

Crown Energy AB (publ)

Q2 Interim report – 1 January-30 June 2014

Crown Energy AB (publ) and its subsidiaries (Crown Energy, the Company, or the Group) is an international oil and gas group engaged in oil and gas exploration in Africa and the Middle East. Value is created through finding and developing assets in early stages and then introducing larger oil and gas industry players to the projects for further development and production. The Parent Company, whose commercial domicile is Stockholm, Sweden, is listed on NGM Equity.

- The Company did not recognize any sales or operating income.
- The Group did not generate any revenue in Q1 or Q2. Operating expenses for Q2 totalled SEK -2,369 thousand (-2,671), consisting primarily of employee expenses and other external costs. For the six-month period January to June, operating expenses amounted to SEK -4,661 thousand (-4,818).
- Net income for the period totalled SEK -4,088 thousand (-4,445), corresponding to SEK -0.15 per share (-0.03). Net income for January-June amounted to SEK -10,106 thousand (-3,092).
- Capital expenditures in Q2 totalled SEK 899 thousand (368) and mainly related to exploration activities in licence area 3108 on Madagascar and the licence in Iraq.
- During the second quarter, the Company issued a directed convertible bonds loan totalling TSEK 20 712 nominal value. It was approved in the AGM on May 14, and was registered with the Swedish Companies Registration Office during July.

Condensed consolidated financial information

Group (SEK thousand)	2014-04-01	2013-04-01	2014-01-01	2013-01-01	2013-01-01
	2014-06-30	2013-06-30	2014-06-30	2013-06-30	2013-12-31
	Q2	Q2	Q 1-2	Q 1-2	Full year
Revenue	–	–	–	–	–
Other operating income	–	–	–	–	–
Operating expenses	-2,369	-2,671	-4,661	-4,818	-9,271
Operating profit/loss	-2,369	-2,671	-4,661	-4,818	-9,271
Net financial items	-2,509	-1,774	-6,235	-1,855	-8,571
Net income for the period, after tax	-4,088	-4,445	-10,106	-3,092	-14,399
Earnings per share, SEK	-0.15	-0.03	-0.36	-0.66	-0.56
Equity per share, SEK	2.22	2.37	2.22	2.37	2.49
Change in cash and cash equivalents	3,435	43,959	1,894	37,556	24,821
Cash flow from investments in intangible assets	-899	-368	-2,752	-1,685	-3,229

CEO statement

Dear shareholders and investors,

The first six months of 2014 holds both positive and some less positive news to the Company.

On the plus side, there's the upgrade of the prospective resources in the South Africa licence, Block 2B. The conclusion of the analysis and interpretation of the newly acquired 3D seismic, together with a re-analysis of previous well data from reservoir A-J1 saw prospective resources increasing from the previous 451 million barrels to 1.1 billion barrels of oil before risk assessment. This has increased the interest for the asset and we look forward to informing further on this going forward.

A mile stone was reached when we engaged ABG Sundal Collier, the leading financial advisers in Scandinavia. We look forward to working with them going forward and will use their skills and knowledge to capitalise on our asset base, which we believe will be good for Crown Energy and its shareholders.

Another positive is that the parties of the licence Block P in Equatorial Guinea has now settled for the path of developing the Venus discovery ahead of any further exploration drilling of other prospects on the licence block. This would potentially establish healthy future cash flows for usage in the further exploration on the block. Also in Madagascar optimism has returned. This is shown in the increase of activities in Madagascar in general and next to Crown Energy's licence block in particular. There's now firm drilling plans in blocks neighbouring to ours and which we believe can help us reduce costs for our operations as a consequence, and should therefore be attractive to potential partners to our licence block.

The development in Iraq has been very negative with huge human suffering in connection to the blooming conflict in the area. We have had very close contacts with our partners and the provincial administration in Iraq, trying to support them in whatever we can do to help. Despite the negative development, the leaders in the region keep an optimistic view on the future and believe the region will come out stronger the day that the conflict ends, this will be good for us too.

Ulrik Jansson

CEO, Crown Energy AB (publ)

Operations 2014, January-June

Income statement

Operating profit/loss

Operating expenses for Q2 totalled SEK -2,369 thousand (-2,671), of which SEK -1,147 thousand (-799) relates to other external costs and SEK -1,155 thousand (-1,861) relates to employee benefit expenses. Other external costs are slightly higher compared year-on-year and can be partially explained by higher costs for new office space starting in October 2013. Operating expenses for January-June amounted to SEK -1,902 thousand (-2,076). That the expenses were slightly lower compared year-on-year, despite increased costs for office space, can be partly explained by costs in 2013 for accounting and financial consultation expenses. There were also expenses in 2013 related to the 2012 initial public offering.

Employee benefit expenses for Q2 amounted to SEK -1,155 thousand (-1,861). Costs in 2014 are lower than in 2013 partly as a result of parental leave among employees and partly due to accrual effects in pension expenses. Employee benefit expenses for January-June amounted to SEK -2,672 thousand (-2,718), differing year-on-year for the same reasons as previously stated.

Depreciation of equipment totalled SEK -8 thousand (0) for Q2 and SEK -16 thousand (0) for January-June. The equipment was first acquired in late 2013, so no depreciation was taken during the first two quarters of 2013. Other operating expenses of SEK -59 thousand (-11) for Q2 and SEK -71 thousand (-24) for January-June were related to exchange rate effects. Since no revenue was generated, operating expenses also corresponded with earnings.

Net financial items

Net financial items for Q2 totalled SEK -2,509 thousand (-1,774). The big difference from last year is mostly due to interest from an additional convertible loan raised in May 2014. Financial income increased due to exchange rate effects. Net financial items for January-June amounted to SEK -6,235 thousand (-1,855). The large difference is explained by the fact that the Company's first convertible was not issued until May 2013.

Tax

For Q2 2014, the Company recognizes deferred tax revenue in the income statement of SEK 790 thousand. The tax revenue is attributable to capitalization of tax losses. See Note 9, *Deferred tax*, for more information.

Earnings after tax

Loss (after tax) for Q2 2014 totalled SEK -4,088 thousand (-865), corresponding to SEK -0.15 per share (-0.03).

Financial position

Total capitalized expenses for acquiring rights, prospecting costs, etc., which are recognized as intangible non-current assets, totalled SEK 96,715 thousand at 30 June 2014, an increase of SEK 4,836 thousand (2,448) from 31 December 2013. The change in Q2 2014 consists of capital expenditures during the period of SEK 899 thousand (368) and translation differences of SEK 2,098 thousand (1,720). See Note 4, *Intangible assets*, for a table of changes for the period. Translation differences do not affect cash flow. The period's expenditures consist of costs incurred for the Company's licences, primarily in Iraq and Madagascar.

Cash and cash equivalents at the end of the period totalled SEK 38,615 thousand compared with SEK 36,584 thousand at 31 December 2013.

The Company's convertible loans have increased partly due to changes in the value of the earlier loan and partly as a result of raising new loans. Overall, the convertible loans total SEK 52,282 thousand (34,027) as at 30 June. See Note 8, *Convertible loans*, for more information.

Equity totalled SEK 61,783 thousand and the change since 31 December 2013 consists of the period's comprehensive income, a not-yet-registered share issue resulting from conversions of convertibles in June 2014, and recognition of the convertible loan raised in May 2014. See the statement of changes in equity for more information.

Other provisions increased by SEK 6,204 thousand at the end of 2013 due to the buy-back option that arose from the acquisition of Crown Energy Iraq AB. The carrying amount of the buy-back option has not changed since year-end 2013. Other provisions relating to the acquisition of subsidiary Amicoh Resources Ltd totalled SEK 2,713 thousand at 30 June 2014.

Loans from related parties amounted to SEK 4,704 thousand, an increase of SEK 1,850 thousand since 31 December 2013.

Other current liabilities consists principally of accounts payable, employee-related taxes, and miscellaneous accrued expenses that total SEK 2,869 thousand. Of these accrued expenses, SEK 1,327 thousand is classified as accrued interest on the convertible loan. The large decrease since 31 December 2013 is attributable to the interest payment made in May 2013 related to the KV1 2013/2016 convertible loan.

Cash flow

Cash flow from operating activities in the January-June period amounted to SEK -7,019 thousand (-5,845). In Q2

2014 cash flow from operating activities amounted to SEK -5,331 thousand (203).

Cash flow from investing activities for Q2 2014 totalled SEK -899 thousand (-368). This outflow consisted of investments in intangible assets.

Net cash flow from financing activities for January-June totalled SEK 11,665 thousand (44,124). The change in 2014 is largely explained by a new convertible loan that injected SEK 16,023 thousand into the business, net of transaction costs. During the period, an interest payment of SEK -6,208 thousand was also made on the previous convertible loan. Investing activities were also affected by changes in the loan from related parties. See Note 10 for a specification of cash flow from financing activities.

Projects

Following are project status updates.

Block P – Equatorial Guinea

Crown Energy is considering its strategic options. Currently, there is interest in both developing the existing Venus reservoir and further drilling primarily in order to explore the structures that surround the existing reservoir. Regardless, Crown Energy is involved in an interesting development period ahead concerning this asset. This project is still in the final phase of Crown Energy's asset strategy, and regardless of whether we end up starting production with existing resources or expanding the resource base with further exploration, the project is approaching its final destination within the development phases.

New to this licence is that the operator, GE Petrol, is now finished with its reorganization. Together with one of the other licence partners, Vaalco Energy Inc, a new system is being developed for administration of the licence that will be efficient and clear. Parallel to this, there has been ongoing discussions both with the ministry in Equatorial Guinea and within the partnership as well as with the operator to maintain - following the re-ordering of the activities within the licence - the strategic option to actually develop the Venus discovery ahead of drilling the surrounding prospects South-West Grande and Marte. This is preliminary supported by the parties, and would be perceived the lower risk path ahead as it would potentially establish healthy cash flows ahead of the exploration drilling of the other prospects.

3108 Manja – Madagascar

Madagascar continues to be a positive area in which to operate for commodity companies as well as other sectors. After democratic elections in the country and a new president taking office, the political situation is far better than it has been in a long time. Among other

things, this has led to international support as donations and lines of credit begin to flow into the country. Several companies have announced new activities, including technical activities like gathering seismic data, but also drilling. Some business activities have also begun in which farm-ins have been implemented that will further increase interest in oil and gas in Madagascar, e.g. OMV has recently farmed in to Tullow's block next to Crown Energy's licence block, and they intend to drill a well early in 2015. Many new explored structures are also contributing to a positive outlook for oil and gas from a geological perspective, as well.

Extension of the licence agreement until November 2015 means Crown Energy can continue to try to find a project partner. A number of new processes have been started and several new companies and potential partners will analyse our asset and review our data room going forward.

Block 2B – South Africa

Efforts to establish a new resource base for Block 2B continue. From the independent resource compilation that was previously available, in which about 450 million barrels of oil equivalents were ascribed to the licence, about 240 million barrels were attributable to the A-J basin. The A-J basin is the area covered by the 3D seismic work that was done in 2013 and that has now been processed and interpreted.

In addition to information from the above-mentioned 3D seismic data, the operator has also undertaken the major job of reassessing and analysing the older data from the discovery well drilling done in 1989. This analysis has completely changed the perception of the existing reservoir and, combined with the new 3D data, a much larger area emerges that is likely to contain oil and/or gas.

This makes the entire A-J basin interesting and most sections could contain hydrocarbons to a much larger extent than previously indicated. Initial projections show that there could be several billion barrels of oil equivalents in the area.

Further work within the licence area is now focusing on properly defining and documenting structured hydrocarbon accumulations, which in turn will indicate the optimum location for drilling a well. Such work must include geophysical and geological modelling and some seismic surveying to de-risk the structures.

Based on the discovered oil from the discovery well drilled in 1989, it is Crown Energy's assessment that there should be significant commercial quantities of oil in the area. That would mean further drilling in this area will have more of an appraisal character rather than exploration drilling.

An application for change of ownership for the 40.5 per cent working interest in the licence has been submitted to the South African authorities. As mentioned in previous reports, the acquisition of, and access to a working interest in the licence is subject to approval by the South African authorities, and this process is now well under way.

The Company is evaluating the alternatives for its participating interest in the licence block. In addition to our appointed house advisers ABG Sundal Collier, Crown Energy has also engaged Clermont Energy Partners to handle the newly exposed interest that has been drawn to this asset. Discussions and negotiations has commenced.

Salah ad-Din - Iraq

The security situation in Salah ad-Din Province has changed drastically recently, to say the least. It is difficult to predict future developments or to convey a reliable picture of the situation in the region. Based on reports we receive directly from the region, our assessment is, of course assuming that Iraq manages to deal with the rebels operating in its Northwest region, that the province of Salah ad-Din specifically and Iraq on the whole will emerge from this process stronger, with the regions having a greater influence and Baghdad increasingly focusing on national issues as a federal government normally does.

During the month of July Crown Energy had the honour of receiving both the governor of Salah ad-Din and the president of its parliament when they visited Stockholm. Accordingly, the Company has been able to acquire first-hand information on the situation in Iraq in general and in the region in particular.

Before hostilities began in the region a lot of work had been done to build the organization, while developing the strategy necessary for the project to succeed. Crown Energy is still in discussions with several potential partners about a collaboration and funding to develop the immense resources that the region contains.

The licence, which comprises the entire 24,000 square kilometre Salah ad-Din region in northern Iraq, contains a number of existing oil fields, such as Ajeel, Hamrin, Tikrit, and Balad, which are thought to contain a potential several billion barrels of oil. Despite the large, obvious commercial reservoirs, production has been limited due to political instability over the last 20 years.

In addition to these large structures there are also a large number of fields that have also been drilled and partially tested. Crown Energy is interested in quickly finding out if these fields can start producing by merely drilling a few more wells with locally sourced equipment. This would make the asset a considerable success and numerous

discussions are under way with potential partners for such a project. Several structures have been identified to determine if this would be possible. A couple of them are located near the main city of Tikrit, which also facilitates the logistics. Such structures can still contain resources on the order of 50-250 million barrels of oil.

Since Q3 2013, Crown Energy's activities have been focused on building an organization for the operation in Iraq. An extensive technical plan was developed and initiated, including the retrieval of data and review of the status of the various projects and their appraisal. The plan for developing assets in Iraq follows two parallel tracks. Crown Energy has regular contact with the government in Salah ad-Din and follows developments in the province closely.

Key events during the period

Registration of new shares

On 8 January 2014, 246,934 new Crown Energy shares were registered with the Swedish Companies Registration Office as a result of the conversions of Crown Energy's KV1 2013/2016 convertible, which was issued in December 2013. As a result of the conversions, the number of Crown Energy shares and votes changed. The number of shares in the Company after the registration totalled 27,844,679. Each share represents one vote. The share capital after the change totalled SEK 818,621.50.

Registration of new Crown Energy Iraq (previously Tigris Oil) board etc.

In Q1 2014, several changes were registered with the Swedish Companies Registration Office concerning the Group company formerly known as Tigris Oil Sweden AB. Among other things, some board members changed, the articles of association were amended, and the company changed its name from Tigris Oil Sweden AB to Crown Energy Iraq AB.

Directed issue of convertibles

In the second quarter, a new convertible was issued in order to strengthen the Company's financial position and liquidity. A total of 2,071,236 convertibles were issued at an issue price of 82 per cent, which meant that the Company raised a total of SEK 16.9 thousand (before issue expenses) partly through cash payment and partly through an offset issue. The new convertibles (KV1 2014/2016) have the same conditions as the previous series (KV1 2013/2016) but have a shorter term since they were issued in May 2014 instead of May 2013. A resolution on the issue was approved at the AGM on 14 May 2014.

Update on prospective resources in the South Africa licence

In April, Crown Energy received an update on the resources in Block 2B in South Africa from operator Thombo Petroleum and partner Afren Plc after an analysis of the 3D seismic data. The conclusion of the analysis, together with a re-analysis of previous well data from reservoir A-J1, is that prospective resources increased from the previous 451 million barrels to 1.1 billion barrels of oil before the risk assessment. The large increase is attributed to the earlier discovery A-J1 from a previous 8 million barrels to the current 120 million barrels of oil (a 1,500 per cent increase), which in this case would mean that the prospect may contain commercial quantities of oil. Over the entire seismic area, which extends over about 700 square kilometres, the resources increased by about 400 per cent, but all material is not processed yet so there may be additional structures in the A-J basin.

There was an earlier external so-called Competent Persons Report for the licence, which was prepared by Netherland, Sewell & Associates, Inc. in 2012, that showed a total of 451 million barrels of oil equivalents over the entire licence block. Of these, 222 million barrels were ascribed to the area known as the A-J basin and with this update is now ascribed with 875 million barrels of oil gross before the risk assessment. The total for the licence amounts to about 1.1 billion barrels of oil.

Advisers

In June it was decided that the Company will engage ABG Sundal Collier as financial and strategic adviser. ABG Sundal Collier is a leading Nordic investment bank that will furnish expertise in the energy sector and international contacts, which means that the Company and its assets will be exposed and valued on the international marketplace.

Conversions, KV1 2013/2016

Between 1 and 30 June 2014, holders of Crown Energy's KV1 2013/2016 convertible had an opportunity to convert to shares. Holders exercised 298,732 convertibles, which meant that an equal amount of new shares were subscribed for during the period. The nominal value of the convertibles exercised during the conversion period in June 2014 amounted to SEK 2,987 thousand. The conversions increased the Company's share capital by SEK 8 thousand and other contributed capital by SEK 2,390 thousand.

Events after the reporting period

Registration of new shares

On 25 July 2014, 298,732 new Crown Energy shares were registered with the Swedish Companies Registration Office as a result of the conversions of Crown Energy's KV1 2013/2016 convertible.

Outlook

Operations

The acquisition of Crown Energy Iraq is aligned with Crown Energy's growth strategy. Important goals in the near future include continuing to build up the organization in Iraq and Sweden, collecting additional information on existing reservoirs, and conducting additional surveys. Crown Energy will focus future work on further exploration of the licence area. Trial production at one of the existing multi-million barrel oilfields/reservoirs within the licence area will also be initiated. As work progresses, Crown Energy will provide information about technical plans and efforts to find a suitable industrial partner for further development, project financing, and production.

Otherwise, Crown continually appraises new opportunities in line with its business concept and goals. New projects must be compatible with Crown's basic values regarding political risk, infrastructure, the environment, and potential.

The Company is developing prospects for investors to own a share that generates good revenue, so Crown can be an attractive investment for both small and large investors in the market.

Financing and going concern

Since the Group has not generated any revenue or profits, financing has historically been done through new share issues. At an extraordinary general meeting in May 2014, a directed convertible issue was approved that injected SEK 16.9 million into the Company. This contribution will be used to run day-to-day operations over the next 12 months.

The interim report was prepared assuming a going concern in view of the Company's existing operation, activities over the next 12 months, and existing cash and cash equivalents.

Risks and uncertainty factors

A detailed description of the Company's risks can be found in Crown Energy's 2013 Annual Report. No pervasive modifications to significant risks and uncertainty factors were made during the period for the Group or the Parent Company. Following is a summary of some of the major risks.

The main risk associated with Crown Energy's exploration and appraisal operations is that the assets the Group holds will not be developed into commercial reservoirs. Oil prices affect the operation even though the Group currently does not produce any oil. For example, lower oil prices could affect the Group through fluctuations in

expected profitability, decreased interest in farm-out projects, or possible sales of assets.

Crown Energy has operations in several countries, which means that the Group is subject to currency exposure, primarily in USD. Currency exposure in USD affects net investments in foreign operations as well as anticipated future income.

Oil and gas exploration is a capital-intensive business, which means that in the future the Group may need capital injections to continue operating activities or to acquire new licences. Historically, financing has been primarily through new share issues. The main risk associated with financing is that new shares may be issued under less favourable market conditions.

Given that Crown Energy is engaged in and may expand its activities in developing countries, it can be affected by factors such as political, social, economic, and religious instability, including terrorism, military coercion, war, and general and political unrest. This instability could have a very negative impact on the Company's operations as regards permits and partnerships. The countries in which the Company operates may also have legal systems that differ greatly from Sweden's, which could affect the Company's ability to exercise or enforce its rights and obligations. These risks have become even more relevant due to the acquisition of a licence in Iraq during the year.

Parent Company

The Parent Company's earnings before tax for Q2 totalled SEK -4,063 thousand (-3,262). The Parent Company's earnings before tax decreased compared to prior years due foremost to interest expenses arising from the new convertible loan.

SEK 790 thousand in deferred tax was recognized in the income statement for the first half of the year. The tax revenue is attributable to capitalization of tax losses.

Cash and cash equivalents at 30 June 2014 totalled SEK 38,018 thousand compared with SEK 35,957 thousand at 31 December 2013.

There were 3 persons (3) employed by the Parent Company at the end of the period.

Equity at the end of the period was SEK 75,928 thousand compared with SEK 81,268 thousand at 31 December 2013. The change consists of the period's comprehensive income, a not-yet-registered share issue resulting from conversions of convertibles in June 2014, and recognition of the convertible loan raised in May 2014. See the statement of changes in equity for more information.

The Company's convertible loans have increased partly due to changes in the value of the earlier loan and partly as a result of raising new loans. Overall, the convertible loans total SEK 52,282 thousand (34,027) as at 30 June. See Note 8, *Convertible loans*, for more information.

As a result of the convertible loan, accrued interest expenses of SEK 982 thousand were also recognized.

Reporting dates

- Interim report Q3 (January-September 2014)

14 November 2014

Publication pursuant to Swedish law

Crown Energy AB (publ) discloses this information pursuant to the Swedish Securities Market Act and/or the Swedish Financial Instruments Trading Act. The information was released for publication on 14 August 2014 at 11.20 AM.

Financial information

All financial information is published on www.crownenergy.se as soon as it is released. Shareholders, other players in the stock market, and the public are free to subscribe to the Company's press releases and financial reports through NG News, Nordic Growth Market's news service, at www.ngnews.se.

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About Crown Energy AB (publ)

Crown Energy is an international oil and gas company engaged in oil and gas exploration in Africa and the Middle East. Value is created through finding and developing assets in early stages and then introducing larger oil and gas industry players to the projects for further development and production. Find out more at www.crownenergy.se.

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Condensed consolidated income statement

All amounts in SEK thousand	Note	2014-04-01	2013-04-01	2014-01-01	2013-01-01	2013-01-01
		2014-06-30	2013-06-30	2014-06-30	2013-06-30	2013-12-31
Revenue		–	–	–		–
Other operating income		–	–	–		–
Other external costs		-1,147	-799	-1,902	-2,076	-3,948
Employee benefit expenses		-1,155	-1,861	-2,672	-2,718	-5,259
Depreciation/amortization and impairment of property, plant, and equipment and intangible assets		-8	–	-16	–	-33
Other operating expenses		-59	-11	-71	-24	-31
Operating profit/loss		-2,369	-2,671	-4,661	-4,818	-9,271
Financial income		755	423	838	455	19
Financial expenses		-3,264	-2,197	-7,073	-2,310	-8,590
Earnings before tax		-4,878	-4,445	-10,896	-6,673	-17,842
Income tax	9	790	–	790	3,581	3,443
Net loss for the period		-4,088	-4,445	-10,106	-3,092	-14,399
Earnings per share and share related data						
Average number of basic shares, thousand	3	27,823	25,755	27,845	25,755	25,917
Average number of diluted shares, thousand	3	27,823	25,755	27,845	25,755	25,917
Basic earnings per share, SEK	3	-0.15	-0.09	-0.36	-0.66	-0.56
Diluted earnings per share, SEK	3	-0.15	-0.09	-0.36	-0.66	-0.56

Condensed consolidated statement of comprehensive income

All amounts in SEK thousand	2014-04-01	2013-04-01	2014-01-01	2013-01-01	2013-01-01
	2014-06-30	2013-06-30	2014-06-30	2013-06-30	2013-12-31
Net loss for the period	-4,088	-4,445	-10,106	-3,092	-14,399
Other comprehensive income					
Translation differences	1,195	3	1,187	1,052	-37
Total items that can be reclassified to profit or loss:	1,195	3	1,187	1,052	-37
Other comprehensive income, net of tax	1,195	3	1,187	1,052	-37
Total comprehensive income for the period	-2,893	-4,442	-8,919	-3,092	-14,436
Total comprehensive income attributable to:					
Parent Company shareholders	-3,438	-4,442	-8,919	-2,040	-14,436
Comprehensive income for the period	-3,438	-4,442	-8,919	-2,040	-14,436

Condensed consolidated balance sheet

ASSETS

All amounts in SEK thousand	Note	2014-06-30	2013-06-30	2013-12-31
ASSETS				
Non-current assets				
Intangible assets	4, 11	96,715	63,394	91,879
Property, plant, and equipment	11	115	–	132
Total non-current assets		96,830	63,394	92,011
Current assets				
Other receivables	7	6,810	5,003	5,616
Cash and cash equivalents	5	38,615	49,340	36,584
Total current assets		45,425	54,343	42,200
TOTAL ASSETS		142,255	117,737	134,211

EQUITY OCH LIABILITIES

All amounts in SEK thousand	Note	2014-06-30	2013-06-30	2013-12-31
EQUITY				
Equity and reserves attributable to Parent Company shareholders				
Share capital*		819	757	811
Non-registered share capital**		8	–	8
Other contributed capital		97,297	76,320	95,446
Reserves		917	-230	-270
Accumulated earnings		-27,152	-12,753	-12,753
Net loss for the period		-10,106	-3,092	-14,399
Total equity		61,783	61,002	68,843
LIABILITIES				
Non-current liabilities				
Loans from related parties	1, 8	4,704	2,854	2,854
Convertible loans	7, 8	52,282	34,027	35,412
Deferred tax liabilities	9	11,700	11,654	11,297
Other provisions	6, 7	8,917	2,609	8,890
Total non-current liabilities		77,603	51,144	58,453
Current liabilities				
Other current liabilities	7	2,869	5,590	6,915
Total current liabilities		2,869	5,590	6,915
TOTAL EQUITY AND LIABILITIES		142,255	117,737	134,211
Pledged assets and contingent liabilities		34,385	35,932	35,932

*27,844,679 shares at 30 June 2014.

**298,732 shares at 30 June 2014.

Condensed consolidated statement of changes in equity

All amounts in SEK thousand	2014-06-30	2013-06-30	2013-12-31
Opening balance	68,843	55,434	55,433
Net loss for the period	-10,106	-3,092	-14,399
Other comprehensive income, net of tax	1,187	1,052	-37
Comprehensive income for the period	-8,919	-2,040	-14,436
Convertible loan, net	-539	7,608	7,745
Of which:			
Option component	618	13,056	13,056
Issue expenses	-201	-1,868	-1,868
Deferred tax	-956	-3,580	-3,443
Conversions, KV1 2013/2016	2,398	–	1,846
Non-cash issue	–	–	18,611
Issue expenses, non-cash issue	–	–	-356
Closing balance	61,783	61,002	68,843
Attributable to:			
Parent Company shareholders	61,783	61,002	68,843
Total equity	61,783	61,002	68,843

*Deferred tax on issue expenses was not accounted for.

Condensed consolidated statement of cash flows

All amounts in SEK thousand	Note	2014-04-01	2013-04-01	2014-01-01	2013-01-01	2013-01-01
		2014-06-30	2013-06-30	2014-06-30	2013-06-30	2013-12-31
Cash flow from operating activities		-5,331	203	-7,019	-5,845	-16,283
Cash flow from investing activities		-899	-368	-2,752	-723	-2,664
Cash flow from financing activities	10	9,665	44,124	11,665	44,124	43,768
Cash flow for the period		3,435	43,959	1,894	37,556	24,821
Cash and cash equivalents at start of period		35,040	5,358	36,584	11,762	11,762
Cash flow for the period		3,435	43,959	1,894	37,556	24,821
Exchange gains/losses on cash and cash equivalents		140	23	137	22	1
Cash and cash equivalents at end of period	5	38,615	49,340	38,615	49,340	36,584

Consolidated key ratios

Quarterly summary

All amounts in SEK thousand unless otherwise stated	Note	2014-04-01	2014-01-01	2013-10-01	2013-07-01	2013-04-01	2013-01-01
		2014-06-30	2014-03-31	2013-12-31	2013-09-30	2013-06-30	2013-03-31
		Q2	Q1	Q4	Q3	Q2	Q1
Profit/loss							
Other operating income		–		–	8	–	–
Operating profit/loss		-2,369	-2,292	-2,684	-1,769	-2,671	-2,146
Net income for the period, after tax		-4,088	-5,473	-5,808	-5,498	-865	-2,227
Earnings yield							
Return on equity, %		neg	neg	neg	neg	neg	neg
Return on capital employed, %		neg	neg	neg	neg	neg	neg
Financial position							
Equity/assets ratio, %		43.4%	47.0%	51.2%	48.9%	51.8%	74.0%
Net indebtedness, times		0.22	0.03	-0.03	-0.15	-0.25	n/a
Net asset value per share, SEK		2.22	2.30	2.49	2.10	2.37	2.07
Total assets		142,255	134,746	134,426	110,395	117,737	71,886
Equity		61,783	63,362	68,843	53,996	61,002	53,209
Cash flow from investments		-899	-1,853	-1,324	-617	-368	-354
Ratios per share							
Dividend per share, SEK		n/a	n/a	n/a	n/a	n/a	n/a
Number of basic shares outstanding, thousand	3	27,845	27,598	27,598	25,755	25,755	25,755
Number of diluted shares outstanding, thousand		27,845	27,598	27,598	25,755	25,755	25,755
Average number of shares, thousand	3	27,823	27,823	26,396	25,755	25,755	25,755
Average number of diluted shares, thousand	3	27,823	27,823	26,396	25,755	25,755	25,755
Basic earnings per share, SEK	3	-0.15	-0.20	-0.22	-0.21	-0.03	-0.09
Diluted earnings per share, SEK	3	-0.15	-0.20	-0.22	-0.21	-0.03	-0.09
Equity per share, SEK		2.22	2.30	2.49	2.10	2.37	2.07
Cash flow from operating activities per share, SEK		0.00	0.00	-0.21	-0.19	0.01	-0.23
Employees							
Average number of employees		3.0	3.0	3.0	3.0	3.0	3.0

Quarterly and yearly summary – Group

All amounts in SEK thousand unless otherwise stated	Note	2014-01-01	2013-01-01	2013-01-01	2012-01-01	2011-01-01
		2014-06-30	2013-06-30	2013-12-31	2012-12-31	2011-12-31
		Q 1-2	Q 1-2	Full year	Full year	Full year
Profit/loss						
Other operating income		–	–	–	–	342
Operating profit/loss		-4,661	-4,818	-9,271	-9,300	-3,158
Net income for the period, after tax		-10,106	-14,399	-14,399	-9,710	-3,042
Earnings yield						
Return on equity, %		neg	neg	neg	neg	neg
Return on capital employed, %		neg	neg	neg	neg	neg

Financial position

Equity/assets ratio, %	43.4%	51.8%	47.0%	71.9%	2.4%
Net indebtedness, times	n/a	n/a	0.03	n/a	n/a
Net asset value per share, SEK	2.22	2.37	2.30	2.15	0.07
Total assets	142,255	117,737	134,211	77,133	51,958
Equity	61,783	61,002	68,843	55,434	1,247
Cash flow from investments	-2,752	-1,685	-2,664	-11,791	-17,974

Ratios per share

Dividend per share, SEK		n/a	n/a	n/a	n/a	n/a
Number of basic shares outstanding, thousand	3	27,845	25,755	27,598	25,755	17,031
Number of diluted shares outstanding, thousand		27,845	25,755	27,598	25,755	17,031
Average number of shares, thousand	3	27,834	21,930	25,917	20,929	3,906
Average number of diluted shares, thousand	3	27,834	21,930	25,917	20,929	3,906
Basic earnings per share, SEK	3	-0.36	-0.66	-0.56	-0.46	-0.78
Diluted earnings per share, SEK	3	-0.36	-0.66	-0.56	-0.46	-0.78
Equity per share, SEK		2.22	2.37	2.49	2.15	0.07
Cash flow from operating activities per share, SEK		-0.21	0.07	-0.59	-0.37	-0.16

Employees

Average number of employees		3.0	3.0	3.0	2.0	0.0
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Definitions of key ratios

Earnings yield

Return on equity, %

Net income as a percentage of average equity. Average equity is calculated as the opening and closing balance divided by two.

Financial position

Equity, SEK

Equity at end of period.

Equity/assets ratio, %

Equity including the minority as a percentage of total assets.

Net debt/equity ratio

Interest-bearing net debt divided by equity, where interest-bearing net debt is interest-bearing liabilities minus interest-bearing current receivables and cash and cash equivalents.

Investments

Net investments in non-current assets during the period. Investments in non-current assets for the period less sales and disposals for the period.

Per share data

Total number of shares outstanding

Number of shares outstanding at end of period.

Weighted average number of shares

Weighted number of shares outstanding during the year.

Equity per share, SEK

Equity at end of period divided by number of shares at end of period.

Return on equity, %

Equity at end of period divided by average equity for the period.

Return on capital employed, %

Equity at end of period divided by average total assets for the period.

Earnings per share, SEK

Earnings after tax divided by average number of shares for the period.

Employees

Average number of employees

Average number of employees during the period.

Parent Company – Condensed income statement

All amounts in SEK thousand	Note	2014-04-01	2013-04-01	2014-01-01	2013-01-01	2013-01-01
		2014-06-30	2013-06-30	2014-06-30	2013-06-30	2013-12-31
Other operating income		–	–	–		–
Other external costs		-884	-691	-1,519	-1,545	-3,933
Employee benefit expenses		-1,155	-1,861	-2,672	-2,718	-5,258
Depreciation/amortization and impairment of property, plant, and equipment and intangible assets		-8	–	-16		-33
Other operating expenses		–	-4		-4	-6
Operating profit/loss		-2,047	-2,556	-4,207	-4,267	-9,230
Interest income and similar items		137	115	137	204	85
Interest income, inter-company		1,531	1,344	2,987	2,675	5,474
Interest expenses and similar items		-3,684	-2,165	-6,906	-2,165	-8,450
Earnings before tax		-4,063	-3,262	-7,989	-3,553	-12,121
Tax	9	790	3,581	790	3,581	3,443
Net profit/loss for the period		-3,273	319	-7,199	28	-8,678

Parent Company – Condensed statement of comprehensive income

All amounts in SEK thousand	Note	2014-04-01	2013-04-01	2014-01-01	2013-01-01	2013-01-01
		2014-06-30	2013-06-30	2014-06-30	2013-06-30	2013-12-31
Net profit/loss for the period		-3,273	319	-7,199	28	-8,678
Other comprehensive income						
<i>Total items that can be reclassified to profit or loss</i>		–	–	–	–	–
Other comprehensive income, net of tax		–	–	–		–
Total comprehensive income		-3,273	319	-7,199	28	-8,678

Parent Company – Condensed balance sheet

ASSETS

All amounts in SEK thousand	Note	2014-06-30	2013-06-30	2013-12-31
ASSETS				
Non-current assets				
Participations in Group companies		19,704	500	19,704
Property, plant, and equipment		115	–	132
Receivables from Group companies		21,244	21,244	21,244
Total non-current assets		41,063	21,744	41,080
Current assets				
Receivables from Group companies		55,068	39,958	46,848
Current receivables	7	1,035	1,386	910
Cash and bank balances	5	38,018	48,994	35,957
Total current assets		94,121	90,338	83,715
TOTAL ASSETS		135,184	112,082	124,795

EQUITY OCH LIABILITIES

All amounts in SEK thousand	Note	2014-06-30	2013-06-30	2013-12-31
EQUITY				
Equity				
Restricted equity				
Share capital*		819	757	811
Non-registered share capital**		8	–	8
Total restricted equity		827	757	819
Non-restricted equity				
Share premium reserve		93,297	71,270	91,446
Accumulated earnings		-10,997	-2,319	-2,319
Net profit/loss for the year		-7,199	28	-8,678
Total non-restricted equity		75,101	68,979	80,449
Total equity		75,928	69,736	81,268
Non-current liabilities				
Convertible debt instrument	7, 8	52,282	34,027	35,412
Loans from related parties	1, 7	4,704	2,854	2,854
Total non-current liabilities		56,986	36,881	38,266
Current liabilities				
Other current liabilities	7	2,270	5,465	5,261
Total current liabilities		2,270	5,465	5,261
TOTAL EQUITY AND LIABILITIES		135,184	112,082	124,795
Pledged assets		34,385	35,932	35,932
Contingent liabilities		None	None	None

*27,844,679 shares at 30 June 2014.

**298,732 shares at 30 June 2014.

Parent Company – Condensed changes in equity

All amounts in SEK thousand	2014-06-30	2013-06-30	2013-12-31
Opening balance	81,268	62,100	62,100
Net profit/loss for the period	-7,199	28	-8,678
Other comprehensive income for the period	–	–	–
Comprehensive income for the period	-7,199	28	-8,678
Non-registered offset issue	–	–	–
Convertible loan, net	-539	7,608	7,745
Of which:			
Option component	618	13,056	13,056
Issue expenses	-201	-1,868	-1,868
Deferred tax	-956	-3,580	-3,443
Conversions, KV1 2013/2016	2,398	–	1,846
Non-cash issue	–	–	18,611
Issue expenses, non-cash issue	–	–	-356
Closing balance	75,928	69,736	81,268

**Deferred tax on issue expenses was not accounted for.*

Notes

General information

Crown Energy AB (publ), corporate identity number 556804-8598, with subsidiaries, is an international oil and gas group focused on exploration opportunities with high potential for recoverable oil and gas reserves in underexploited areas. The Group has focussed on Equatorial Guinea (Block P), South Africa (Block 2B), and Madagascar (3108 Manja), and decided in Q2 2013 to also acquire a licence in Iraq.

The Parent Company is a limited company registered in Sweden and domiciled in Stockholm. The Parent Company is listed on NGM Equity.

The visiting address of the main office is Norrlandsgatan 18, SE-111 43, Stockholm.

Accounting policies

This interim report was prepared pursuant to IAS 34 Interim Financial Reporting, the Swedish Annual Accounts Act, and RFR 1 Supplementary Accounting Regulations for Groups. As with the 2013 annual accounts, the consolidated accounts were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the Swedish Annual Accounts Act. The financial statements of the Parent Company were prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's RFR 2 Accounting for Legal Entities.

The same accounting policies were used during the period as were used for the 2013 financial year and as described in the 2013 Annual Report. No new or revised standards, interpretations, or amendments adopted by the EU had an effect on the Group's earnings or position.

This interim report does not contain all the information and disclosures contained in the Annual Report, so the interim report should be read alongside the 2013 Annual Report.

Note 1 Transactions with related parties

Purchases and sales within the Group

The Parent Company's revenue represents 0 per cent (0) of sales to other companies within the Group. Of the Parent Company's interest income, 100 per cent relates to other companies within the Group at 30 June 2014.

Loans from related parties

The Parent Company holds an interest-free loan from Ulrik Jansson (via Varukungen AB) totalling SEK 4,704 thousand at 30 June 2014. The loan has increased by SEK 1,850 thousand since year-end 2013.

Purchase of services

Three persons in management, Peter Mikkelsen, David Jones, and Surinder Rai, work or have worked in their respective management positions under consultancy agreements. Their services are purchased on normal commercial terms and they invoice regularly for work performed. Peter Mikkelsen invoiced for about GBP 8 thousand for the period. Surinder Rai invoiced for about GBP 51 thousand.

Crown Energy also purchases technical consulting services from Simco Petroleum Ltd (Simco). Alan Simonian, Crown Energy's board chairman, owns 33 per cent of Simco and also sits on Simco's board. Services from Simco are purchased on normal commercial terms. During the period, services amounting to about USD 30 thousand were purchased.

Other

The Board decided in April 2014 to conduct a directed issue of convertibles. To simplify the legal administration of the convertibles and to enable investors to directly trade with them, it was decided that Ulrik Jansson would sell convertibles in the KV1 2013/2016 convertible series to the investors and he himself would subscribe for the newly issued convertibles in the KV1 2014/2016 series. Given that Ulrik Jansson is a board member and CEO of Crown Energy and thus fits into the category of persons covered by Chapter 16 of the Swedish Companies Act, decisions on approval of the directed share issue had to be supported by shareholders representing at least nine-tenths of both the votes cast and the shares that are represented at the AGM. The decision was approved at the AGM on 14 May 2014.

Note 2 Ownership structure

Crown Energy has about 2,000 shareholders. The Company's shares are listed on NGM Equity.

The five shareholders holding the most shares as of publication of this interim report:

Shareholders	Number of shares	Proportion (%)
Ulrik Jansson, private and via company	15,529,726	55.2%
Comtrack Ventures Ltd	2,163,811	7.7%
T Intressenter AB	1,580,215	5.6%
Mocoh Resources Ltd	1,239,227	4.4%
Alan Simonian	1,175,377	4.2%
Övriga aktieägare	6,156,323	22.9%
Total number of shares	28,143,411	100%

Note 3 Earnings per share and number of shares

Crown Energy previously issued 814,954 warrants that could be converted into an equivalent number of ordinary shares. In 2013 and in May 2014, convertibles were issued that could also be converted into an equivalent number of ordinary shares. As the issue prices for the share options exceeded the average market price of ordinary shares during the recognized periods, there is no dilutive effect. Nor are convertibles and options considered dilutive if they cause earnings per share to improve more (larger gain or smaller loss) after dilution than before dilution. Neither warrants nor outstanding convertibles are dilutive.

Note 4 Intangible assets

Intangible assets consist of acquisition of rights, planning costs, etc. No depreciation is taken during the exploration and development phase. Capital expenditures for the period refer to costs incurred for exploration, i.e., measurements, geological and geophysical surveys, etc.

The translation differences relate to the acquisition of Amicoh Resources Ltd and the fact that these assets were translated at the closing rate. The translation difference that arises is recognized directly in the currency translation reserve in other comprehensive income.

Group (SEK thousand)	2014-01-01 2014-06-30	2013-01-01 2013-06-30	2013-01-01 2013-12-31
Opening carrying amount	91,879	60,946	60,946
Capital expenditures for the period	2,752	723	3,229
Increase through acquisition of subsidiaries for the period, net	–	–	27,767
Translation differences	2,084	1,725	-63
Closing accumulated cost of acquisition	96,715	63,394	91,879

Note 5 Cash and cash equivalents

At 30 June 2014, cash and cash equivalents included SEK 34,335 thousand for payment of shares in the company that owns 40.5 per cent of the Block 2B licence in South Africa. The bank funds have been placed in an escrow account, which means that they are in the custody of a third party until the acquisition is completed. Completion of the acquisition requires the approval of Petroleum Agency SA, a South African authority. Crown Energy expects this approval to be given within a 6 month period from the reporting date.

At 31 December 2013, the funds in escrow totalled SEK 35,882 thousand. The decrease in 2014 is attributable to a payment made from the escrow account in Q1 2014 to Crown Energy's business account to cover the upcoming so-called cash calls from the operator in 2014. The payment was approved by all parties involved.

Note 6 Provisions

Following is a summary of the provisions:

Group (SEK thousand)	2014-06-30	2013-06-30	2013-12-31
Acquisition of Amicoh Resources Ltd			
Additional consideration, commercial reservoir	2,683	2,521	2,516
Additional consideration, warrants	30	88	170
Acquisition of Crown Energy Iraq			
Provision for buy-back option	6,204	–	6,204
Closing balance	8,917	2,609	8,890

Provisions related to the acquisition of Amicoh Resources Ltd

In connection with the acquisition of subsidiary Amicoh Resources Ltd in 2011, an additional consideration of up to USD 4,000 thousand was agreed upon in the event of a commercial reservoir discovery on Madagascar. The portion paid at discovery of a commercial reservoir is recognized as a provision at a value of SEK 2,683 thousand after present value calculations.

As part of the consideration for Amicoh Resources Limited, it was resolved at a Crown Energy AB general meeting to also issue warrants directed to the seller of Amicoh Resources Limited. The carrying amount and fair value of the issued options at 30 June 2014 were determined in accordance with an established option pricing model (Black & Scholes).

For more information on provisions, see the 2013 Annual Report. No changes have occurred in Crown Energy's assessments of provisions since 31 December 2013.

Provision related to acquisition of Crown Energy Iraq AB

The share transfer agreement that was signed with the sellers of Crown Energy Iraq included an option to repurchase Crown Energy Iraq shares. The buy-back option entails that the sellers of Crown Energy Iraq can buy back 250 shares in the sold company during a certain period after the takeover. With Crown Energy Iraq's current 1,000 shares, the sellers would have the right to buy back 25 per cent of the company's shares. A provision of SEK 6,204 thousand was made on the assumption that the option will be exercised.

Under IAS 39, an entity shall measure financial liabilities related to equity instruments at fair value except when the instrument does not have a quoted price in an active market. Crown Energy Iraq is an unlisted company so it is deemed not possible nor practical to establish a fair value measurement of its shares. In subsequent accounting, therefore, the provision will be carried at historic cost. No changes have occurred in Crown Energy's assessments of provisions since 31 December 2013.

Note 7 Accounting of financial instruments

Recognized and fair value

The carrying amounts of other receivables, cash and cash equivalents, accounts payable, and other current liabilities are a reasonable approximation of their fair value.

The present value of loans from related parties, corresponding to estimated fair value at 30 June 2014, was estimated at SEK 4 408 SEK, which is based on an interest rate of 5 per cent if the loan had been subscribed to at market conditions.

The convertible loan is recognized at amortized cost using the effective interest method. This means that the cash flows were discounted at a lending rate of about 20 per cent. At 30 June 2014, the carrying amount was estimated to be a reasonable approximation of its fair value. The convertible loan was traded at 30 June 2014 on NGM Equity at 82 per cent of the nominal value, corresponding to an annual rate of 12.1 per cent..

As mentioned in Note 6, *Provisions*, the provision for the Crown Energy Iraq buy-back option is recognized at cost in accordance with the exemption in IAS 39.

Financial instruments measured at fair value

Crown Energy classifies fair value measurement using a fair value hierarchy (three levels) that reflects the reliability of the inputs used in making the measurements in compliance with IFRS 13 Fair Value Measurement. In accordance with IFRS 7, disclosures about fair value measurement of financial instruments must be made by level. The following table shows the financial items recognized at fair value via the income statement, divided into these three levels.

Group (SEK thousand)				
2014-06-30	Level 1	Level 2	Level 3	Total
Total assets	–	–	–	–
Liabilities				
Financial liabilities measured at fair value via the income statement:				
- Provision for additional consideration, commercial reservoir			2,683	2,683
- Provision for additional consideration, warrants		30		30
Total liabilities		30	2,683	2,713

Provisions were recognized for contracted additional considerations in conjunction with the acquisition of subsidiary Amicoh Resources Ltd (see Note 6, *Provisions*). No changes have occurred in Crown Energy's assessments of fair value measurement applicable to provisions since 31 December 2013. The period's total net effect due to revaluation to fair value was SEK -26 thousand (-65) and was recognized in the income statement as (unrealized) financial income or expense.

Note 8 Convertible loans

The Company holds two convertible loan series: KV1 2013/2016 and KV1 2014/2016. KV1 2014/2016 was issued in May 2014 following a resolution at an extraordinary general meeting. For more information about this resolution, see the *Key events during the period* section.

Terms and accounting policies are the same for both of the series and are described in the 2013 Annual Report.

KV1 2014/2016

In conjunction with the extraordinary general meeting held on 14 May 2014, a total of 2,071,236 convertibles were subscribed for, as mentioned earlier. Upon full conversion, the Company's share capital may thereby increase by a maximum of SEK 61 thousand. The number of Crown Energy shares will increase by 2,071,236 at full conversion.

The directed convertible loans issue was registered with the Swedish Companies Registration Office on 11 July 2014.

Transaction costs totalled SEK 961 thousand.

Carrying amounts

Classification of the convertible loans is as follows:

Long-term borrowing			
Group and Parent Company (SEK thousand)	2014-06-30	2013-06-30	2013-12-31
Convertible loans:			
KV1 2013/2016	36,288	34,027	35,412
KV1 2014/2016	15,994	–	–
	52,282	34,027	35,412

For a description of the calculation of fair value, see Note 7, *Accounting of financial instruments*. Fair value corresponds with carrying amounts at 30 June 2014:

Group and Parent Company (SEK thousand)	Carrying amount	Fair value
Convertible loans	52,282	52,282
	52,282	52,282

The accrued interest payable attributable to the convertible debt instruments was recognized as a current liability and at 30 June 2014 amounted to SEK 1,327 thousand. The fair value of the short-term interest payable corresponds to its carrying amount, as the impact of discounting is not significant.

Direct transaction costs attributable to the liability component are accrued over the life of the loan. Deferred tax recognized in equity is attributable to the discounting being done as a result of valuation at amortized cost.

Financial expenses in the income statement for January-June 2014 amounted to SEK -6,905 thousand as a result of the convertible loan.

Note 9 Deferred tax

A deferred tax liability was recognized and is related to the surplus value of intangible assets and to temporary differences resulting from the valuation of the convertible loan at amortized cost.

Crown Energy has an unused tax loss and, as a precaution and in view of uncertainty in the Company's ability to generate future taxable profits, historically has not capitalized a deferred tax asset relating to it. However, Crown Energy has now chosen to offset the loss against the deferred tax liability related to measurement of the convertible loan. A deferred tax asset is recognized at the same amount as the deferred tax liability. The deferred tax liability and asset were offset in the balance sheet. Deferred tax revenue of SEK 790 thousand was recognized in the income statement at 30 June 2014 due to capitalization of the tax loss.

Note 10 Cash flow from financing activities

Following is a breakdown of cash flow attributable to financing activities. For gross accounting of the 2013 convertible and non-cash issues, see the 2013 Annual Report.

Financing activities, SEK thousand	2014-01-01 2014-06-30	2013-01-01 2013-06-30	2013-01-01 2013-12-31
Convertible issue 2014	16,023	–	–
<i>Of which:</i>			
<i>Convertible loan issued</i>	16,984	–	–
<i>Total transaction expenses attributable to convertible issue</i>	-961	–	–
Convertible issue 2013, net	–	44,124	44,124
Non-cash issue 2013, net	–	–	-356
Borrowings from related parties	1,850	–	–
Total cash flow from financing activities	17,873	44,124	43,768

Note 11 Segments

It is estimated that the Group currently has only one segment. Since the Group does not have any income either, only information on non-current assets distributed across geographic areas is provided. Following is a summary of the Group's carrying amounts on non-current assets distributed across geographic areas.

Group, all amounts in SEK thousand	Property, plant, and equipment			Intangible assets			Total fixed assets		
	2014-06-30	2013-06-30	2013-12-31	2014-06-30	2013-06-30	2013-12-31	2014-06-30	2013-06-30	2013-12-31
Geographic areas									
Sweden	115	–	132		–	–	115	–	132
Equatorial Guinea	–	–	–	4,722	4,608	4,667	4,722	4,608	4,667
Madagascar	–	–	–	61,185	58,786	57,703	61,185	58,786	57,703
Iraq	–	–	–	30,808	–	29,509	30,808	–	29,509
Total	115	–	132	96,715	63,394	91,879	96,830	63,394	92,011

The Board and CEO hereby certify that this interim report gives a fair overview of the Parent Company's and Group's operations, position, and earnings, and describes significant risks and uncertainty factors to which the Group and its companies are exposed.

This interim report was not reviewed by the Company's auditors.

STOCKHOLM, 14 AUGUST 2014

Ulrik Jansson
CEO
Board member

Alan Simonian
Chairman of the Board

Andrew Harriman
Board member