



14 August 2015

Crown Energy AB (publ)

Q2 2015 Interim Report

April-June

- The Company did not receive any sales or operating income.
- The Group did not have any operating income during the quarter. Operating expenses for Q2 totalled SEK -2,517 thousand (-2,369), consisting primarily of employee expenses and other external costs. Operating expenses correspond to the Company's operating loss.
- Second quarter loss totalled SEK -6,599 thousand (-4,088) after tax, corresponding to SEK -0.16 per share (-0.15).
- Investments in intangible non-current assets for Q2 amounted to SEK 1,464 thousand (899), excluding investments resulting from acquisitions.

January-June

- The Company did not receive any sales or operating income.
- The Group did not have any operating income during the first half of the year. Year-to-date (YTD) operating expenses totalled SEK -4,308 thousand (-4,661), consisting primarily of employee expenses and other external costs. Operating expenses correspond to the Company's operating loss.
- YTD loss totalled SEK -9,426 thousand (-10,106) after tax, corresponding to SEK -0.27 per share (-0.36).
- YTD investments in intangible non-current assets amounted to SEK 5,400 thousand (2,752), excluding investments resulting from acquisitions.
- In Q1 2015, the Company took over the shares of the British company Simbo Petroleum No.2 Ltd, which holds 40.5% of the Block 2B licence in South Africa. The acquisition increased the Company's intangible assets in the form of licences by a total of SEK 55,487 thousand.

Key events during the quarter

- The Company implemented three share issues: two offset issues and a preferential rights issue.
- An update of the independent Resource statement, which now includes the Iraq asset, shows a substantial increase in the Company's Resources. ERC Equipoise was contracted to complete a revised CPR on the A-J1 discovery in Block 2B in South Africa. After technical analysis of existing and new data, both the South Africa, and the Iraq asset are reported to have both Prospective and Contingent Resources. The audit upgraded the A-J1 reservoir in South Africa from 8 million barrels of Prospective Resources to 37 million barrels of Contingent Resources (2C) with an upside of 118 million barrels (3C).
- A new farm out campaign will shortly be started to attract a partner to facilitate drilling of an appraisal/exploration well in out Africa in 2016/2017.

Condensed consolidated financial information

Group, SEK thousand	2015-04-01	2014-04-01	2015-01-01	2014-01-01	2014-01-01
	2015-06-30	2014-06-30	2015-06-30	2014-06-30	2014-12-31
	Q2	Q2	Q1-Q2	Q1-Q2	Full year
Operating expenses	-2,517	-2,369	-4,308	-4,661	-9,448
Operating profit/loss	-2,517	-2,369	-4,308	-4,661	-9,448
Net financial items	-4,082	-2,509	-5,118	-6,235	-12,411
Net income for the period, after tax	-6,599	-4,088	-9,426	-10,106	-21,115
Earnings per share, SEK	-0.16	-0.15	-0.27	-0.36	-0.75
Equity per share, SEK	2.42	2.30	2.42	2.22	2.03
Change in cash and cash equivalents	-10,820	3,435	-33,554	32,165	-1,994
Cash flow from investments in intangible assets	-284	-899	-597	-2,752	-3,830

CEO statement

Dear shareholders and investors,

Assuming my new position as CEO of Crown Energy is truly inspiring. As Vice President and CFO over the last four years, I was involved in the strategic and operational decisions that we made. I am convinced that Crown Energy's strategic focus, combined with a professional management team and board and our network, positions us well to continue our efforts to become a major, profitable player in the international oil and gas market. I want to thank Ulrik Jansson for the pleasure of having been part of the Company and his leadership team from start up, and I look forward to continuing to work within the new structure.

Right now, we are carrying out further technical work to define and determine the most appropriate drilling location in our South Africa block, as well as to evaluate other prospects within the license area. In Equatorial Guinea we are working closely with our partners Vaalco and GE Petrol and their plans going forward for developing the Venus Field. In Madagascar we will continue to have discussions with the Malagasy authorities in the autumn regarding further activities in the block. We look forward with confidence to the positive developments in Iraq in general and in Salah ad-Din specifically. During the summer, I have had a series of meetings with regional representatives and are hopeful that with good political will we can resume concrete activities on site in Iraq within 6 to 12 months with the aim of starting up operations with at least some of the enormous oil riches available in the region. These discussions has led to the decision for Crown Energy to establish its representative office in Erbil, Kurdistan and also for Salah ad-Din to increase their activities in Sweden for the mutual benefit on the development of the Salah ad-Din region.

Business decisions that affected the Company's performance

During the quarter, the Company completed a series of activities meant to strengthen its financial base. Conversion of liabilities to equity, combined with an injection of cash, will provide greater freedom of action in the future. During the same period, developments with our South Africa asset were very positive and have generally helped Crown Energy make great strides during the quarter that will be highly relevant going forward.

Outlook

Crown Energy is well positioned with a balanced portfolio of exciting projects that have great potential for development. We still see many opportunities for further improvements and we will do everything we can to take advantage of them. In light of an oil price that has changed significantly over the last 12 months, we must leave no stone unturned and re-test our strategies. In light of the current climate of lower oil prices and recognising our financial situation, one of our missions right now will be to review all costs, both operational and investments as to make sure we manage our finances prudently. We are nevertheless well equipped with assets located in geologically attractive areas with more reasonable development costs than many other projects around the world. Right now we are waiting for the next update from ERC Equipose for the exploration Prospective Resources surrounding the A-J1 structure. We expect a positive report that adds further to our renewed efforts to farm Block 2B out. We have had a number of serious new contacts and they are indeed very positive to the asset and its resource base. We look forward to starting our new farm out campaign to attract a partner to facilitate drilling of an appraisal/exploration well in 2016/2017. Along with a strengthened balance sheet, this gives us reason to believe in our assets and that we will be able to capitalise on them even in the current oil price environment. This is how we will create value for you, our shareholders.

Andreas Forssell, CEO, Crown Energy AB (publ)

A closing word from the Company's Chairman

I would like to open my statement by welcoming Andreas Forssell into his new role as CEO of Crown. As you all know, Andreas has been with us since 2011 and we have been preparing for him to move up to the position of CEO for some months now. I would also like to welcome Jenny Björk as our new CFO. Jenny is very experienced in the financial and accounting world having previously worked as a chartered accountant at Deloitte's. I wish to also thank Ulrik Jansson for all his service to Crown and our shareholders. Ulrik founded Crown and worked hard to bring the company to its current position with a balanced portfolio of development, appraisal, and exploration projects, and he remains committed to Crown and its shareholders. Crown has a strong and capable management team and board with extensive oil industry and commercial experience who are fully committed to the prosperity of the company.

Alan Simonian

Chairman of the Board Crown Energy AB (publ)

Operations, January-June 2015

Income statement

Operating profit/loss

Q2, April-June

Operating expenses for Q2 totalled SEK -2,517 thousand (-2,369). The majority of operating expenses related to other external costs of SEK -1,387 thousand (-1,147) and employee benefit expenses of SEK -1,120 thousand (-1,155). Other external costs were slightly higher compared year-on-year, mainly due to additional costs incurred in Group company Simbo Petroleum No.2 Ltd, which was not included in the Group last year, and a provision for board fees that were not recognised in Q2 last year. Employee benefit expenses were in line with last year.

Depreciation of equipment in Q2 totalled SEK -8 thousand and was at the same level as compared year-on-year. Other operating expenses of SEK -15 thousand (-12) were related to exchange rate effects in items of an operational character. Since no revenue was generated, operating expenses also corresponded with earnings.

First half, January-June

YTD operating expenses totalled SEK -4,308 thousand (-4,661). Other YTD external costs totalled SEK -2,009 thousand (-1,902). The increase was marginal, but the reasons are the same as for Q2. YTD employee benefit expenses totalled SEK -2,266 thousand (-2,672). The somewhat lower cost compared year-on-year is due to the fact that one employee was on parental leave in January-February 2015.

YTD depreciation of equipment totalled SEK -16 thousand and was at the same level as compared year-on-year. Other operating expenses of SEK -17 thousand (-71) were related to exchange rate effects. Since no revenue was generated, operating expenses also corresponded with earnings.

Net financial items

Q2, April-June

Net financial items for Q2 totalled SEK -4,082 thousand (-2,509). Financial income amounted to SEK 0 thousand (755). Financial income usually consists of exchange rate effects for the most part. Exchange losses due to fluctuations, mainly in the USD, is the reason why there was no income recognised in Q2. Financial expenses amounted to SEK -4,082 thousand (-3,264), of which SEK -2,424 thousand related to the net effects of changes in the convertible loans in the form of interest expenses due to accounting effects in Q2 since 85% of the convertible loan was bought back by the Company. The remaining financial expenses relate primarily to exchange losses.

First half, January-June

YTD net financial items totalled SEK -5,118 thousand (-6,235). Financial income amounted to SEK 1,898 thousand (838). Financial income mainly relates to exchange effects due to fluctuations in the USD. Financial expenses amounted to SEK -7,016 thousand (-7,073), of which SEK -6,729 thousand related to the net effects of changes in the convertible loans (see explanation above).

Tax

Compared year-on-year when tax income of SEK 790 thousand was recognised attributable to capitalisation of tax losses, no tax was recognised in the income statement for Q2 and the first half of 2015. See Note 9, *Deferred tax*, for more information.

Earnings after tax

Loss (after tax) for Q2 2015 totalled SEK -6,599 thousand (-4,088), corresponding to SEK -0.16 per share (-0.15). YTD loss (after tax) totalled SEK -9,426 thousand (-10,106), corresponding to SEK -0.27 per share (-0.36).

Financial position

Total capitalised expenses for acquiring rights, prospecting costs, etc., which are recognised as intangible non-current assets, totalled SEK 172,024 thousand at 30 June 2015, a net increase of SEK 64,565 thousand from 31 December 2014. The YTD change consists partially of new capital expenditures during the period of SEK 5,400 thousand (2,752) and translation differences of SEK 3,678 thousand (2,084). The translation differences are due to the fact that some of the intangible assets were acquired in USD and were translated at the closing rate (see Note 11, *Intangible assets*). As a result of the major changes that occurred in the rate between SEK and USD over the last year, the translation differences between the periods was significant and affected assets by increasing or decreasing them. The translation difference that arises is recognised directly in the currency translation reserve in other comprehensive income and does not affect cash flow. In addition to new investments and translation differences, intangible assets increased by a total of SEK 55,487 thousand due to the acquisition of Simbo Petroleum No.2 Ltd, with the takeover occurring in Q1 2015. See Note 4, *Intangible assets*, for a table of changes for the period and Note 12, *Acquisition of Simbo Petroleum No.2 Ltd*, for more information on this acquisition.

Cash and cash equivalents at the end of the period totalled SEK 1,056 thousand compared with SEK 34,626 thousand at 31 December 2014. The large net change relates to the acquisition of Simbo Petroleum No.2 Ltd. See Note 5, *Cash and cash equivalents*, and Note 10, *Cash flow*, for more information on the changes.

Property, plant, and equipment totalled SEK 83 thousand after depreciation of SEK 16 thousand was taken for the period.

Other receivables amounted to SEK 1,708 thousand, compared to SEK 6,899 thousand at 31 December 2014. The decrease compared with year-end 2014 is mainly explained by the fact that the previous prepaid expenses attributable to the Company's licence in South Africa in Q1 2015 were recognised as investments in licences. The reversal occurred in conjunction with the Company's takeover of Simbo Petroleum No.2 Ltd.

Equity totalled SEK 131,044 thousand. The increase from 31 December 2014 is attributable to the two offset issues conducted during the period, which raised SEK 79,432 thousand. Expenses related to the two issues totalled SEK 1,433 thousand, thus reducing equity. An additional SEK 3,219 thousand increased equity and relates to an accounting effect from the takeover of the South Africa asset, meaning that KV1 2013/2016 convertible loans were delivered to the seller.

Loans from related parties amounted to SEK 6,704 thousand, a net increase of SEK 600 thousand since 31 December 2014. An additional SEK 800 thousand was borrowed in Q1 and a repayment of SEK 200 thousand was made in Q2.

The Company's convertible loans were reduced as a result of the Company's buy-back and amounted at 30 June 2015 to SEK -9,728 thousand. During Q2, the convertible loan was re-classified from long term to short term debt. See Note 8, *Convertible loans*, for more information.

Other provisions at 30 June 2015 totalled SEK 9,123 thousand compared with SEK 8,893 thousand at year-end 2014. The buy-back option arising from the acquisition of Crown Energy Iraq AB was recognised at SEK 6,204 thousand; the carrying amount of this buy-back option has not changed since year-end 2014. Other provisions attributable to the acquisition of subsidiary Amicoh Resources Ltd totalled SEK 2,919 thousand at 31 March 2015.

Other current liabilities consists principally of accounts payable, employee-related taxes, and miscellaneous accrued expenses that totalled SEK 3,971 thousand, which is a decrease of SEK 3,510 thousand since year-end 2014. The decrease is mainly explained by the derecognition of accrued interest expense related to the convertible loans that were bought back in Q2. The buy-back meant that payment of interest in May decreased significantly. The accrued interest attributable to the convertible loans at 30 June 2015 totalled SEK 204 thousand compared with SEK 5,242 thousand at year-end.

Cash flow

Cash flow from operating activities for Q2 totalled SEK -4,143 thousand (-5,331). YTD cash flow from operating activities totalled SEK -5,956 thousand (-7,019). Cash flow from operating activities can vary significantly between quarters and years, so it is difficult to compare the periods.

Cash flow from investing activities for Q2 2015 totalled SEK -3,816 thousand (-899). This outflow consisted of regular expenditures on the Company's licences. YTD cash flow from investing activities amounted to SEK -25,537 thousand (-2,752). The large disbursement represented the cash settlement paid to acquire Simbo Petroleum No.2 Ltd in Q1 2015. See Note 10, *Cash flow*, for a more detailed specification.

Net cash flow from financing activities in Q2 totalled SEK -2,861 thousand (9,665), attributable to the payment of interest on convertible loans of SEK -1,228 thousand, expenses related to the offset issues of SEK -1,433 thousand, and repayment of loans to related parties of SEK -200 thousand. YTD cash flow from financing activities totalled SEK -2,061 thousand (11,665), composed of the same transactions as above along with a loan of SEK 800 thousand from related parties in Q1. See Note 10, *Cash flow*, for specifics.

Projects

Following are project status updates.

Block 2B – South Africa

During the period, the Company released an updated Competent Person's Report (CPR) on A-J1, the licence block's main prospect. ERC Equipoise was contracted to carry out this update and it was

finished in late May. On 4 June the Company published the reserve update, stating that the prospect is now designated with Contingent Resources instead of the previous Prospective Resources. An increase in volume was also asserted, so A-J1 is now one of the Company's leading assets with tremendous chances to attract significant partners and to provide Crown Energy to return considerable value to its shareholders. The upgrade in classification of the prospect means a decrease in risk and an increase in volume.

The licence is in a new two-year exploration period, which started in March this year. The operator and partners are now awaiting further resource updates for prospects surrounding A-J1, with new 3D seismic data as a basis. This new information will form the base for the relaunch of the farm out campaign on Block 2B, which has already kick started with new contacts looking on the asset and interested to go further towards the possible partnership that ultimately will lead to the drilling of an exploration well to support the existing discovery well to establish resources in the reservoir.

Block P PDA – Equatorial Guinea

Recently, a number of changes occurred within the organisation of Equatorial Guinea's state oil company. The project has moved along quite slowly over the last year, but as a result of these changes, things can start to move forward again. The framework for cooperation and shared operatorship between Vaalco Energy and GE Petrol continues to focus on the Venus Field and its development. Considering the current oil price levels, the partnership is working to optimise costs, which is possible since costs have decreased due to lower international oil prices. The plan remains as is: working out a plan of development to be approved by the authorities in Equatorial Guinea. After that, development can begin with a planned start-up of oil production by the end of 2017.

3108 Manja – Madagascar

Little has happened with the Manja licence during the period. Crown Energy continues to be in contact with several other operators in Madagascar in order to maximize cost savings by sharing costs and resources where possible. The Company believes that lower cost levels for services and products will generate long-term benefits for the Madagascar operation. Crown Energy is also in discussions with the authorities regarding an extension of the licence, whose current exploration period expires in November this year. An extension is necessary in order to continue working in the licence area.

Salah ad-Din – Iraq

Activities within the licence area and the province of Salah ad-Din continue to be limited as a result of unrest in the area. However, discussions increased in Q2 and after the end of the period, and included planning for the future with representatives of the region. These meetings led to the decision to increase activities. This will be manifested with the opening of a representative office for Crown Energy in Erbil in Kurdistan. This will be financed by the Salah ad-Din region and proves the importance of our partnership.

We can conclude that there is renewed hope for a better future in Iraq in general and for Salah ad-Din specifically. The licence is extremely prospective and includes a large number of oil deposits and fields with very large quantities of oil and gas. Crown Energy hopes and believes that once the unrest subsides, work can begin on evaluating the most appropriate path forward

for developing these huge assets. Focus will primarily be on increasing production in existing facilities and expanding earlier deposits.

Along with developments in Iraq in general and the region specifically, it is now even clearer that last year's national elections led to a diversion of governing authority from the central government in Baghdad to the regions around the country. Since Crown Energy's licence is contracted from the Salah ad-Din region, this is a good development with positive growth in value over time. Discussions with the regional government further confirmed that the region is almost entirely free of unsettling elements and that things currently look much more positive.

Key events during the period

Registration of new shares

On 23 January 2015, 100,000 new Crown Energy shares were registered with the Swedish Companies Registration Office as a result of the conversions of Crown Energy's KV1 2014/2016 convertible in December 2014.

Closing of Simbo Petroleum No.2 Ltd acquisition

On 27 January 2015 the Company received regulatory approval to acquire Simbo Petroleum No.2 Ltd, which holds a 40.5 per cent participating interest in Block 2B in South Africa. The ownership assessment process for Crown Energy's acquisition of participations in Block 2B in South Africa is now complete, and Crown Energy has legal title over the Simbo Petroleum No.2 Ltd's shares. For more information on the acquisition, see Note 12, *Acquisition of Simbo Petroleum No.2 Ltd*.

Offset issue in which loans are converted into new shares

Between 13 and 23 April 2015, Crown Energy bought back convertibles valued at SEK 66,432 thousand. A total of 21,924,830 new shares were issued as a result of this buy-back. See Note 8, *Convertible loans*, for more information on the buy-back.

A further offset of a loan of SEK 13 million against Simbo Petroleum No.3 Ltd was implemented in conjunction with the above buy-back. The loan arose in conjunction with acquisition of the South Africa asset.

The two offset issues were registered on 18 and 19 May 2015 and resulted in the number of Crown Energy shares increasing by 25,828,733 and the share capital increasing by SEK 759 thousand. The offset issues led to the filing of a prospectus with the Swedish Financial Supervisory Authority (FI); which is available for download on both Crown Energy's and FI's websites.

Update of asset reports

The Company's previous CPR on Crown Energy's projects in Equatorial Guinea, South Africa, and Madagascar were updated in May 2015, while a new CPR was prepared for the Company's project in Iraq. The inclusion of Iraq this time resulted in a significant increase in the Company's oil resources. That CPR was published by Crown Energy on 12 May 2015. That particular CPR was updated since the prospectus rules required it. Meanwhile, the Company had previously announced to the market that ERC

Equipoise had been hired to specifically undertake a more thorough examination to certify and appraise the Company's asset in South Africa, focusing on the reservoir within the A-J1 field in the Block 2B licence in South Africa. The work was completed in June 2015 and the results were published in the form of a new CPR that was limited to the A-J1 reservoir. On 4 June 2015 Crown Energy was able to announce that the A-J1 reservoir had been upgraded from 8 million barrels of Prospective Resources to 37 million barrels of Contingent Resources (2C).

Issue outcome

From 29 May until 15 June 2015, the Company carried through a third share issue with preferential rights for existing shareholders, or the repair issue. Payment of the issue proceeds and registration of the issue took place after the end of the reporting period.

Events after the end of the reporting period

Registration of preferential rights issue

The proceeds of the preferential rights (repair) issue were paid on 1 July 2015 and the new shares were registered on 8 July 2015. The number of Crown Energy shares increased by 1,475,229 through the preferential rights issue, and the share capital increased by SEK 43 thousand. After the issue, the total number of Crown Energy shares totalled 55,547,373, and the share capital amounted to SEK 1,633 thousand. The issue raised SEK 4,913 thousand in cash for the Company.

Organisational changes

On 3 July 2015 Andreas Forssell took over as the new CEO of Crown Energy after Ulrik Jansson left his CEO position and his membership on the board. After the change in CEO, management also appointed Jenny Björk as the Company's new CFO.

Outlook

Operations

Crown Energy is well positioned with a balanced portfolio of exciting projects that have great potential for development. We still see many opportunities for further improvements and we will do everything we can to take advantage of them. In light of an oil price that has changed significantly over the last 12 months, we must leave no stone unturned and retest our strategies.

Financing and going concern

We are well equipped with assets located in geologically attractive areas with more reasonable development costs than many other projects around the world. Along with a strengthened balance sheet that is due to the offset of a good deal of the convertible loans, this gives us reason to believe in our assets and that we will be able to capitalise on them even in the current oil price environment.

Since the Group has not generated any revenue or profits, financing has historically been done by issuing new shares and convertible loans. This may also be necessary in the future. However, the Company just conducted a number of issues that

led to a considerably stronger capital base, cost savings, and cash replenishment.

However, in light of the maturity of the remaining outstanding convertible loans during second quarter next year and other outstanding investment commitments, the Company will have to raise additional financing within a six to twelve months period. This may be done by way of new share issues, directed or with preferential rights, by farm-out activities where a partner funds work commitments and inserts cash into Crown Energy, or by other offers to existing loan- and shareholders, or a combination of the above.

The interim report was prepared assuming a going concern in view of the Company's existing operations, and investment activities planned for the next 12 months, existing cash and cash equivalents, and possible above-mentioned capital raising.

Risks and uncertainty factors

A detailed description of the Company's risks can be found in Crown Energy's 2014 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.

Operational risks for Crown Energy are mainly linked to exploration licences. There are several risks associated with licence agreements, that is, agreements and permits that are prepared together with local authorities. Among other things, permits may be subject to restrictions and/or withdrawn, or they may be subject to interpretation and disputes. By maintaining a continuous, effective dialogue with local authorities, Crown Energy believes it has good control over any changes to or new requirements for its licences.

The main risks related to the market and industry are considered to be those related to political, social, and economic issues in each country and/or region. 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 operations as regards permits and partnerships. The countries in which Crown Energy 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 Company's licence in Iraq. Another industry-related risk is the risk that the exploration work never leads to development and production and that the estimated volumes do not correspond with reality. To reduce the risk of misjudging a licence's potential, Crown Energy hires competent persons with good geological backgrounds and always follows established procedures and models for estimating reserves and resources.

In terms of financial risks, Crown Energy estimates that the greatest risk is the fact that oil and gas exploration is a capital intensive business and that capital may have to be raised under less than favourable market conditions. Depending on operational developments in general, the Company may need additional capital to acquire assets, to further develop the assets under favourable conditions, or to continue its operating activities. If Crown Energy is unable to obtain sufficient financing, the scope of activities may be limited, which ultimately may

mean that the Company can no longer execute its long-term exploration plan. Historically, financing has been primarily through new share issues. Besides the existing convertible loans, the Company's short-term financing plan thus far has been based on loans from the Parent Company's owner. Crown Energy works continuously with its capital raising and refinancing.

The market

The industry's business environment remains challenging, and we now see the beginnings of consolidation within the industry. Large-scale examples of this are the acquisition of BG by Shell and the merger of Halliburton with Baker-Hughes in the service sector. We see this trend towards acquisitions and mergers moving its way along from the major oil companies down to the smaller players. The end result of all this activity will be reduced operating costs, which will have a significant and positive effect on the financial aspects of exploration, development, and production.

Parent Company

The Parent Company did not generate any sales in Q2 2015. The YTD revenue of SEK 806 thousand was related to invoicing of subsidiaries in Q1.

The Parent Company's earnings before tax for Q2 totalled SEK -1,891 thousand (-4,063).

Cash and cash equivalents at 30 June 2015 totalled SEK 898 thousand compared with SEK 34,485 thousand at 31 December 2014. The large change is attributable to the acquisition of Simbo Petroleum No.2 Ltd.

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 143,579 thousand compared with SEK 66,982 thousand at 31 December 2014. The change was mostly due to the period's offset issues. For details, see the description of consolidated equity.

The Company's convertible loans were reduced as a result of the Company's buy-back and amounted at 30 June 2015 to SEK -9,728 thousand. During Q2, the convertible loan was re-classified from long term to short term debt. See Note 8, *Convertible loans*, for more information.

Reporting dates

- Interim Report, Q3 (January-September 2015) 13 November 2015

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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 Markets news service, at www.ngnews.se.

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Condensed consolidated income statement

All amounts in SEK thousand	Note	2015-04-01	2014-04-01	2015-01-01	2014-01-01	2014-01-01
		2015-06-30	2014-06-30	2015-06-30	2014-06-30	2014-12-31
Revenue		–	–	–	–	–
Other operating income		–	–	–	–	–
Other external costs		-1,387	-1,147	-2,009	-1,902	-4,448
Employee benefit expenses		-1,120	-1,155	-2,266	-2,672	-4,863
Depreciation/amortisation and impairment of property, plant, and equipment and intangible assets		-8	-8	-16	-16	-33
Other operating expenses		-2	-59	-17	-71	-104
Operating profit/loss		-2,517	-2,369	-4,308	-4,661	-9,448
Financial income		–	755	1,898	838	3,176
Financial expenses		-4,082	-3,264	-7,016	-7,073	-15,587
Earnings before tax		-6,599	-4,878	-9,426	-10,896	-21,859
Income tax	9	–	790	–	790	744
Net profit/loss for the period		-6,599	-4,088	-9,426	-10,106	-21,115
Earnings per share and share related data						
Average number of basic shares, thousand	3	40,405	27,823	34,345	27,834	27,969
Average number of diluted shares, thousand	3	40,405	27,823	34,345	27,834	27,969
Basic earnings per share, SEK	3	-0.16	-0.15	-0.27	-0.36	-0.75
Diluted earnings per share, SEK	3	-0.16	-0.15	-0.27	-0.36	-0.75

Condensed consolidated statement of comprehensive income

All amounts in SEK thousand	2015-04-01	2014-04-01	2015-01-01	2013-01-01	2014-01-01
	2015-06-30	2014-06-30	2015-06-30	2014-06-30	2014-12-31
Net profit/loss for the period	-6,599	-4,088	-9,426	-10,106	-21,115
Other comprehensive income					
Translation differences	-2,096	1,195	2,162	1,187	6,683
Total items that will be reclassified to profit or loss:	-2,096	1,195	2,162	1,187	6,683
Other comprehensive income, net of tax	-2,096	1,195	2,162	1,187	6,683
Total comprehensive income for the period	-8,695	-2,893	-7,264	-8,919	-14,432
Total comprehensive income attributable to:					
Parent Company shareholders	-8,695	-2,893	-7,264	-8,919	-14,432
Comprehensive income for the period	-8,695	-2,893	-7,264	-8,919	-14,432

Condensed consolidated balance sheet

ASSETS

All amounts in SEK thousand	Note	2015-06-30	2014-06-30	2014-12-31
ASSETS				
Non-current assets				
Intangible assets	4, 11, 12	172,024	96,715	107,459
Property, plant, and equipment	11	83	115	99
Total non-current assets		172,107	96,830	107,558
Current assets				
Other receivables	7	1,708	6,810	6,899
Cash and cash equivalents	5	1,056	38,615	34,626
Total current assets		2,764	45,425	41,525
TOTAL ASSETS		174,871	142,255	149,083

EQUITY AND LIABILITIES

All amounts in SEK thousand	Note	2015-06-30	2014-06-30	2014-12-31
EQUITY				
Capital and reserves attributable to Parent Company shareholders				
Share capital		1,589	819	827
Non-registered share capital		–	8	3
Other contributed capital		178,573	97,297	98,114
Reserves		8,575	917	6,413
Accumulated earnings		-48,267	-27,152	-27,152
Net profit/loss for the period		-9,426	-10,106	-21,115
Total equity		131,044	61,783	57,090
LIABILITIES				
Non-current liabilities				
Loans from related parties	1, 8	6,704	4,704	6,104
Convertible loans	7, 8	–	52,282	55,964
Deferred tax liabilities	9	14,301	11,700	13,560
Other provisions	6, 7	9,123	8,917	8,893
Total non-current liabilities		30,128	77,603	84,521
Current liabilities				
Convertible loans	7, 8	9,728		
Other current liabilities	7	3,971	2,869	7,472
Total current liabilities		13,699	2,869	7,472
TOTAL EQUITY AND LIABILITIES		174,871	142,255	149,083
Pledged assets and contingent liabilities		50	34,385	34,385

Condensed consolidated statement of changes in equity

All amounts in SEK thousand	2015-06-30	2014-06-30	2014-12-31
Opening equity	57,090	68,843	68,843
Net profit/loss for the period	-9,426	-10,106	-21,115
Other comprehensive income, net of tax	2,162	1,187	6,683
Comprehensive income for the period	-7,264	-8,919	-14,432
Convertible loan KV1 2014/2016, net ¹	-	-539	-556
Conversions, KV1 2013/2016	-	2,398	2,398
Conversions, KV2 2014/2016	-	-	837
Option component, KV1 2013/2016 ²	3,219	-	-
Offset issues	79,432	-	-
Issue expenses ³	-1,433	-	-
Closing equity	131,044	61,783	57,090
Attributable to:			
Parent company shareholders	131,044	61,783	57,090
Total equity	131,044	61,783	57,090

¹See the 2014 Annual Report for gross accounting.

²Accounting effect resulting from Crown Energy's takeover of Block 2B in South Africa. The takeover released the portion of the convertible loan that was in third-party custody, resulting in equity effects. See Note 8, Convertible loans, for more information.

³Deferred tax on issue expenses were not accounted for.

Condensed consolidated statement of cash flows

All amounts in SEK thousand	Note	2015-04-01	2014-04-01	2015-01-01	2014-01-01	2014-01-01
		2015-06-30	2014-06-30	2015-06-30	2014-06-30	2014-12-31
Cash flow from operating activities		-4,143	-5,331	-5,956	-7,019	-11,151
Cash flow from investing activities	10	-3,816	-899	-25,537	-2,752	-3,830
Cash flow from financing activities	10	-2,861	9,665	-2,061	11,665	12,987
Cash flow for the period		-10,820	3,435	-33,554	32,165	-1,994
Cash and cash equivalents at start of period		11,877	35,040	34,626	36,584	36,584
Cash flow for the period		-10,820	3,435	-33,554	1,894	-1,994
Exchange gains/losses on cash and cash equivalents		-1	140	-16	137	36
Cash and cash equivalents at end of period	5	1,056	38,615	1,056	38,615	34,626

Consolidated key ratios

See page 24 for definitions of key ratios.

Quarterly summary – Group

All amounts in SEK thousand unless otherwise stated	Note	2015-04-01	2015-01-01	2014-10-01	2014-07-01	2014-04-01	2014-01-01	2013-10-01	2013-07-01	2013-04-01
		2015-06-30	2015-03-31	2014-12-31	2014-09-30	2014-06-30	2014-03-31	2013-12-31	2013-09-30	2013-06-30
		Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Profit/loss										
Other operating income		–	–	–	–	–	–	–	8	–
Operating profit/loss		-2,517	-1,791	-3,370	-1,417	-2,369	-2,292	-2,684	-1,769	-2,671
Net income for the period, after tax		-6,599	-2,827	-6,489	-4,520	-4,088	-5,473	-5,808	-5,498	-865
Earnings yield										
Return on equity, %		neg	neg	neg	neg	neg	neg	neg	neg	neg
Return on capital employed, %		neg	neg	neg	neg	neg	neg	neg	neg	neg
Financial position										
Equity/assets ratio, %		74.9%	31.2%	38.3%	41.3%	43.4%	47.0%	51.2%	48.9%	51.8%
Net debt/equity ratio, times		0.07	1.01	0.37	0.31	0.22	0.03	-0.03	-0.15	-0.25
Net asset value per share, SEK		2.42	2.07	2.03	2.12	2.22	2.30	2.49	2.10	2.37
Total assets		174,871	187,813	149,083	144,655	142,255	134,746	134,426	110,395	117,737
Equity		131,044	58,521	57,090	59,795	61,783	63,362	68,843	53,996	61,002
Cash flow from investments		-3,816	-21,721	-515	-563	-899	-1,853	-1,324	-617	-368
Ratios per share										
Dividend per share, SEK		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Number of basic shares outstanding, thousand	3	54,072	28,243	28,143	28,143	27,845	27,598	27,598	25,755	25,755
Number of diluted shares outstanding, thousand		54,072	28,243	28,143	28,143	27,845	27,598	27,598	25,755	25,755
Average number of shares, thousand	3	40,405	28,218	28,143	28,062	27,823	27,823	26,396	25,755	25,755
Average number of diluted shares, thousand	3	40,405	28,218	28,143	28,062	27,823	27,823	26,396	25,755	25,755
Basic earnings per share, SEK	3	-0.16	-0.10	-0.23	-0.16	-0.15	-0.20	-0.22	-0.21	-0.03
Diluted earnings per share, SEK	3	-0.16	-0.10	-0.23	-0.16	-0.15	-0.20	-0.22	-0.21	-0.03
Equity per share, SEK		2.42	2.07	2.03	2.12	2.22	2.30	2.49	2.10	2.37
Cash flow from operating activities per share, SEK		-0.08	-0.06	-0.08	0.00	0.00	0.00	-0.21	-0.19	0.01
Employees										
Average number of employees		3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0

Six-month and full-year summary – Group

		2015-01-01 2015-06-30	2014-01-01 2014-06-30	2013-01-01 2013-06-30	2014-01-01 2014-12-31	2013-01-01 2013-12-31	2013-01-01 2013-12-31
All amounts in SEK thousand unless otherwise stated	Note	Q 1-2	Q 1-2	Q 1-2	Full year	Full year	Full year
Profit/loss							
Other operating income		–	–	–	–	–	–
Operating profit/loss		-4,308	-4,661	-4,818	-9,448	-9,271	-9,300
Net income for the period, after tax		-9,426	-10,106	-14,399	-21,115	-14,399	-9,710
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, %		74.9%	43.4%	51.8%	38.3%	51.3%	71.9%
Net debt/equity ratio, times		0.07	0.22	-0.25	0.37	-0.02	n/a
Net asset value per share, SEK		2.42	2.22	2.37	2.07	2.49	2.15
Total assets		174,871	142,255	117,737	149,083	134,211	77,133
Equity		131,044	61,783	61,002	57,090	68,843	55,434
Cash flow from investments		-25,537	-2,752	-1,685	-3,830	-2,664	-11,791
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	54,072	27,845	25,755	28,143	27,598	25,755
Number of diluted shares outstanding, thousand		54,072	27,845	25,755	28,143	27,598	25,755
Average number of shares, thousand	3	34,345	27,834	21,930	27,969	25,917	20,929
Average number of diluted shares, thousand	3	34,345	27,834	21,930	27,969	25,917	20,929
Basic earnings per share, SEK	3	-0.27	-0.36	-0.66	-0.75	-0.56	-0.46
Diluted earnings per share, SEK	3	-0.27	-0.36	-0.66	-0.75	-0.56	-0.46
Equity per share, SEK		2.42	2.22	2.37	2.03	2.49	2.15
Cash flow from operating activities per share, SEK		-0.21	-0.21	0.07	-0.40	-0.59	-0.37
Employees							
Average number of employees		3.0	3.0	3.0	3.0	3.0	2.0

Parent Company – Condensed income statement

All amounts in SEK thousand	Note	2015-04-01	2014-04-01	2015-01-01	2014-01-01	2014-01-01
		2015-06-30	2014-06-30	2015-06-30	2014-06-30	2014-12-31
Revenue		–	–	806	–	–
Other operating income		15	–	32	–	–
Other external costs		-1,110	-884	-1,570	-1,519	-4,294
Employee benefit expenses		-1,120	-1,155	-2,266	-2,672	-4,863
Depreciation/amortisation and impairment of property, plant, and equipment and intangible assets		-8	-8	-16	-16	-33
Other operating expenses		–	–	–	–	-15
Operating profit/loss		-2,223	-2,047	-3,014	-6,193	-9,205
Interest income and similar items		–	137	252	137	779
Interest income, intercompany		2,992	1,531	4,873	2,987	6,071
Interest expenses and similar items		-2,660	-3,684	-6,732	-6,906	-15,354
Earnings before tax		-1,891	-4,063	-4,621	-7,556	-17,709
Tax	9	–	790	–	790	744
Net profit/loss for the period		-1,891	-3,273	-4,621	-3,976	-16,965

Parent Company – Condensed statement of comprehensive income

All amounts in SEK thousand	Note	2015-04-01	2014-04-01	2015-01-01	2014-01-01	2014-01-01
		2015-06-30	2014-06-30	2015-06-30	2014-06-30	2014-12-31
Net profit/loss for the period		-1,891	-3,273	-4,621	-3,976	-16,965
Other comprehensive income						
<i>Total items that will be reclassified to profit or loss</i>		–	–	–	–	–
Other comprehensive income, net of tax		–	–	–	–	–
Total comprehensive income		-1,891	-3,273	-4,621	-3,976	-16,965

Parent Company – Condensed balance sheet

ASSETS

All amounts in SEK thousand	Note	2015-06-30	2014-06-30	2014-12-31
ASSETS				
Non-current assets				
Participations in Group companies		19,704	19,704	19,704
Property, plant, and equipment		83	115	99
Receivables from Group companies		21,244	21,244	21,244
Total non-current assets		41,031	41,063	41,047
Current assets				
Receivables from Group companies		118,539	55,068	60,230
Current receivables	7	1,292	1,035	601
Cash and bank balances	5	898	38,018	34,485
Total current assets		120,729	94,121	95,316
TOTAL ASSETS		161,760	135,184	136,363

EQUITY AND LIABILITIES

All amounts in SEK thousand	Note	2015-06-30	2014-06-30	2014-12-31
EQUITY				
Equity				
Restricted equity				
Share capital		1,589	819	827
Non-registered share capital		–	8	3
Total restricted equity		1,589	827	830
Non-restricted equity				
Share premium reserve		174,573	93,297	94,114
Accumulated earnings		-27,962	-10,997	-10,997
Net profit/loss for the year		-4,621	-7,199	-16,965
Total non-restricted equity		141,990	75,101	66,152
Total equity		143,579	75,928	66,982
Non-current liabilities				
Convertible loan	7, 8	–	52,282	55,964
Loans from related parties	1, 7	6,704	4,704	6,104
Total non-current liabilities		6,704	56,986	62,068
Current liabilities				
Convertible loan	7, 8	9,728		
Other current liabilities	7	1,749	2,270	7,313
Total current liabilities		11,477	2,270	7,313
TOTAL EQUITY AND LIABILITIES		161,760	135,184	136,363
Pledged assets		50	34,385	34,385
Contingent liabilities		None	None	None

Parent Company – Condensed statement of changes in equity

All amounts in SEK thousand	2015-06-30	2014-06-30	2014-12-31
Opening equity	66,982	81,268	81,268
Net profit/loss for the period	-4,621	-7,199	-16,965
Comprehensive income for the period	–	–	–
Comprehensive income for the period	-4,621	-7,199	-16,965
Convertible loan KV1 2014/2016, net ¹	–	-539	-556
Conversions, KV1 2013/2016	–	2,398	2,398
Conversions, KV1 2014/2016	–	–	837
Option component, KV2 2013/2016 ²	3,219	–	–
Offset issues	79,432	–	–
Issue expenses ³	-1,433	–	–
Closing equity	143,579	75,928	66,982

¹See the 2014 Annual Report for gross accounting.

²Accounting effect resulting from Crown Energy's takeover of Block 2B in South Africa. The takeover released the portion of the convertible loan that was in third-party custody, resulting in equity effects. See Note 8, Convertible loans, for more information.

³Deferred tax on issue expenses were 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 focuses on Equatorial Guinea (Block P), South Africa (Block 2B), Madagascar (3108 Manja), and Salah ad-Din 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 street address of the main office is Norrlandsgatan 18, 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 2014 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 2014 financial year and as described in the 2014 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 2014 Annual Report.

Seasonal fluctuations

It is assessed that there are no material seasonal fluctuations in the exploration industry, nor for Crown Energy as an individual company.

Note 1 Transactions with related parties

Purchases and sales within the Group

Of the Parent Company's revenue, YTD, 100 (0) per cent consists of re-invoicing 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 2015.

Loans from related parties

The Parent Company holds an interest-free loan from the largest shareholder, Ulrik Jansson (privately and via companies) totalling SEK 6,704 thousand at 30 June 2015. The loan has increased by SEK 600 thousand (net of repayments) since year-end 2014.

Purchase of services

One person in management, Peter Mikkelsen, works in his respective management position under a consultancy agreement. Technical services are also purchased from Nick Johnson, who joined the Board in May 2015. Their services are purchased on normal commercial terms and they invoice regularly for work performed. Peter Mikkelsen invoiced for about GBP 5 thousand and Nick Johnson for GBP 3 thousand

for the period. Crown Energy also purchases technical consulting services from Simco Petroleum Ltd (Simco). Alan Simonian, Crown Energy's Chairman of the Board, owns 33 per cent of Simco and also sits on Simco's board. Services from Simco are purchased on normal commercial terms. Services amounting to about USD 50 thousand were purchased during the period.

Note 2 Ownership structure

The number of shares registered in Crown Energy's share register as of publication of this report is 55,547,373 with a quotient value of SEK 0.03 per share.

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

The five major shareholders at 30 June 2015 and known changes thereafter:

Shareholders	Number of shares	Percentage of shares
Ulrik Jansson, privately and via companies	24,240,976	43.6%
Comtrack Ventures Ltd	7,933,156	14.3%
Alan Simonian	3,429,521	6.2%
Bertil Lindkvist	2,060,613	3.7%
Avanza Pension	1,547,524	2.8%
Other shareholders	16,335,583	29.4%
Total number of shares	55,547,373	100.0%

Note that the number of shares above differs from the number of shares outstanding specified in the key ratios. The key ratios are calculated using the number of shares registered with the Swedish Companies Registration Office as at 30 June 2015. The above table takes into account the preferential rights issue that was registered with the Swedish Companies Registration Office as at 8 July.

Note 3 Earnings per share and number of shares

Crown Energy previously issued 364,954 warrants that could be converted into an equivalent number of ordinary shares. The issue price is SEK 27.50/share. Apart from this, Crown Energy issued 1,221,101 convertibles 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 recognised 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 are related to the acquisition of Amicoh Resources Ltd (which was done in USD) and the fact that these assets are translated at the closing rate. The translation difference that arises is recognised directly in the currency translation reserve in other comprehensive income.

Crown Energy took over Simbo Petroleum No.2 Ltd's shares in Q1 2015. Since this acquisition is classified as an asset acquisition, a total of SEK 55,487 thousand was recognised during January-June 2015 as an increase through acquisition of assets. See Note 12, *Acquisition of Simbo Petroleum No.2 Ltd*, for more information on the transaction.

Group (SEK thousand)	2015-04-01 2015-06-30	2014-04-01 2014-06-30	2015-01-01 2015-06-30	2014-01-01 2014-06-30	2014-01-01 2014-12-31
Opening carrying amount	174,917	93,718	107,459	91,879	91,879
Capital expenditures for the period	1,464	899	5,400	2,752	3,830
Increase through acquisition of assets	44	–	55,487	–	–
Translation differences	-4,401	2,098	3,678	2,084	11,750
Closing accumulated cost of acquisition	172,024	96,715	172,024	96,715	107,459

Note 5 Cash and cash equivalents

In the comparative period for 2014, cash and cash equivalents included SEK 34,335 thousand for payment of shares in Simbo Petroleum No.2 Ltd. As the shares were taken over in Q1 2015, the liquid assets, and thereby the frozen assets, decreased by the corresponding amount during this period.

Note 6 Provisions

Following is a summary of the Group's provisions:

Group (SEK thousand)	2015-06-30	2014-06-30	2014-12-31
Acquisition of Amicoh Resources Ltd			
Additional consideration, commercial discovery	2,919	2,683	2,688
Additional consideration, warrants	0	30	1
Acquisition of Crown Energy Iraq			
Provision for buy-back option	6,204	6,204	6,204
Closing balance	9,123	8,917	8,893

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 discovery on Madagascar. The portion paid at discovery of a commercial discovery is recognised as a provision at a value of SEK 2,919 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 2015 were determined in accordance with an established option pricing model (Black & Scholes).

For more information on provisions, see the 2014 Annual Report. No changes have occurred in Crown Energy's assessments of provisions since 31 December 2014.

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 buy back 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. The provision is therefore recognised at historical cost. No changes have occurred in Crown Energy's assessments of provisions since 31 December 2014.

Note 7 Accounting of financial instruments

Recognised 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 2015, was estimated at SEK 6,385 thousand, which is based on an interest rate of 5 per cent if the loan had been subscribed to at market conditions.

The nominal value of the convertible loans at 30 June 2015 amounted to SEK 12,211 thousand. These convertible loans are recognised at amortised cost using the effective interest method. This means that the cash flows were discounted at a lending rate of about 20 per cent. The convertible loans were traded at 30 June 2015 on NGM Equity at 92.5 per cent of the nominal value, corresponding to a fair value of SEK 11,295 thousand (including conversion option) and an annual rate of about 10.8 per cent.

As mentioned in Note 6, *Provisions*, the provision for the Crown Energy Iraq buy-back option was recognised 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 13 for financial instruments, disclosures about fair value measurement must be made by level. The following table shows the financial items recognised at fair value via the income statement, divided into the three levels:

Group, SEK thousand

2015-06-30	Level 1	Level 2	Level 3	Total
Total assets	-	-	-	-
Liabilities				
Financial liabilities measured at fair value via income statement:				
- Provision for additional consideration, commercial deposit	-	-	2,919	2,919
Total liabilities	-	-	2,919	2,919

Provisions were recognised 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 2014. The period's total net effect due to revaluation to fair value was SEK 1 thousand (-26) and was recognised in the income statement as (unrealised) financial income or expense.

Note 8 Convertible loans

Up until May 2015, the Company held two convertible loan series: KV1 2013/2016 and KV2 2014/2016. On 13 April 2015, the Board proposed, as part of a major refinancing package, that Crown Energy offer to buy back outstanding convertibles for SEK 10 per convertible (corresponding to the convertible's nominal amount). Convertibles valued at SEK 66,432 thousand were bought back between 13 and 23 April 2015, corresponding to about 85 per cent of the previous convertible debt. After approval of the issue at the AGM on 13 May 2015, 2,924,830 new shares were issued as a result of the buy-back. The Company's share capital increased by about SEK 645 thousand after the new shares were issued.

The convertibles of holders who chose not to sell their convertibles as offered will remain under the original terms of the convertible and they will continue to be traded on NGM Equity as before. The nominal amount of these convertibles totalled SEK 12,211 thousand after the buy-back. Interest amounting to SEK 1,228 thousand was paid out as planned on 4 May 2015 to those who retained their convertibles.

Convertible series KV2 2014/2016 was bought back in its entirety. Terms and accounting policies for the remaining convertible series (KV1 2013/2016) are described in the 2014 Annual Report. KV1 2013/2016 is traded on NGM Equity.

Carrying amount

Classification of the convertible loans is as follows below. Repayment of the remaining convertible loans is due in April 2016, why the loan is re-classified from long-term to short-term during Q2 2015.

Long-term borrowing			
Group and Parent Company (SEK thousand)	2015-06-30	2014-06-30	2014-12-31
Convertible loans:			
KV1 2013/2016	-	36,288	39,663
KV2 2014/2016	-	15,994	16,301
	-	52,282	55,964
Short-term borrowing			
Group and Parent Company (SEK thousand)	2015-06-30	2014-06-30	2014-12-31
Convertible loans:			
KV1 2013/2016	9,728	-	-
KV2 2014/2016	-	-	-
	9,728	-	-

Changes for the period:

At 1 January 2015	61,207
Takeover of licence, increase in liability for convertibles in custody of third party	12,875
Equity component of the above	-3,219
Buy-back, nominal value	-66,432
Interest expense, Jan-Jun 2015	6,729
Interest paid	-1,228
Liability component at 30 June 2015	9,932
Liability consists of the following components:	
Convertible loan	9,728
Accrued interest	204
Liability component at 30 June 2015	9,932

As mentioned earlier in this interim report, the Block 2B South African asset was taken over in the first half of 2015. The effect of this was that the convertibles being held in the custody of a third party, amounting to SEK 12,875 thousand, were delivered to the seller and the liability was recognised in the Company's accounting. A portion of the convertible loans, SEK 3,219 thousand, was recognised as an option component of equity due to accounting rules for convertible loans.

See Note 7, *Accounting of financial instruments*, for a description of fair value calculation. The fair value corresponds to the rate that the convertible loan traded at on NGM Equity at 30 June 2015, including the conversion option. Note that the recognised liability in the balance sheet does not include the conversion option:

Group and Parent Company (SEK thousand)	Carrying amount (excl. conversion option)	Nominal value (incl. conversion option)	Fair value (incl. conversion option)
Convertible loans	9,728	12,211	11,295
	9,728	12,211	11,295

The accrued interest payable attributable to the convertible loans was recognised as a current liability and amounted to SEK 204 thousand at 30 June 2015. The fair value of the short-term interest payable corresponds to its carrying amount, as the impact of discounting is not significant.

Net financial expenses in the income statement for January-June 2015 amounted to SEK -6,729 thousand (-6,905) as a result of the convertible loan.

Note 9 Deferred tax

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

Crown Energy has an unused tax loss and historically has not capitalised a deferred tax asset relating to it as a precaution and in view of uncertainty in the Company's ability to generate future taxable profits. 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 recognised at the same amount as the deferred tax liability. The deferred tax liability and tax asset were offset in the balance sheet. There was no further capitalisation of the tax loss in Q2 2015, so no deferred tax was recognised in the income statement.

Note 10 Cash flow

Financing activities

Following is a breakdown of cash flow attributable to financing activities. For gross accounting of the convertible and non-cash issues in 2014, see the 2014 Annual Report.

Financing activities, SEK thousand	2015-04-01	2014-04-01	2015-01-01	2014-01-01	2014-01-01
	2015-06-30	2014-06-30	2015-06-30	2014-06-30	2014-12-31
Issue expenses, offset issues	-1,433		-1,433	-	-
Convertible issue 2014	-	16,023	-	16,024	15,946
<i>Of which:</i>					
<i>Convertible loan issued</i>	-	16,984	-	16,985	16,985
<i>Total transaction expenses attributable to convertible issue</i>	-	-961	-	-961	-1,039
Interest payment on convertible loan	-1,228	-6,208	-1,228	-6,209	-6,209
Borrowings from related parties	-	-	800	1,850	3,250
Repayment of loans from related parties	-200	-150	-200	-	-
Total cash flow from financing activities	-2,861	9,665	-2,061	11,665	12,987

Investing activities

	2015-04-01 2015-06-30	2014-04-01 2014-06-30	2015-01-01 2015-06-30	2014-01-01 2014-06-30	2014-01-01 2014-12-31
Investing activities, SEK thousand					
Acquisition of subsidiaries	–	–	7	–	–
<i>Cash and cash equivalents in Simbo Petroleum No.2 Ltd</i>	–	–	7	–	–
Investments in intangible assets	-3,816	-899	-25,544	-2,752	-3,830
<i>Increase in intangible assets through acquisition of subsidiary (see Note 12)</i>	-3,532	–	-24,947	–	–
<i>Investments in intangible assets</i>	-284	-899	-597	-2,752	-3,830
Total cash flow from investing activities	-3,816	-899	-25,537	-2,752	-3,830

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, SEK thousand	Property, plant, and equipment			Intangible assets			Total non-current assets		
	2015-06-30	2014-06-30	2014-12-31	2015-06-30	2014-06-30	2014-12-31	2015-06-30	2014-06-30	2014-12-31
Geographic areas									
Sweden	82	115	99	–	–	–	82	115	99
Equatorial Guinea	–	–	–	4,779	4,722	4,752	4,779	4,722	4,752
Madagascar	–	–	–	77,269	61,185	71,600	77,269	61,185	71,600
Iraq	–	–	–	31,122	30,808	31,107	31,122	30,808	31,107
South Africa	–	–	–	58,854	–	–	58,854	–	–
Total	82	115	99	172,024	96,715	107,459	172,106	96,830	107,558

Note 12 Acquisition of Simbo Petroleum No.2 Ltd

Background

Crown Energy Ventures Corporation, a Crown Energy AB subsidiary, entered into an agreement in August 2011 to acquire 75 per cent of the Block 2B licence in South Africa through the acquisition of Thombo Petroleum Ltd. However, the structure of the transaction was changed, and the sellers and the Company instead agreed in February 2013 that the Company would acquire a 40.5 per cent stake in the licence. This part of the licence was transferred by the sellers to a newly established English company, Simbo Petroleum No.2 Ltd (Simbo No.2), which Crown Energy would acquire in its entirety. The share transfer agreement between Crown Energy and the sellers of Simbo No.2 in South Africa was completed in July 2013. The consideration for the stake in the licence totalled SEK 48,757 thousand, whereof a cash consideration of SEK 35,882 thousand and convertibles amounting to a nominal value of SEK 12,875 thousand. Completion of the acquisition required the approval of the South African authorities, which was received on 27 January 2014. This approval meant that Crown Energy was legally entitled to Simbo No.2's shares and thus the Block 2B licence.

Consideration

To finance the acquisition, Crown Energy issued a convertible loan (KV1 2013/2016), which is traded on NGM Equity. The consideration was paid partly with cash and partly with Crown Energy AB convertibles. The cash and convertibles were held in escrow by a third party until the South African authorities approved the change of ownership. Following is a breakdown of the consideration paid:

Consideration paid for Simbo No.2, SEK thousand	2015
Payment in cash as per transfer agreement (escrow account)	35,882
Payment in convertibles as per transfer agreement (escrow account)	12,875
Disbursement from escrow in 2014 for cash calls	-1,548
Adjustment to consideration at takeover	-12,680
Total consideration paid for Simbo No.2	34,529

A disbursement of SEK 1,548 thousand was made from the escrow account in 2014 to compensate Crown Energy for cash calls paid to the licence operator. Since the disbursement exceeded the cash call payments, the sellers received the difference of SEK 320 thousand in cash. This amount was recognised net in the line item "Adjustment to consideration at takeover". Simbo No.2 also had an external debt on takeover. This debt amounted to SEK 13,000 thousand and was assumed by Crown Energy AB. The debt was subject to offset against shares in Q2 2015; see the description of the directed share issue under *Significant events after the end of the reporting period*. The consideration amount was reduced by the amount of the debt.

The consideration is broken down as follows:

Acquired assets (including surplus value) and assumed liabilities, SEK thousand	2015
Cash and cash equivalents	7
Intangible assets	51,712
Receivables	–
Liabilities	-17,190
Total identified net assets, Simbo No.2	34,529

Accounting in Crown Energy Ventures Corporation

Besides the consideration, directly attributable acquisition costs were also recognised as an acquisition cost in Crown Energy Ventures Corporation. The directly attributable acquisition costs increased by SEK 44 thousand from Q1 2015, driven by additional acquisition costs.

Participations in Group companies, SEK thousand	2015
Cost of acquiring subsidiaries	34,529
Directly attributable acquisition costs	3,775
Total acquisition costs for Simbo No.2 shares	38,304

Accounting in Group

Crown Energy recognised the acquisition of Simbo No.2 as an asset acquisition, since the assessment is that the transaction does not meet the requirements for a business combination. Among other things, this means that no goodwill or deferred tax arises. The value (including surplus value) of the shares and licence was recognised as intangible assets, amounting to SEK 51,712 thousand. Directly attributable acquisition costs of SEK 3,775 thousand were also recognised as an acquisition cost for the acquired licence. As previously mentioned, these have increased by SEK 44 thousand since Q1 2015.

Intangible assets, SEK thousand	2015
Increase through acquisition of subsidiaries:	
Acquired assets (licences)	18,149
Surplus value	33,563
Directly attributable acquisition costs	3,775
Total increase in intangible assets due to the acquisition of Simbo No.2	55,487

Cash flows attributable to acquisition

As mentioned earlier, directly attributable acquisition costs amounted to SEK 3,775 thousand. The majority of these costs were paid in April 2015, so they did not affect Q1 cash flow. The consideration was reduced due to an external debt owed by Simbo No.2 at takeover. This did not affect cash flow, either. A disbursement was made from the escrow account in 2014 to compensate Crown Energy for cash calls paid to the licence operator. Since the disbursement exceeded the cash call payments, the sellers received the difference of SEK 320 thousand in cash. This disbursement was made in April 2015. Following is a breakdown of cash flow attributable to the total outgoing cash flow of SEK 24,947 thousand related to the acquisition:

Group, SEK thousand	2015-04-01	2015-01-01
	2015-06-30	2015-06-30
Cash consideration, subsidiary/licence	–	-35,882
Directly attributable acquisition costs	-3,212	-3,775
Disbursement from escrow in 2014 for cash calls	–	1,548
Repayment to the sellers for cash calls	-320	–
Adjustments for non-cash items:		
Directly attributable acquisition costs (non-cash 2015)	–	482
Adjustment to consideration at takeover (non-cash)	–	12,680
Cash flow attributable to increase in intangible assets through acquisition of subsidiary	-3,532	-24,947

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 subject to review by the Company's auditors.

Stockholm, 14 August 2015

Andreas Forssell
CEO
Board member

Alan Simonian
Chairman of the Board

Andrew Harriman
Board member

Nick Johnson
Board member

About Crown Energy

General

Crown Energy is an international oil and gas company engaged in oil and gas exploration and production in underexplored areas. The portfolio consists of assets in Africa and the Middle East:

- *Iraq* – Onshore exploration licence over an area of 24,000 square kilometres located in northern Iraq south-west of Kurdistan. The license area contains a number of major discoveries as well as vast unexplored areas with high potential.
- *South Africa* - Offshore exploration licence containing a discovery with contingent resources ready for appraisal well drilling. Further prospects within the licence area means that this licence has great potential.
- *Madagascar* – Onshore exploration licence on the western side of the island. After conducting seismic and geological studies, several structures have been identified. Future efforts include drilling, for which Crown Energy is seeking a partner.
- *Equatorial Guinea* – Offshore exploration licence in the Rio Muni Basin. The licence area contains confirmed discoveries that are also surrounded by a number of structures with potential for further discoveries.

Business concept

Through exploration and reprocessing, Crown Energy develops oil and gas projects in underexplored areas, initially in Africa. The Company creates value by finding and developing assets in early stages and then introducing larger oil and gas industry players to the projects for further development and production.

Objectives

Crown Energy's objectives are to become an independent oil and gas player with a significant reserve and resource base and to maintain a balanced portfolio of development and exploration assets.

Strategy

The Company's strategy is based on the overall objective of generating the highest possible return for shareholders with a balanced risk awareness.

- Crown Energy will benefit from its own and other player's experiences in order to carefully select exploration areas where the chance of oil and gas discoveries is high.
- Crown Energy will seek good risk diversification, geographical as well as geological, and pursue farm-out opportunities as exit strategies in order to capitalise as much as possible on its assets.
- Crown Energy intends to run multiple parallel projects in order to diversify.

Vision

Crown Energy's vision is to eventually become a major, profitable player in the international oil market.

Business model

To effectively manage and develop the Company, focus will be concentrated on these factors: asset strategy, costs, experience, and expertise. Assets are selected based on a well-defined selection process that encompasses technical and geographical criteria and that is conducive to a balanced risk profile. Crown Energy has a streamlined organisation in which suitable partners take over continued funding of major operational activities such as drilling and development. The Company has offices in Stockholm and London, and the organisation consists of individuals with extensive experience and expertise in the oil and gas industry.

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.

More information

See the Company's 2014 Annual Report and its website at www.crownenergy.se.

Glossary and definitions

Glossary – Concepts and measurements related to the oil industry

Farm-in

Farm-in means that a company reaches an agreement with another company concerning the financing of part or all of the other company's project in return for a participating interest in the project.

Farm-out

Farm-out means that a company reaches an agreement with a partner that bears the cost of part or all of a project in return for a participating interest in the project.

Mboe /Mmboe

One Thousand Barrels of Oil Equivalents / Million Barrels of Oil Equivalents.

Operatör

A company that has the right to explore for oil in an area and to pursue production when oil is discovered. Small operators often let other companies buy working interests in their rights to reduce the risk and share costs.

Prospektering

Identification and investigation of areas that may contain oil or natural gas reserves.

Resurser och reserver

Oil assets are divided into reserves and resources. The difference is in how far the oil company has come in working with the licence, whether the discoveries are of a commercial nature, etc. In short, resources are considered reserves when they are deemed commercially recoverable and a development plan has been approved by the local licencing authority. Reserves are divided into proven, probable, and possible. Resources are divided into contingent and prospective categories. Crown Energy calculates reserves and resources according to Society of Petroleum Engineers Petroleum Resources Management System of 2007. For a detailed description of resources and reserves, see the 2014 Annual Report.

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.