December 2013 is provided below. The outstanding amount in the table represents contractual undiscounted cash flows.

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

In thousands of SEK	2014	2015	2016	2017	2018
Loans payable	12,800	0	0	0	0
Lease payable	134	165	165	101	0
Trade accounts payable	10,089	0	0	0	0
Other current liabilities	7,477	0	0	0	0
Total	**30,500**	**165**	**165**	**101**	**0**

Fair and carrying values of financial liabilities *In thousands of SEK*	31.12.2013 Fair value	31.12.2013 Carrying amount	31.12.2012 Fair value	31.12.2012 Carrying amount
Loans payable	12,800	12,800	26,952	26,952
Lease payable	387	387	1,539	1,539
Trade accounts payable	10,089	10,089	12,194	12,194
Other current and long-term liabilities	7,477	7,477	10,712	10,712
Total financial liabilities	**30,753**	**30,753**	**51,397**	**51,397**

Maturity structure of financial liabilities as of 31 December 2013 *In thousands of SEK*	Due in 1 year from reporting date	From 1 to 5 years from reporting date	More than 5 years from reporting date
Loans payable	12,800	0	0
Lease payable	53	334	0
Trade accounts payable	10,089	0	0
Other current and long-term liabilities	7,477	0	0
Total financial liabilities	**30,419**	**334**	**0**

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

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

Finance lease liabilities are payable as follows:

Maturity structure of financial liabilities as of 31 December 2013 *In thousands of SEK*	31.12.2013 Minimum lease payments	31.12.2013 Interest	31.12.2013 Present value of payments
Less than one year	134	74	60
Between one and five years	431	104	327
Total	**565**	**178**	**387**

Financial assets disclosures

Cash and cash equivalents *In thousands of SEK*	**31.12.2013** **Fair value**	**31.12.2013** **Reported value**	**31.12.2012** **Fair value**	**31.12.2012** **Carrying amount**
Cash and cash equivalents in SEK	39	39	7	7
Cash and cash equivalents in RUB	15	15	105	105
Cash and cash equivalents in EUR	12	12	163	163
Total cash and cash equivalents	**66**	**66**	**275**	**275**

Fair and carrying values of financial assets

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

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

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

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

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

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

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

In thousands of SEK	**31.12.2013** **Fair value**	**31.12.2013** **Reported value**	**31.12.2013** **Maximum credit risk**	**31.12.2013** **Fair value**	**31.12.2013** **Reported value**	**31.12.2013** **Maximum credit risk**
Trade accounts receivable	499	499	499	106	106	106
Less, provision for impairment of trade accounts receivable	0	0	0	(106)	(106)	(106)
Accounts receivable, net	499	499	499	0	0	0
Loans issued	124	124	124	1,113	1,113	1,113
Other current receivables	10,105	10,105	10,105	11,641	11,641	11,641
Cash and cash equivalents	66	66	0	275	275	0
Total financial assets	**10,794**	**10,794**	**10,728**	**13,029**	**13,029**	**12,754**

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

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

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

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

Commodity price risk. The Group is exposed to the risk of fluctuations in prevailing market commodity prices on the oil produced. The Group concludes a contract for a sale of crude oil with the customer for the subsequent month at a fixed price and receives a prepayment equal to the expected volume of sales of crude oil. There are no subsequent adjustments to the contract concluded. The changes in the respective market price of oil has a direct impact on the earnings for the subsequent periods. In 2013 the Group did not use derivatives to hedge the commodity price risks related to the future income.

Currency risk. In respect of currency risk, management sets limits on the level of exposure by currency and in total, which are monitored on monthly basis. The table below presents general analysis for the net balance sheet position of the Group in various currencies as of 31 December 2013:

Financial assets and liabilities of the Group by currency:

In thousand SEK	31.12.2013 SEK	31.12.2013 RUR	31.12.2013 USD	31.12.2013 EUR	31.12.2013 Total
Cash and cash equivalents	39	15	0	12	66
Trade accounts receivable	0	499	0	0	499
Loans issued	0	124	0	0	124
Other current receivables	7,356	2,749	0	0	10,105
Total financial assets	**7,395**	**3,387**	**0**	**12**	**10,794**
Loans payable	3,357	5,093	1,565	2,785	12,800
Lease payable	0	387	0	0	387
Trade accounts payable	7,174	2,915	0	0	10,089
Other current and long-term liabilities	3,790	275	3,050	362	7,477
Total financial liabilities	**14,321**	**8,670**	**4,615**	**3,147**	**30,753**
Net financial items	**(6,926)**	**(5,283)**	**(4,615)**	**(3,135)**	**(19,959)**

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

The major currency risk for the Group relates to the borrowings in USD. At 31 December 2013, if SEK weakened/strengthened by 10% against the USD with all other variables held constant, net profit for the year would have decreased/increased by 462 TSEK, mainly as a result of foreign exchange losses/gains on translation of USD-denominated borrowings.

28 Management of Capital

The Group's objectives in respect of capital management are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The amount of capital that the Group managed as at 31 December 2013 was 64,151 TSEK.

Consistent with others in the energy industry, the Group monitors capital on the basis of a gearing ratio, and ensures that the ratio is not more than 1.0. This ratio is calculated as the total debt divided by the total capital. Debt is calculated as a sum of non-current and current debt, as shown in the Consolidated Statement of Financial Position. Total capital is equal to the total equity, as shown in the Consolidated Statement of Financial Position. Gearing ratio was 0.21 as at 31 December 2013.

29 Related Parties

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

Transactions with related parties for 2013 and balances with related parties as of 31 December 2013 were as follows:

In thousands of SEK	Shareholders	Companies under common control	Key management personnel
Services and good purchased	0	0	0
Loans payable	6,379	1,824	2,741

Myrtyle Ventures Limited, a company related to Mr. Indrek Rahumaa has issued a loan to the Company. The principal amount outstanding and accrued interest there of amounts to 1,195 TSEK as of 31 December 2013.

Mr. Paul Waern, member of the Board of Directors, has granted loans to the Company. The loan principal and accrued interest balance amounted to 1,474 TSEK as of 31 December 2013; the loan carries 5% interest rate.

In June 2013 Bryum Limited provided further loans to the Company carrying 5% interest rate. The balance and accrued interest amounted to 1,748 TSEK as of 31 December 2013.

In 12M 2013 certain loans were received from Ms Nadezhda Popova. The loans are short-term and carry 7% interest rate.

Mr.Trukhin, CEO of Praim, is also CEO of OOO Devon. OOO Devon has received loan from Praim during FY 2013. Outstanding amount of the loan issued at the end of the period is 2 TSEK.

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

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

30 Remuneration to the Board of Directors

According to the AGM resolution from 28 June 2012 the Director's fee was set at SEK 125,000 per year for the members of the Board of Directors and SEK 150,000 per year for the Chairman of the Board of Directors. As of 31 December 2013 no payments to the members of the Board of Directors have been made and the accrual for the respective amount has been created as of 31 December 2013.

31 Salaries, other remuneration and social security costs

	2013		2012	
In thousands of SEK	**Salaries and benefits**	**Social security costs**	**Salaries and benefits**	**Social security costs**
Parent	843	262	2,193	573
Subsidiaries	3,674	1,014	6,279	1,750
Group	**4,517**	**1,276**	**8,472**	**2,323**

Salary costs related to CEO remuneration amounted to 85 TSEK and related social security costs amounted to 27 TSEK. The Company's remuneration policy in 2013 included fixed monthly remuneration; there were no bonus or stock option schemes implemented. The Company intends to implement management motivation scheme in 2014 when the production of the Company is commenced.

According to the AGM resolution from 28 June 2012 the Director's fee was set at SEK 125,000 per year for the members of the Board of Directors and SEK 150,000 per year for the Chairman of the Board of Directors.

Amount of expenses related to the Board of Directors remuneration amounted to 660 TSEK and social security costs amounted to 208 TSEK. As of 31 December 2013 no payments to the members of the Board of Directors have been made and the accrual for the respective amount has been created as of 31 December 2013. The Board of Directors costs are accrued by Parent of the Group. Remuneration and other benefits for 2013 of the Board was as follows (accrued, unpaid as of 31.12.2013):

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

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

32 Audit Remuneration

In thousands of SEK	2013	2012
PricewaterhouseCoopers		
Audit assignments	1,400	1,045
Additional audit assignments	0	0
Tax assignments	0	0
Other assignments	0	0
Total PricewaterhouseCoopers	**1,400**	**1,045**
Other auditors		
Audit assignments	0	0
Total other auditors	**0**	**0**
Total audit remunerations	**1,400**	**1,045**

33 Events After the Reporting Period

Delisting from First North

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

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

It is the Company's intention, to seek listing of its shares as soon as possible, at an exchange for public trading which is attractive to its shareholders. Preparatory work is in progress since some time back and it's the management's opinion that a solution will be ready to be presented shortly.

Finalization of transaction to regain 100% shareholding in OOO Selena-Perm

As of 31 December 2013 the transaction to regain 100% shareholding in restructured OOO Selena-Perm was not completed. In January 2014 Selena Oil & Gas AB was notified that shares of OOO Selena-Perm belonging to Ms Nadezhda Popova were disposed off to Mr Aleksey Chulkin. Subsequent to that Selena Oil & Gas AB as a minority shareholder of OOO Selena-Perm was notified on the option to approve a transaction whereas Mr Aleksey Chulkin sells back his shareholding in OOO Selena-Perm to OOO Selena-Perm. The purchase price for the shares of OOO Selena-Perm would be covered by offset of amount receivable by OOO Selena-Perm from Mr Aleksey Chulkin. As the result, no cash would be payable for the transaction by Selena Oil & Gas AB or OOO Selena-Perm. The agreement for share buy-back of own shares of OOO Selena Perm was signed on 12 March 2014 and transaction was registered with local authorities on 25 March 2014. Following the buy-back Selena Oil & Gas has an option to cancel the shares owned by OOO Selena-Perm. As the result of transaction Selena Oil & Gas AB is a sole shareholder of OOO Selena-Perm and regained full control over the restructured subsidiary.

Start of production from Fedortsovskoye field

On 5 May 2014 the Company reached an important milestone in its strategy to establish oil production by conducting a production test of well 24, located on the Fedortsevskoye oil field. The test indicated that well 24 has an optimal production capacity of 10 metric tons per day, which corresponds to approximately 70 bbl per day.

Selena Oil & Gas Holding AB has plans to start production from two additional wells, well 21 and well 23, both located on the Fedortsevskoye oilfield. The financing for acquisition of well 21 is secured and will be completed in second quarter of 2014. The Company is preparing plans to finance the acquisition of well 23 in the third quarter of 2014. When the both additional wells will be acquired and put in to the production Selena Oil & Gas Holding AB anticipates reaching a daily production of around 200 bbl from wells 21, 23 and 24.

Oilfield Fedortsevskoye holds estimated 2.8 million bbl of 1P and 6.6 million bbl of 2P reserves, and has an estimated potential of reaching a daily production of 1 500 bbl when fully developed.

Comments on the Parent Company

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

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

The net assets of the Parent company amounted to 79,327 TSEK as of 31 December 2013 and net loss amounted to 315,052 TSEK for the twelve months period ended 31 December 2013. Loss for 2013 includes an impairment loss of 232,700 TSEK in relation to the Parent company's underlying investment into OOO Selena-Perm.

Accounting Principles

The financial statements of the Parent Company are prepared in accordance with accounting principles generally accepted in Sweden, applying RFR 2 issued by the Swedish Financial Reporting Board and the Annual Accounts Act (1995: 1554). RFR 2 requires the Parent Company to use similar accounting principles as for the Group, i.e. IFRS to the extent allowed by RFR 2. The Parent Company's accounting principles do not in any material respect deviate from the Group principles, see pages 17-23.

Parent Company Statement of Financial Position as of 31 December 2013

In thousand SEK	*Note*	**31 December 2013**	**31 December 2012**
ASSETS			
Non-current assets			
Shares in subsidiaries	*34*	89,823	322,500
Total non-current assets		**89,823**	**322,500**
Current assets			
Accounts receivable and prepayments	*35*	132	30
Loans issued	*36*	1,367	79,359
Cash and cash equivalents	*37*	47	3
Total current assets		**1,546**	**79,392**
TOTAL ASSETS		**91,369**	**401,892**
EQUITY AND LIABILITIES			
Equity			
Share capital		70,471	70,471
Restricted reserve		6,747	6,747
Share premium		331,867	331,867
Retained earnings		(329,758)	(14,706)
Equity attributable to equity holders of the company	***38***	**79,327**	**394,379**
Current liabilities			
Loans and borrowing	*39*	4,442	1,597
Accounts payable and accruals		6,911	5,226
Taxes payable		689	690
Total current liabilities		**12,042**	**7,513**
Total liabilities		**12,042**	**7,513**
TOTAL LIABILITIES AND EQUITY		**91,369**	**401,892**
Pledged assets		none	none
Contingent liabilities		none	none

The accompanying notes on pages 41-45 form an integral part of these financial statements.

Parent Company Statement of Comprehensive Income for year ended 31 December 2013

In thousand SEK	*Note*	2013	2012
Other revenue		0	0
Total other revenue		**0**	**0**
Selling, general and administrative expenses	*40*	(3,563)	(3,679)
Operating loss		**(3,563)**	**(3,679)**
Finance income		289	406
Finance expenses	*41*	(78,968)	(80)
Other income		0	77
Other expenses	*42*	(232,810)	(545)
Profit before income tax		**(315,052)**	**(3,821)**
Income tax		0	0
Net income / (loss)		**(315,052)**	**(3,821)**
Other comprehenisve income		0	0
Total comprehensive income / (loss), net of tax		**(315,052)**	**(3,821)**

The accompanying notes on pages 41-45 form an integral part of these financial statements.

Parent Company Statement of Changes in Equity

In thousand SEK	RESTRICTED EQUITY Share capital	Restricted reserve	NON-RESTRICTED EQUITY Share premium	Retained earnings	Total
As of 31 December 2011	**58,093**	**6,747**	**273,807**	**(10,885)**	**327,762**
Net profit / (loss) for the period	0	0	0	(3,821)	(3,821)
Total comprehensive income	**0**	**0**	**0**	**(3,821)**	**(3,821)**
New share issue (KRT acquisition transaction)	12,378	0	60,830	0	73,208
KRT-OGT acquisition costs	0	0	(2,770)	0	(2,770)
As of 31 December 2012	**70,471**	**6,747**	**331,867**	**(14,706)**	**394,379**
Net profit / (loss) for the period	0	0	0	(315,052)	(315,052)
Total comprehensive income	**0**	**0**	**0**	**(315,052)**	**(315,052)**
As of 31 December 2013	**70,471**	**6,747**	**331,867**	**(329,758)**	**79,327**

The accompanying notes on pages 41-45 form an integral part of these financial statements.

Parent Company Statement of Cash Flows for year ended 31 December 2013

In thousand SEK	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	**(315,052)**	**(3,821)**
Adjustments for:		
Provisions for impairment	232,677	0
Finance income	(289)	(406)
Finance expenses	78,968	80
Change in accounts receivable	(102)	1,984
Change in accounts payable and accruals	1,568	(1,448)
Change in taxes payable	(1)	395
Net cash generated by operating activities	**(2,231)**	**(3,216)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	26	0
Issuance of loans	(2,631)	(502)
Repayment of loans	2,182	2,938
Net cash used in investing activities	**(423)**	**2,436**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	3,453	221
Repayment of borrowings	(695)	0
Repayment of interest	(60)	0
Share issue	0	0
Net cash used in financing activities	**2,698**	**221**
Net change in cash and cash equivalents	**44**	**(559)**
Cash and cash equivalents at the beginning of the period	**3**	**562**
Cash and cash equivalents at the end of the period	**47**	**3**

The accompanying notes on pages 41-45 form an integral part of these financial statements.

34 Shares in Subsidiaries

In thousands of SEK	Registration number	Registered address	Share	31.12.2013	31.12.2012
Selena Oil & Gas AB	556814-3084	Stockholm, Sweden	100.00%	89,823	322,500
Total investments into subsidiaries				**89,823**	**322,500**

35 Accounts Receivable and Prepayments

In thousands of SEK	31.12.2013	31.12.2012
Current tax receivable	126	30
Other short term receivables	6	0
Total accounts receivable and prepayments	**132**	**30**

36 Loans issued

In thousands of SEK	31.12.2013	31.12.2012
Loan issued to Selena Oil & Gas AB	0	79,359
Loan issued to Selena Oil Group	1,367	0
Total loans issued	**1,367**	**73,359**

The balance of loans issued to Selena Oil & Gas AB decreased significantly as compared to 31 December 2012 due to the fact that the Parent company made a conditional shareholders contribution in the form of loans provided to the subsidiary as of 31 December 2013. For further details see note 41.

37 Cash and cash equivalents

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

In thousands of SEK	31.12.2013	31.12.2012
EUR	8	1
USD	0	0
SEK	39	2
Total cash and cash equivalents	**47**	**3**

38 Capital and Reserves

At 31 December 2013 the total number of authorised and issued ordinary shares was 52,098,477 shares, with a quota value of SEK 1,352642 each. Each ordinary share carries one vote. All issued ordinary shares are fully paid.

39 Loans and Borrowings

Short term loans and borrowings balance at 31 December 2013 includes loans from related parties in the amount of 4,238 TSEK (31 December 2012: 1,404 TSEK). All loans fall due in 2014 and carry interest rate of 5% per annum.

40 Selling, general and administrative expenses

In thousands of SEK	2013	2012
Personnel expenses	1,105	2,767
Consulting fees	1,665	741
Audit fees	700	0
Other expenses	93	171
Total selling, general and administrative expenses	**3,563**	**3,679**

41 Finance expenses

In thousands of SEK	2013	2012
Conditional shareholders contribution in Selena Oil & Gas	78,632	0
Interest costs	268	80
Net foreign exchange loss	68	0
Total other expenses	**78,968**	**80**

Finance expenses for year ended 31 December 2013 includes financial loss related to conditional shareholders contribution made by the Parent into its subsidiary Selena Oil & Gas AB as of 31 December 2013. The amount of loss represents the amount of loans issued to Selena Oil & Gas AB and used as conditional shareholders contribution. For further details see note 36.

42 Other expenses

In thousands of SEK	2013	20121
Impairment loss from investment into subsidiary	232,680	0
Travel expenses	92	365
Car rent	0	81
Publications expenses	38	61
Other expenses	0	38
Total other expenses	**232,810**	**545**

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

43 Financial assets, liabilities and risks

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

Financial instruments categories, classifications and holdings:

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

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

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

Financial liabilities disclosures

	Parent	
In thousands of SEK	**31.12.2013**	**31.12.2013**
Loans payable	4,442	1,597
Trade accounts payable	3,857	3,473
Other current liabilities	3,054	1,753
Total short-term financial liabilities	**11,353**	**6,823**

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

In thousands of SEK	**2014**	**2015**	**2016**	**2017**	**2018**
Loans payable	4,442	0	0	0	0
Trade accounts payable	3,857	0	0	0	0
Other current liabilities	3,054	0	0	0	0
Total	**11,353**	**0**	**0**	**0**	**0**

Fair and carrying values of financial liabilities

In thousands of SEK	**31.12.2013 Fair value**	**31.12.2013 Carrying amount**	**31.12.2012 Fair value**	**31.12.2012 Carrying amount**
Loans payable	4,442	4,442	1,597	1,597
Trade accounts payable	3,857	3,857	3,473	3,473
Other current and long-term liabilities	3,054	3,054	1,753	1,753
Total financial liabilities	**11,353**	**11,353**	**6,823**	**6,823**

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

To manage liquidity risk the Parent applies the policy that provides for holding financial assets for which there is an active market and which can be readily converted in case of necessity to maintain liquidity. The maturity analysis of liabilities of the Parent as of 31 December 2013 is provided below. The outstanding amount in the table represents contractual undiscounted cash flows.

Maturity structure of financial liabilities as of 31 December 2013

In thousands of SEK	**Due in 1 year from reporting date**	**From 1 to 5 years from reporting date**	**More than 5 years from reporting date**
Loans payable	4,442	0	0
Trade accounts payable	3,857	0	0
Other current and long-term liabilities	3,054	0	0
Total financial liabilities	**11,353**	**0**	**0**

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

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

Financial assets disclosures

Cash and cash equivalents *In thousands of SEK*	**31.12.2013 Fair value**	**31.12.2013 Reported value**	**31.12.2012 Fair value**	**31.12.2012 Carrying amount**
Cash and cash equivalents in SEK	39	39	1	1
Cash and cash equivalents in EUR	8	8	2	2
Total cash and cash equivalents	**47**	**47**	**3**	**3**

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

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

In thousands of SEK	**31.12.2013 Fair value**	**31.12.2013 Reported value**	**31.12.2013 Maximum credit risk**	**31.12.2013 Fair value**	**31.12.2013 Reported value**	**31.12.2013 Maximum credit risk**
Loans issued	1,367	1,367	1,367	79,359	79,359	79,359
Other current receivables	132	132	132	30	30	30
Cash and cash equivalents	47	47	0	3	3	0
Total financial assets	**1,546**	**1,546**	**1,499**	**79,392**	**79,392**	**79,389**

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

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

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

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

Currency risk. In respect of currency risk, management sets limits on the level of exposure by currency and in total, which are monitored on monthly basis. The table below presents general analysis for the net balance sheet position of the Parent in various currencies as of 31 December 2013:

In thousand SEK	**31.12.2013 SEK**	**31.12.2013 EUR**	**31.12.2013 Total**
Cash and cash equivalents	39	8	47
Loans issued	1,367	0	1,367
Other current receivables	132	0	132
Total financial assets	**1,538**	**8**	**1,546**
Loans payable	2,994	1,448	4,442
Trade accounts payable	3,857	0	3,857
Other current and long-term liabilities	2,692	362	3,054
Total financial liabilities	**9,543**	**1,810**	**11,353**
Net financial items	**(8,005)**	**(1,802)**	**(9,807)**

The Parent's functional currency is Swedish Krona.

In 2013 the major currency risk for the Parent related to the borrowings in USD which were settled as of 31 December 2013.

44 Audit Remuneration

In thousands of SEK	2013	2012
PricewaterhouseCoopers		
Audit assignments	700	0
Additional audit assignments	0	0
Tax assignments	0	0
Other assignments	0	0
Total PricewaterhouseCoopers	**700**	**0**
Other auditors		
Audit assignments	0	0
Total other auditors	**0**	**0**
Total audit remunerations	**700**	**0**

44 Remuneration to the Board of Directors

According to the AGM resolution from 28 June 2012 the Director's fee was set at SEK 125,000 per year for the members of the Board of Directors and SEK 150,000 per year for the Chairman of the Board of Directors. As of 31 December 2013 no payments to the members of the Board of Directors have been made and the accrual for the respective amount has been created as of 31 December 2013.

Amount of expenses related to the Board of Directors remuneration amounted to 660 TSEK and social security costs amounted to 208 TSEK. As of 31 December 2013 no payments to the members of the Board of Directors have been made and the accrual for the respective amount has been created as of 31 December 2013. The Board of Directors costs are accrued by Parent of the Group. Remuneration and other benefits for 2013 of the Board was as follows (accrued, unpaid as of 31.12.2013):

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

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

Confirmation by the Board of Directors

The Board of Directors declare that the consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU and give a true and fair view of the Group's financial position and results of operations. The financial statements of the Parent Company have been prepared in accordance with generally accepted accounting principles in Sweden and give a true and fair view of the Parent Company's financial position and results of operations. The statutory administration report of the Group and the Parent Company provides a fair review of the development of the Group's and the Parent Company's operations, financial position and results of operations and describes material risks and uncertainties facing the Parent Company and the companies included in the Group. The statements of income and financial position of the Parent Company and the Group are subject to adoption by the Annual General Meeting on 25 June 2014.

Stockholm, 4 June 2014

Lars Bergström

Chairman

Indrek Rahumaa

Director

Staffan Torstensson

Director

Paul Waern

Director

Per Olof Sjöstedt

Director

Jürgen Lamp

Director

Magnus Stuart

Managing Director

Our audit report with modifications has been submitted on June 4th, 2014

PricewaterhouseCoopers AB

Martin Johansson

Authorized Public Accountant

Auditor's report

(Translation of the Swedish original)

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

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and the consolidated accounts of Selena Oil & Gas Holding AB (publ) for the year 2013.

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

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

Auditor's responsibility

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

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

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

Opinions

Iin our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2013 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2013 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. A corporate governance statement has been prepared. The statutory administration report and the corporate governance statement are consistent with the other parts of the annual accounts and consolidated accounts.

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

Emphasis of matter

Without qualifying our opinion, we would like to draw attention to Note 17 in the annual accounts and consolidated accounts. As of the signing date of the Auditor's Report, there is no confirmed long-term financing to the extent deemed necessary for the continued operations of the company until the next annual general meeting of shareholders. These circumstances, together with the circumstances stated in Note 17, imply that there is an element of substantial uncertainty which could result in significant doubt as to whether the company can continue as a going concern.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Selena Oil & Gas Holding AB (publ) for the year 2013.

Responsibilities of the Board of Directors and the Managing Director

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

Auditor's responsibility

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

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

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

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

Basis for disclaimer of opinion

As presented in the Annual Report on page 8, the appointment of a special auditor was resolved at the AGM 2013. The audit is not yet complete. Furthermore, there is a dispute with a shareholder regarding the legality of the

Extraordinary General Meeting held on 31 May 2013. The dispute has not yet been litigated by the court. The special audit has given rise to several complex issues regarding both management actions and the risk of possible harm to the company. Based on current information, it is today not possible to assess if any harm may occur and whether such harm in such case was caused by intentional or negligent management action by the Board.

It cannot be excluded that the further review may conclude that this has been the case.

Opinion and disclaimer of opinion

We recommend to the annual meeting of the shareholders that the loss be appropriated in accordance with the proposal in the statutory administration report.

With reference to what is described in the "Basis for disclaimer of opinion" we are unable to recommend whether directors Nadezhda Popova, Oleg Popov, Dmitry Ermakov, Aleksejs Rjabijs, Lars Bergström, Jürgen Lamp, Indrek Rahumaa, Per-Olof Sjöstedt, Poul Waern and Staffan Thorstensson should or should not be discharged from liability for the financial year.

The CEO Magnus Stuart is recommended to be discharged from liability for the financial year.

For Yuri Gusev is recommended to be discharge from liability for the financial year. It is noted that Yuri Gusev served on the Board during the period 1st of January to 14th of January 2013

Remarks

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

Stockholm, June 4 , 2014

PricewaterhouseCoopers AB

Martin Johansson

Authorized Public Accountant

Terms and measurements

Abbreviations

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

Oil related terms and measurements

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

Certified Advisor

Mangold Fondkommission is the Company´s Adviser on public information, telephone +46 8-503 015 50.

For further information, please contact:

Magnus Stuart, Managing Director

Tel: +46 706 211 350

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

Disclaimer

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

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

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