HALF-YEAR REPORT 2018

Crown Energy

Q2

Crown Energy AB (publ) Half-year Report 2018

The consolidated financial statements of the Crown Energy Group ("Crown Energy", "the Group"), of which Crown Energy AB (publ) with corporate identity number 556804-8598 is the parent company ("the Parent Company"), are hereby presented for the six-month period ended on 30 June 2018.

SEK 39.8 million
Revenue for interim period January-June

SEK 12.4 million
Operating profit January-June

Q2 – APRIL-JUNE 2018

- Revenue amounted to SEK 19,206 thousand (31,305).
- Operating profit amounted to SEK 5,329 thousand (17,131), corresponding to SEK 0.01 per share (0.05).
- Unrealised changes in Property values amounted to SEK -21,912 (20) thousand.
- Profit before tax was SEK 187,749 thousand (-157,448), corresponding to SEK 0.39 per share (-0.44) and profit after tax was SEK 170,241 thousand (-153,767), corresponding to SEK 0.36 per share (-0.43).

H1- JANUARY-JUNE 2018

- Revenue amounted to SEK 39,835 thousand (59,089).
- Operating profit amounted to SEK 12,358 thousand (35,434), corresponding to SEK 0.03 per share (0.10).
- Unrealised changes in Property values amounted to SEK -38,428 (-10,269) thousand.
- Profit before tax was SEK 232,059 thousand (-149,368), corresponding to SEK 0.48 per share (-0.42) and profit after tax was SEK 181,631 thousand (-124,952), corresponding to SEK 0.38 per share (-0.35).

KEY EVENTS DURING THE QUARTER

- The AGM was held on 17 May 2018. The Board and Auditor were re-elected among other formal decisions.
- On 12 June 2018 Crown announced that the company entered into an agreement with ABG Sundal Collier ASA ("ABG") in which ABG will act as market maker for the Crown Energy share with start from 18 June 2018. The purpose is to increase the liquidity and turnover and facilitate the trading in the share.

CONDENSED CONSOLIDATED FINANCIAL INFORMATION

GROUP ALL AMOUNTS IN SEK THOUSANDS	2018-04-01 2018-06-30	2017-04-01 2017-06-30	2018-01-01 2018-06-30	2017-01-01 2017-06-30	2017-01-01 2017-12-31
Operating income	19,206	31,305	39,835	59,089	111,294
Operating expenses	-13,877	-14,174	-27,477	-23,654	-41,962
Operating profit/loss excl. effect from reverse acquisition	5,329	17,131	12,358	35,434	69,332
Earnings effect from reverse acquisition	–	-174,586	–	-174,586	-174,586
Net financial items	204,332	7	258,128	52	2,397
Net profit/loss for the period, after tax	170,241	-153,767	181,631	-124,952	-63,257
Earnings per share	0.36	-0.43	0.38	-0.35	-0.13
Equity per share	1.65	1.49	1.65	1.49	1.62
Change in cash and cash equivalents	-713	34,411	-22,210	34,358	101,821

CEO statement

DEAR SHAREHOLDERS AND INVESTORS,

During the second quarter, our focus has been to maintain our current asset portfolio as well as investing a great deal of time and efforts into new potential business. There has been encouraging work results on our underlying Asset Development segment as well as in our Energy assets which we hope to capitalise on in the near future. Furthermore, we have continued to replace tenants in our buildings where lease agreements have matured. With the improved situation within the oil industry and the energy sector we keep a very positive view on new client acquisition and a substantial growth over time.

Revenues, in local currency, have been relatively stable during the period compared to the first quarter this year. However the results in SEK have continued to be influenced by the devaluation of Angolan currency and the floating Kwanza as from January. These effects have influenced the financials less during the second quarter due to a more stable exchange rate and the strengthening of the USD compared to SEK. Due to other currency conversions and financial effects, we are reporting a profit before tax significantly higher than in previous periods.

Crown Energy reports for the period revenues of SEK 39.8 million (59.1). The rental incomes amounts to SEK 27.1 million (36.6), and our service incomes are SEK 12.5 million (21.8). The profit before tax (EBT) amounts to SEK 232.0 million (25.2 adjusted for the effect of reverse acquisition) and are affected by the substantial fluctuations in currencies during the period which is mainly recorded in financial items. Our comparison figures must be seen in light of ESI Group reverse take-over of last year and therefore the old Crown Energy group costs were not reported during first six months 2017. We have been able to reverse some of the effects from the Kwanza devaluation in January. This is due to the fact that almost half of our existing client contracts are denominated in dollars. The invoices are issued in local currency, but adjusted towards the underlying dollar rate.

Our oil and gas projects have developed well. The oil price has held steadily between 70-80 USD/bbl during the second quarter and on to today. Such price levels can continue to stimulate the appetite in the industry for the type of projects that Crown Energy offers. Investments into the energy industry is assumed to speed up going forward. Oil companies will need to invest in order to replace depleting oil fields that naturally decrease in production. Exploration of new oil field discoveries will likely be included in such investment activities. Exactly when such investment needs will be met is hard to say, but we can conclude the fact that there has been a number of announcements from industry players for taking new oil- and gas fields on stream and in general investing in energy infrastructure.

BUSINESS DECISIONS THAT AFFECTED THE COMPANY’S PERFORMANCE

Since the acquisition of ESI Group in 2017 much work has been invested to implement acquired business into the Crown Energy systems. And more importantly a massive amount of efforts have been invested in order to establish our asset development concept on new markets, mainly through new customer acquisition and sales. That is something that we really look forward to see materialise into a firm business growth for Crown Energy.

OUTLOOK

The Company now continues its progress towards a larger and even more stable foundation to rely on. We will make use of prominent contacts in the oil industry, and future cash flows should guarantee faster development of the Company's existing business. Our capital and organisation are and will continue to be adapted to accommodate an exciting continuation of Crown Energy's development efforts.

We look forward to continuing our efforts to capitalise on our assets, thus creating values for you, our shareholders.

Andreas Forssell,
CEO Crown Energy

About Crown Energy

Crown Energy is an international group providing customised solutions for housing, offices and associated services, as well as oil and gas exploration in Africa and the Middle East. The Company creates value via two business areas: Asset Development and Management and Energy.

In Asset Development and Management business area, the Company offers a one-stop-shop concept for housing, offices and associated services to international companies. Value is created by offering international companies a one-stop-shop concept for residential premises, offices and associated services.

The Energy business area focuses on exploration opportunities with high potential for recoverable reserves. Value is created by developing assets in early stages and then introducing suitable oil and gas industry players to the projects for further development and production

VISION

To be an established player and an obvious partner in the international energy market, both in exploration and in development of customised residential and office solutions and value-added services.

GOALS

Crown Energy's objective is to generate the highest possible return for shareholders with a balanced risk awareness. The Company aims to have an established service business through property concepts in several geographic markets as well as a balanced portfolio of development and exploration assets.

STRATEGY

Crown Energy's strategy is based on the overall objective of generating the highest possible return for shareholders with a balanced risk awareness. This includes:

- To establish service operations in more markets requiring residential and office solutions in the oil and gas industry
- To carefully select exploration areas where the chance of oil and gas discoveries is high
- To exploit synergies between the two business areas and rein- vest some of the cash flow from service operations to further develop the exploration assets
- To offer exploration and production partners tailored residential premises and offices in connection to the assets
- To pursue farm-out opportunities as exit strategies to capitalise as much as possible on its assets
- To create a good risk spread through several parallel projects

3
No. of properties owned

13
No. of properties leased

4
No. of oil projects

SEK 39.8 million
Revenue for interim period January-June

Asset Development and Management Business area

BUSINESS MODEL

Crown Energy delivers customised residential and office solutions to international companies that need to station staff abroad, primarily in Africa. This comprehensive offering of leasing and associated services enables customers to focus on their core business instead of worrying about major capital investments.

In addition to residential and office lease solutions, Crown Energy's business includes related support services such as security, transport and telecommunications. Crown Energy's offering spans the entire chain from needs-based design and construction to leasing, property management and added-value services. The goal is to provide customers with a smooth overall solution that is easy to administer and where tenants feel comfortable and safe.

This offering caters mainly to international companies in the energy sector, primarily in Africa. These companies need external professionals to meet their foreign workers' needs. Consequently, there is great demand for high-quality residential and office solutions, in which housing and property management and related services are offered. Existing customers include some of the world's leading energy companies with high credit ratings.

Crown Energy's offering is provided by both local and international teams. The focus is to always deliver the best quality to achieve a high level of customer satisfaction and generate new business.

MARKET

Angola

The development of the Angolan economy in general and its property market is directly linked to global price trends and demand for oil. In recent years, developments in the international oil market led to a decrease in the foreign capital entering the country, which has partially limited economic activity and office space needs. However, global demand has generally begun to rise again in 2017 and further increases are forecast.

Despite increasing oil prices the Angolan economy suffered in the end of 2017 and start of 2018. Kwanza, the local currency (AOA) has depreciated due to the National Bank of Angola no longer pins its exchange rate to dollar. However, new government has already declared its focus on stabilising the economy and implementing reforms. This devaluation has subsequently influenced property development market in a negative way. Abacus, a leading local real estate management consultant in association with JLL, projects lower rents for office and residential properties, especially in Prime and Medium price segments for 2018. However, the sale prices are expected to be stable for 2018, and vacancy rates are predicted to be lower than in 2017.

16
No. of properties

40,062
Leasable area, m2

63%
Occupancy rate

Nevertheless, international companies, especially large oil companies and oil industry service companies, have begun adapting to the fluctuating oil market. In the wake of increased requirements for more efficient use of resources, companies have begun looking for new and convenient residential and office solutions so that they can concentrate on their core business. This means that activities and business opportunities for landowners and property developers should be increasing.

Crown's current property portfolio is situated in two of Luanda's business districts: Downtown and Talatona. These districts are expected to have the highest growth rates.

PROJECT PORTFOLIO

The portfolio consists of 16 property assets in Angola, Africa. Three of the properties are owned by Crown Energy and the remainder are held through finance leases with landowners. The assets comprise 40,062 square metres of residential and office space. The leases signed consist of both long- and short-term contracts with tenants as well as landowners and are regularly extended. The agreements also include real estate maintenance and value added services such as cleaning, security, catering and more.

C-view, the largest property, is in the Talatona district and was completed in 2017. C-view consists of 13,119 square metres of rentable space, divided between three office buildings and a residential building. The first leases were signed in autumn 2017. Marketing and discussions with additional tenants are pursued regularly. Under the first quarter 2018 the Company has signed two more tenants into the property with annual income rate of around SEK 1,700 thousands. The Company expects this property to be filled up gradually over time as the property is being adjusted to the potential client's needs. Therefore, the Company expects the occupancy rate to increase.

For more information regarding the property portfolio please see page 11 in Annual Report 2017.

PROPERTY VALUES

The Company's properties are primarily held for the purpose of generating rental income and service revenues. As per year-end, the Company externally assessed all properties except for C-view as it was externally valued to market by 30 September 2017. In consultation with local management, the previous valuations have been updated in-house per 30 June 2018. New external valuation will be done in the next two quarters.

Fair value is determined by assessing the market value of each individual property. The main method is based on a calculation of the present value of future payment flows, which involves a computed future operating income assessment over calculation periods for each individual property, taking into account the present value of the estimated market value at the end of the calculation period. In order to properly estimate Net Present Value for each property the Company has assumed market yields to be 12,5 per cent for office assets and 11,0 per cent for residential. Also market WACC ("Weighted Average Cost of Capital") is estimated to be 17,0 per cent. The calculation period is 5 years for owned properties, while for leased properties the period was based on the length of the lease with the landowner.

Adopted rental rates at contract expiration correspond to current market rents. Operating expenses were assessed based on the Company's actual costs.

To comply with the measurement rules of IAS 40 Investment Properties, no service revenues were included in the valuation.

Changes in fair value of investment properties:

GROUP, ALL AMOUNTS IN SEK THOUSANDS	2018-01-01 2018-06-30	2017-01-01 2017-06-30	2017-01-01 2017-12-31
Fair value at start of period	**618,344**	**631,108**	**631,108**
+ Capital expenditures for the period	3,691	6,075	6,075
- Disposals/amortisation for the period	-39	–	–
+/- Unrealised changes in value	-38,428	-12,740	39,255
+/- Exchange rate effects*	50,252	-40,951	-58,095
Fair value at end of period	**633,820**	**583,492**	**618,344**

*Exchange rate effects due to revaluation from US Dollar to Angolan Kwanza and then to Swedish krona.

Energy Business area

DESCRIPTION OPERATIONS

The Company's Energy business segment focuses on energy resources in underexplored areas in Africa and the Middle East. With a strategy of early-stage entry and further development of projects through exploration and resource optimisation, great value can be realised from successful results. When a licence or project is ready for production, Crown Energy intends to realise the potential increase in value by selling the project to a major oil and gas player.

MARKET

During H1 2018 the oil prices has ranged between 60 to 80 USD/bbl, and the industry seems more positive than it has been for a number of years.

The increase in oil prices is mainly due to OPEC as well as non-OPEC producing countries jointly decided to decrease output to support the oil price development and the industry as a whole. The effects from the slow-down of investments over the past years are now starting to show. Political tensions are also keeping the oil price higher.

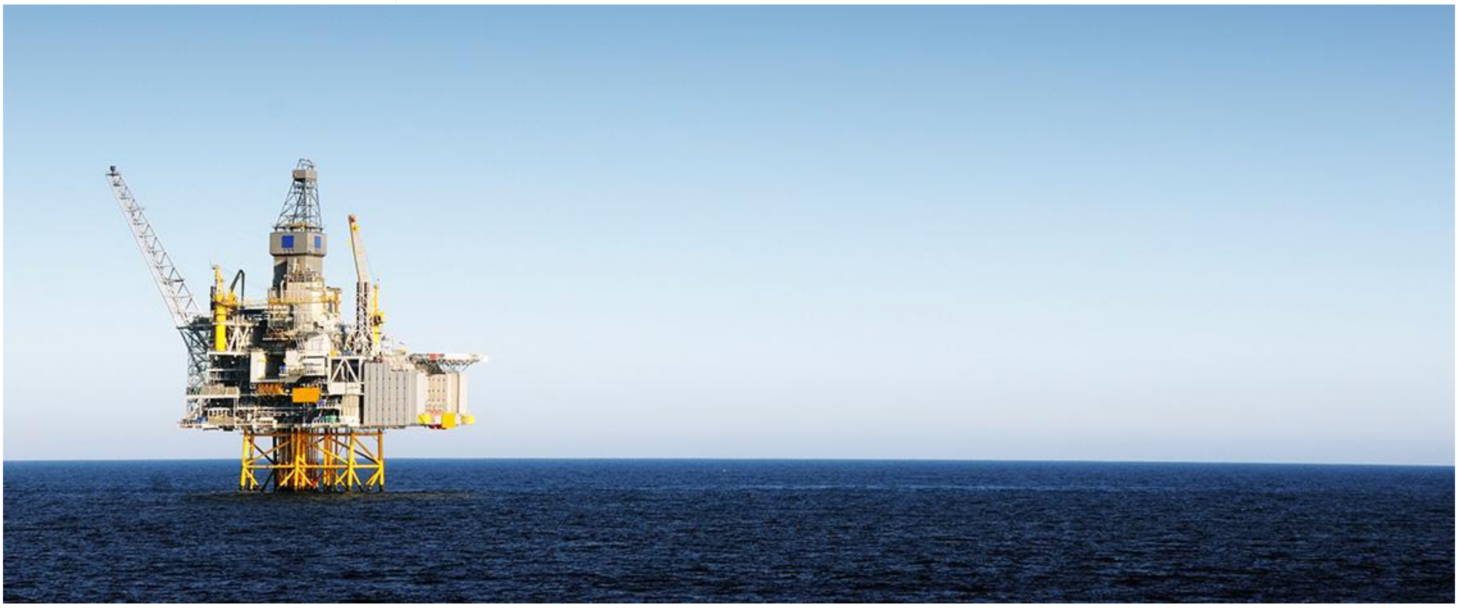
In the second quarter the oil price also stayed on a higher level partly due to the US cancellation of the Iran deal, which will make the export of oil products more difficult for Iran.

The probability remains that oil prices will stay at higher level in the long term as global oil consumption also continues to increase. The relatively small investments, which we have referred to before, in developing new oil wells to replace fields currently in production and the inevitable draining of existing oil fields will also affect prices. Prices above this level will bolster the US shale oil industry's motivation to boost production. At these price level, Crown Energy continues to feel comfortable that the Company's projects are very marketable.

EXPLORATION PROJECTS

At present, the Company holds four exploration licenses, located in South Africa, Equatorial Guinea, Madagascar and Iraq. In Madagascar, the project is in an early exploration phase, while Block 2B in South Africa significant technical exploration work has already been carried out, with a well due to be drilled within the next two years.

The project in Equatorial Guinea is in an evaluation phase and the partnership there is planning for preparations to develop the Venus oil field. The licence in Salah-ad Din in Iraq extends from the exploration to the development phase and may even have areas ready for production. However, large-scale work will be required to appraise the area. Crown Energy is preparing for on the ground operations and is seeking a financial and operational partner for the more substantial activities going forward.



For a detailed description of the assets, see the annual report for the 2017 fiscal year. Following are exploration project status updates for first half-year 2018.

Block 2B – South Africa

Crown Energy and our partner Africa Energy, the operator, have moved into the next phase of the Block 2B Licence which stretches to February 2020. The new exploration rights phase has included as part of the work commitments the drilling of a well which we look forward to. Crown Energy has a 10 percent participating interest in the Licence for which the costs are covered through the farm-out agreement from December 2015.

The joint venture partners are obligated to perform studies and evaluations to determine potential commerciality, as well as economic sensitivity modelling to establish whether the drilling of a well could prove up potentially commercial oil volumes. If it is determined that drilling could prove up potentially commercial oil volumes, the joint venture partners are obligated to drill an exploration well on Block 2B.

Meanwhile, Crown continues to work with Africa Energy in a project with great potential and to developing its position in South Africa for the future.

Block P PDA – Equatorial Guinea

A request has been submitted by the JV lead by our partner Vaalco to the Ministry of Hydrocarbons in Equatorial Guinea for an extension to the Licence, thus allowing the JV time to reassess the development potential of the Venus Field and the exploration potential of its satellite areas.

Few activities has occurred during H1 2018. The Company is still waiting for a formal announcement on the defined plans for 2018 and beyond. Crown Energy has not incurred any costs for the licence during the periods of inactivity.

3108 Manja – Madagascar

In 2017, Crown Energy agreed with OMNIS, the oil and gas authority in Madagascar, to extend the licence for two years, to 14 November 2019. The production commitment is moved forward from the previous period and continues to include a full tensor gravity (FTG) survey of the licence area followed by additional voluntary 2D seismic data.

During half-year 2018, Crown Energy has continued the efforts of securing a partnership for the participation in implementing the work programme. It is our view that in general the larger oil companies still have fairly restricted exploration budgets and this has affected the plans of moving forward with such plans.

Salah ad-Din – Iraq

During the fourth quarter 2017 a significant achievement was reached with the signing of a Restated and Amended PSC including a five year extension of contract rights period, from September 2018 to September 2023.

Crown Energy management have carried on working hard to ensure that commercial and technical reviews and analyses of the Licence area are being optimised for its future development. Stability in the region is an important issue which continues to improve, which is a great thing for the Iraqi people. Developments in the region have been positive and our ongoing relationships with the regional governing administration continue on a positive basis.

It should be noted that the production sharing agreement with Salah ad-Din includes exploration and production areas. The licence covers several existing oil fields and discoveries, but despite these large and obviously commercial discoveries, there was only limited production under the auspices of the federally controlled North Oil Company at the time. However, regulatory approval is required from both the regional (Salah ad-Din) and the federal (Baghdad) authorities for resuming activities, including production in the fields where North Oil Company previously was active and where facilities and installations may be in place. In addition to the oil fields mentioned above, many fields have also been drilled and partially tested. These fields could also be interesting in terms of considering whether they can be put into production. Oil export sales from both existing and new fields will require approval from the federal authorities in Bagdad.

CHANGE IN EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation assets in the balance sheet comprise the acquisition of rights and other exploration expenses. No depreciation is taken during the exploration and expansion phase. All the Group's exploration and evaluation assets are classified as intangible assets.

Revaluation effects relate to translation at the closing day rate of assets in foreign subsidiaries. The revaluation effect that arises is recognised directly in the currency translation reserve in other comprehensive income.

GROUP, ALL AMOUNTS IN SEK THOUSANDS	2018-01-01 2018-06-30	2017-01-01 2017-06-30	2017-01-01 2017-12-31
Opening carrying amount	188,888	–	–
Capital expenditures for the period	2,788	–	8,415
Increase through reverse acquisition	–	183,133	183,133
Exchange rate effects	9 152	–	-2,660
Closing accumulated cost of acquisition	200,828	183,133	188,888

Consolidated statements of comprehensive income

CONDENSED CONSOLIDATED INCOME STATEMENTS

ALL AMOUNTS IN SEK THOUSAND	NOTE	2018-04-01 2018-06-30	2017-04-01 2017-06-30	2018-01-01 2018-06-30	2017-01-01 2017-06-30	2017-01-01 2017-12-31
Revenue						
Rental income		14,163	18,419	27,171	36,551	67,160
Service income		4,897	12,199	12,489	21,783	43,323
Other operating income		146	687	176	755	811
Property-related expenses		-4,893	-11,913	-10,880	-19,461	-21,089
Other external costs		-6,708	-686	-12,030	-875	-13,186
Employee benefit expenses		-2,143	-1,576	-4,326	-3,317	-7,507
Depreciation		-113	–	-158	–	-42
Other operating expenses		-20	–	-83	–	-138
Operating profit before effect of reverse acquisition		**5,329**	**17,131**	**12,358**	**35,434**	**69,332**
Earnings effect from reverse acquisition	6	–	-174,586	–	-174,586	-174,586
Operating profit/loss after effect of reverse acquisition		**5,329**	**-157,455**	**12,358**	**-139,152**	**-105,254**
Financial income		205,877	165	355,147	279	6,482
Financial expenses		-1,545	-158	-97,019	-227	-4,086
Profit/loss before tax and changes in value		**209,661**	**-157,448**	**270,487**	**-139,099**	**-102,857**
Changes in value						
Property, unrealised		-21,912	20	-38,428	-10,269	39,255
Earnings before tax		**187,749**	**-157,428**	**232,059**	**-149,368**	**-63,602**
Income tax		-16	–	-2,156	-5	-6,766
Deferred tax		-17,492	3,661	-48,271	24,421	7,111
Net profit/loss for the period		**170,241**	**-153,767**	**181,631**	**-124,952**	**-63,257**
Earnings per share and share related data						
Average number of basic shares, thousands		477,315	354,285	477,315	353,779	401,297
Average number of diluted shares, thousands		477,315	354,285	477,315	353,779	401,297
Basic earnings per share, SEK		0.36	-0.43	0.38	-0.35	-0.16
Diluted earnings per share, SEK		0.36	-0.43	0.38	-0.35	-0.16

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

ALL AMOUNTS IN SEK THOUSAND	NOTE	2018-04-01 2018-06-30	2017-04-01 2017-06-30	2018-01-01 2018-06-30	2017-01-01 2017-06-30	2017-01-01 2017-12-31
Net profit/loss for the period		170,241	-153,767	181,631	-124,952	-63,257
Other comprehensive income						–
Revaluation effects - IAS 29		-4,749	–	-5,718	–	–
Translation differences		-139,231	-25,077	-158,864	-50,382	-59,192
Total items that can be reclassified to profit or loss		-143,980	-25,077	-164,582	-50,382	-59,192
Other comprehensive income, net of tax		-143,980	-25,077	-164,582	-50,382	-59,192
Total comprehensive income for the year		26,261	-178,844	17,049	-175,333	-122,449
Total comprehensive income attributable to:						
Parent Company shareholders		26,261	-178,844	17,049	-175,333	-122,449
Comprehensive income for the period		26,261	-178,844	17,049	-175,333	-122,449

EARNINGS SUMMARY, JANUARY-JUNE 2018

Due to the fact that the acquisition of ESI Group is accounted for as a reverse acquisition and the fact that takeover was on 30 June 2017, earnings attributable to the accounting-wise acquired business, i.e. the old Crown Energy Group, are not included in the period's statements of comprehensive income in the comparative periods. Our earnings have been influenced substantially by the devaluation in Angola that occurred during the quarter. The National Bank of Angola released the pegging of the Angolan Kwanza against the US dollar, which resulted in a devaluation effect during the reporting period.

Operating profit/loss

Property operations generate two types of revenue: rental income and service revenues. Normally, a customer is both a tenant and a purchaser of services. In the period January-June 2018, net revenue amounted to SEK 39,660 thousand as compared to SEK 58,334 thousand year-on-year. The decrease is mainly attributable to rental income, amounting to SEK 27,171 thousand compared to SEK 36,551 thousand last year. Lower figures for 2018 are mainly explained by devaluation effects. In the longer run, the effects of the devaluation and the ongoing inflation in Angola, are counteracted by the fact that Crown Energy has a built-in index to the US dollar in almost half of our client contracts. The invoices are issued in local currency but are recalculated towards the underlying dollar rate.

Property costs for H1 2018 amounted to SEK –10 880 thousand (-19,461) and include costs for maintenance, operation, purchasing external services such as administration, cleaning etc. Property-related taxes are also included in this item, which includes stamp taxes and local Angolan consumption taxes based on rental and service revenue.

Other external costs amounted to SEK -12 030 thousand (-875). The increase due to the addition, as a result of the Reverse acquisition, of the costs from the parent company and its other subsidiaries.

Employee benefit expenses amounted to SEK -4,326 thousand (-3,317) and relate to an average of 17 (15.5) employees in the Group.

The earnings effect of SEK -174,586 thousand that arose in the second quarter of 2017 is an effect of the reverse acquisition. The amount refers to the difference between the market value of the Crown Energy Group and its net assets at the acquisition date.

Net financial items

Net financial items for H1 2018 totalled SEK 258 128 thousand (52). The financial items consist mainly of exchange rate effects arising from assets and liabilities in foreign currency, and the fact that the properties were valued in USD. The large currency effects during the reporting period are explained by the devaluation of the Angolan Kwanza and subsequent currency fluctuations between the Angolan kwanza, the Swedish krona and the US dollar. However those effects were reversed in in "Condensed Consolidated statement of Comprehensive Income". The net effect of exchange rate on property valuation are shown in the table “Property Values” on page 7 and amounted to SEK 50,3 million (-40,9).

Changes in value

Unrealised changes in value amount to SEK -38,428 thousand (-10,269). The valuations have been updated per 30 June 2018.

Tax

In H1 2018, current tax of SEK -2,156 thousand (-5), and deferred tax of SEK -48,271 thousand (24,421). The tax expense for the reporting period is related to relates to wealth tax in Luxembourg of TSEK -2,140, investment tax in Angola of SEK -295 thousand, income tax adjustment in Angola for 2017 of 3,766 TSEK and estimated income tax in Angola of SEK -3,487 thousand. The deferred tax is attributable to changes in the fair value of properties, in comparison with the carrying amount in local accounting in Angola.

Earning after tax

Profit after tax for H1 2018 totalled SEK thousand 181 631 (-124,952), corresponding to SEK 0.38 per share (-0.35).

Consolidated statements of financial position

CONDENSED CONSOLIDATED BALANCE SHEET

ALL AMOUNTS IN SEK THOUSANDS	NOTE	2018-06-30	2017-06-30	2017-12-31
ASSETS				
Non-current assets				
Investment property		633,820	583,492	618 344
Equipment, tools, fixtures, and fittings		971	16	340
Intangible assets		72	108	90
Exploration and evaluation assets		200,828	183,133	188 888
Deferred tax asset		–	–	–
Total non-current assets		**835,692**	**766,750**	**807 662**
Current assets				
Trade receivables	4	27,228	17,244	29 415
Other receivables	2,4	28,971	29,383	28 489
Prepaid expenses and accrued income		671	314	640
Cash and cash equivalents	4	79,973	34,721	102 183
Total current assets		**136,842**	**81,662**	**160 727**
TOTAL ASSETS		**972,534**	**848,412**	**968 389**
EQUITY				
Capital and reserves attributable to Parent Company shareholders				
Share capital		14,033	13,107	14 033
Other contributed capital		794,453	720,823	775 275
Reserves		-191,617	-23,943	-32 753
Accumulated earnings		-9,334	78,812	78 812
Net profit/loss for the period		181,631	-124,952	-63 257
Total equity		**789,166**	**663,847**	**772 110**
LIABILITIES				
Non-current liabilities				
Finance lease liability	4	60,040	101,681	96 837
Deferred tax liabilities		74,491	14,459	31 929
Other provisions	4	3,749	3,371	3 361
Total non-current liabilities		**138,279**	**119,511**	**132 127**
Current liabilities				
Finance lease liability	4	6,245	4,941	5 416
Accounts payable	4	6,076	3,918	5 597
Tax liabilities		5,889	11,381	7 605
Other current liabilities	4	6,229	14,755	6 501
Accrued expenses and deferred income		20,648	30,059	39 033
Total current liabilities		**45,088**	**65,054**	**64 152**
TOTAL EQUITY AND LIABILITIES		**972,534**	**848,412**	**968 389**

SUMMARY OF CONSOLIDATED BALANCE SHEET AT 30 JUNE 2018

Non-current assets

Investment properties have increased compared to year-end 2017 and the changes consist of investments of SEK -3,691 thousand, amortisation of -39 thousand, unrealised changes in value of SEK -38,428 thousand and exchange rate effects of SEK 50,252 thousand.

Exploration and evaluation assets amounts to SEK 200,828 thousand. Changes to Year-End 2017 balance are attributable to investments of SEK 2,788 thousand and exchange rate effects of SEK 9,152 thousand.

Current assets

Other receivables primarily concerns a receivable from ESI Angola Lda amounting to SEK 27,707 thousand. For more information about this receivable, see Note 2 Transactions with related parties.

Cash and cash equivalents at the end of the period totalled SEK 79,973 thousand compared to SEK 102,183 thousand on 31 December 2017.

Equity

Equity totalled SEK 789,166 thousand. The increase since year-end 2017 is mainly attributable to exchange rate effects. See explanations in the equity statements.

Non-current liabilities

The financial lease liability relates to the lease of 13 properties at the end of H1 2018. Reductions in the lease liability between 2017 and the end of period are explained by current rent payments to the landowner. Total lease liabilities are divided into current and non-current parts. See Note 1, Accounting Principles for further information on the financial lease liability.

Deferred tax liabilities totalled SEK 74,491 thousand and are attributable to surplus values in exploration and evaluation assets. The change since year-end 2017 is attributable to translation differences because some of the underlying assets were acquired in USD and translated at the closing rate.

Provisions of SEK 3,749thousand were recognised for a contracted additional consideration in conjunction with the old Crown Energy Group's acquisition of subsidiary Amicoh Resources Ltd. Changes between periods refer to exchange rate effects and adjustments to fair value. For a detailed description of the provision, see Crown Energy's 2017 Annual Report. No changes have occurred in Crown Energy's assessments of fair value measurement applicable to provisions since 31 December 2017.

Current liabilities

As mentioned above, the lease liability relates to lease contracts with property owners for 13 properties. SEK 6,245 thousand relates to the current portion of the liability.

Tax liabilities for the period amount to SEK 5,889 thousand.

Other current liabilities primarily concerns a liability for a loan of SEK 5,054 thousand to the Parent Company's former shareholder and CEO.

Accrued expenses and deferred income consists mainly of deferred income and amounts to SEK 20,648 thousand.

Pledged assets and contingent liabilities

Contingent liabilities at the period end amounts to 102,863. The contingent liability is linked to an additional consideration for Block 2B in South Africa and was recognised at the maximum amount that may be paid at settlement. For more information on the additional consideration, see Crown Energy's 2017 Annual Report. No changes to the estimate of the contingent liability have been made since 31 December 2017.

Condensed consolidated statement of changes in equity

ALL AMOUNTS IN SEK THOUSAND	NOTE	2018-06-30	2017-06-30	2017-12-31
Opening equity		**772,110**	**462,589**	**462,589**
Net profit/loss for the period		181,631	-124,952	-63,257
Other comprehensive income, net of tax		-164,582	-50,382	-59,192
Comprehensive income for the period		**17,049**	**-175,333**	**-122,449**
Transactions with shareholders:				
Other contributed capital		–	20,739	83,739
Deferred tax on items accounted for directly in equity		7	-456	-8,077
Business combination (reverse acquisition)	6	–	356,307	356,307
Closing equity		**789,166**	**663,847**	**772,110**
Attributable to:				
Parent Company shareholders		789,166	663,847	772,110
Total equity		**789,166**	**663,847**	**772,110**

COMMENTS ON CHANGES IN EQUITY

Other contributed capital refers to contributions before ESI Group and Crown Energy were merged into a group.

The net change in equity is a hypothetic increase of share capital corresponding to Parent company's share capital, including the decrease of SEK 298 thousand for at the time not yet registered cancellation of non-converted C shares. This has now been registered which shown in the table above.

For more information on the reverse acquisition, see Note 6, Reverse acquisition/Comparison figures.

Condensed consolidated statements of cash flows

ALL AMOUNTS IN SEK THOUSAND	2018-04-01 2018-06-30	2017-04-01 2017-06-30	2018-01-01 2018-06-30	2017-01-01 2017-06-30	2017-01-01 2017-12-31
Cash flow from operating activities					
Operating loss before financial items	5,329	-157,455	12,358	-139,152	-105,254
Adjustments for items not included in cash flow:					
Effect on earnings due to reverse acquisition	–	174,587	–	174,586	174,586
Depreciation	113	–	158	–	42
Interest received	2,302	–	2,302	–	0
Interest paid	-87	–	-87	0	0
Tax paid	–	–	–	-5	-5
Cash flow from operating activities before change in working capital	**7,657**	**17,132**	**14,731**	**35,429**	**69,369**
Changes in working capital	4,600	-4,605	-10,671	-16,004	-26,740
Cash flow from operating activities	**12,257**	**12,526**	**4,059**	**19,425**	**42,629**
Cash flow from investing activities	–	–	–	–	–
Acquisition of subsidiaries, less acquired cash and cash equivalents	–	19,925	–	19,925	19,925
Capital expenditures on investment properties	-2,906	0	-3,691	-6,074	-6,075
Sale of investment properties	–	–	–	–	–
Capital expenditures on exploration and evaluation assets	-1,540	–	-2,788	–	-8,415
Capital expenditures on other fixed assets	-35	–	-883	–	-354
Cash flow from investing activities	**-4,481**	**19,926**	**-7,362**	**13,851**	**5,081**
Other contributed capital	0	4,377	0	4,377	59,300
Amortisation of lease liability	-5,928	-2,031	-7,944	-2,907	-4,575
Cash flow from financing activities	**-5,928**	**2,346**	**-7,944**	**1,470**	**54,725**
Cash flow for the period	**1,849**	**34,799**	**-11,247**	**34,746**	**102,435**
Cash and cash equivalents at start of period	80,686	310	102,183	363	363
Cash flow for the period	1,849	34,799	-11,247	34,746	102,435
Exchange gains/losses on cash and cash equivalents	-2,561	-387	-10,963	-388	-614
Cash and cash equivalents at end of period	**79,973**	**34,721**	**79,973**	**34,721**	**102,183**

COMMENTS ON CASH FLOWS

Cash flow from operating activities for H1 totalled SEK 4,059 thousand (19,425).
Cash flow from investing activities for H1 totalled SEK -7,362 thousand (13,851).
Cash flow from financing activities for H1 totalled SEK -7,944 thousand (1,470).

Total cash flow for the reporting period totalled –11,247 (34,746).

Consolidated key ratios

For definitions of key ratios, see pages 33-34.

QUARTERLY SUMMARY - GROUP

Quarterly summary of the last eight quarters:

ALL AMOUNTS IN SEK THOUSAND, UNLESS OTHERWISE STATED	NOTE	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
EARNINGS									
Rental and service revenues		19,060	20,599	24,757	27,392	30,618	27,716	40,163	38,852
Other operating income		146	30	2	54	687	67	-	-
Operating profit/loss		5,329	7,029	21,208	12,689	-157,455	18,303	24,938	28,492
Operating profit/loss, before items affecting comparability		5,329	7,029	21,208	12,689	17,131	18,303	24,938	28,492
Net profit/loss for the period, after tax		170,241	11,390	7,913	53,781	-153,767	28,816	51,592	24,982
PROPERTY-RELATED KEY RATIOS									
Occupancy rate, %*		63%	66%	66%	58%	85%	82%	85%	86%
Rentable area, thousands of square meters**		40.1	40.1	40.1	40.9	29.7	29.7	30.2	30.2
Number of properties at end of period		16	16	16	17	18	19	19	19
Average remaining contract length, months		9.8	12.2	14.3	16.6	18.6	19.7	**	**
FINANCIAL KEY RATIOS									
Return on equity, %		21.94%	1.48%	1.08%	7.70%	neg	6.00%	11.20%	5.10%
Return on capital employed, %		17.74%	1.19%	0.85%	6.00%	neg	4.50%	8.00%	3.90%
EBITDA		5,216	6,984	21,175	12,689	-157,455	18,303	24,938	28,492
Adjusted EBITDA		5,216	6,984	21,175	12,689	17,131	18,303	24,938	28,492
EBITDA margin, %		13%	34%	86%	46%	neg.	66%	62%	73%
Adjusted EBITDA margin, %		13%	34%	86%	46%	55%	66%	62%	73%
Equity/assets ratio, %		81.15%	80.56%	79.73%	77.80%	78.80%	74.60%	71.50%	75.50%
Total assets		972,534	947,013	968,389	899,270	842,542	647,249	646,899	648,820
Equity		789,166	762,905	772,110	699,852	663,847	482,651	462,589	489,706
Average equity		776,036	767,508	735,981	681,849	573,249	472,620	476,148	476,985
Average Assets		959,774	957,701	933,829	870,906	744,895	647,074	647,860	630,039
RATIOS PER SHARE	3								
Number of basic shares outstanding, thousand	3	477,315	477,315	477,315	445,815	445,815	353,268	353,268	353,268
Number of diluted shares outstanding, thousand	3	477,315	477,315	477,315	445,815	445,815	353,268	353,268	353,268
Average number of shares, thousand	3	477,315	477,315	450,266	445,815	354,285	353,268	353,268	353,268
Average number of diluted shares, thousands	3	477,315	477,315	450,266	445,815	354,285	353,268	353,268	353,268
Basic earnings per share, SEK	3	0.36	0.02	0.02	0.12	-0.43	0.08	0.15	0.07
Diluted earnings per share, SEK	3	0.36	0.02	0.02	0.12	-0.43	0.08	0.15	0.07
Equity per share, SEK	3	1.65	1.60	1.62	1.57	1.49	1.37	1.31	1.39

Q2

EMPLOYEES								
Average number of employees	17.0	16.0	15.0	17.0	15.0	15.0	15.0	15.0

*The occupancy rate for Q3 2017 has been impacted since the property C-view from this quarter is included in the rentable area.
**Rentable area does not include investment properties under construction. Therefore, until 30 June 2017, the C-view property's 13,119 square metres is not included.
***Remaining contractual life was not calculated for 2016, since the time required and cost of producing the information was not reasonable.

FULL-YEAR SUMMARY - GROUP

Overview of the last two years. Prior periods are not applicable due to the reverse business combination.

ALL AMOUNTS IN SEK THOUSAND, UNLESS OTHERWISE STATED	NOTE	2018-01-01 2018-06-30 Q1-2	2017-01-01 2017-06-30 Q1-2	2017-01-01 2017-12-31 FULL YEAR
EARNINGS				
Rent and service revenues		39,659	58,334	110,483
Other operating income		176	755	811
Operating profit/loss		12,358	-139,152	-105,254
Operating profit/loss, before items affecting comparability		12,358	35,434	69,332
Net profit/loss for the period, after tax		181,631	-124,952	-63,257
PROPERTY-RELATED KEY RATIOS				
Occupancy rate, %*		64%	84%	73%
Rentable area, thousands of square meters**		40	30	40
Number of properties at end of period		16	18	16
Average remaining contract length, months		9.84	19.20	14.34
FINANCIAL KEY RATIOS				
Return on equity, % (ROE)		0	neg	neg.
Return on assets, % (ROA)		0	neg	neg.
EBITDA		12,200	-139,152	-105,296
Adjusted EBITDA		12,200	35,434	69,290
EBITDA margin, %		0	neg.	neg.
Adjusted EBITDA margin, %		21%	60%	62%
Equity/assets ratio, %		81.15%	78.80%	79.73%
Total assets		972,534	842,189	968,389
Equity		789,166	663,847	772,110
Average capital		780,638	563,218	617,349
Average assets		970,461	744,721	820,692
RATIOS PER SHARE	3			
Number of basic shares outstanding, thousand	3	477,315	445,815	477,315
Number of diluted shares outstanding, thousand	3	477,315	445,815	477,315
Average number of shares, thousand	3	477,315	353,779	401,297
Average number of diluted shares, thousands	3	477,315	353,779	401,297
Basic earnings per share, SEK	3	0.38	-0.35	-0.16
Diluted earnings per share, SEK	3	0.38	-0.35	-0.16
Equity per share, SEK	3	1.65	1.49	1.62
EMPLOYEES				
Average number of employees		16.5	15.0	15.5

*The occupancy rate for 2017 has been impacted since the property C-view from this quarter is included in the rentable area.
**Rentable area does not include investment properties under construction. Therefore, until 30 June 2017, the C-view property's 13,119 square metres is not included.

Parent company

The Parent Company's revenue for H1 2018 totalled SEK 4,279 thousand (1,610). The revenue was related to re-invoicing of expenses to subsidiaries.

Operating expenses mainly consist of other external expenses of SEK -8,065 thousand (-4,400) and employee benefit expenses of SEK -2,941 thousand (-2,687). The large increase in other external expenses is explained by expenses attributable to the reversed operating expenses (expenses for adapting the new Group to IFRS, valuations, legal representatives, etc.).

Cash and cash equivalents at 30 June 2018 totalled SEK 39,107 thousand compared with SEK 60,929 thousand at 31 December 2017.

There were 4 persons (3) employed by the Parent Company at the end of the period.

Equity at the end of the period was SEK 1,622,353 thousand compared with SEK 1,626,545 thousand at 31 December 2017.

INCOME STATEMENT – PARENT COMPANY

ALL AMOUNTS IN SEK THOUSAND	NOTE	2018-04-01 2018-06-30	2017-04-01 2017-06-30	2018-01-01 2018-06-30	2017-01-01 2017-06-30	2017-01-01 2017-12-31
Revenue	2	2,270	910	4,279	1,610	10,966
Other operating income		-	1	23	5	22
Other external costs		-4,475	-2,737	-8,065	-4,400	-16,303
Employee benefit expenses		-1,408	-1,434	-2,941	-2,687	-5,558
Depreciation/amortisation		-9	-8	-18	-16	-51
Other operating expenses		-18	-6	-77	-38	-149
Operating profit/loss		**-3,640**	**-3,274**	**-6,799**	**-5,527**	**-11,072**
Interest income and similar items		844	-755	1,102	-1,018	-1,467
Interest income, intercompany	2	789	3,324	1,547	6,559	7,902
Interest expenses and similar items		-49	–	-49	–	-
Earnings before tax		**-2,055**	**-705**	**-4,200**	**13**	**-4,637**
Tax		–	–	–	–	–
Net profit/loss for the period		**-2,055**	**-705**	**-4,200**	**13**	**-4,637**

CONDENSED BALANCE SHEET – PARENT COMPANY

ALL AMOUNTS IN SEK THOUSANDS	NOTE	2018-06-30	2017-06-30	2017-12-31
ASSETS				
Non-current assets				
Participations in Group companies		1,384,498	1,383,478	1,384,483
Intangible assets		72	108	90
Property, plant, and equipment		–	16	–
Receivables from Group companies		188,830	174,953	184,805
Total non-current assets		**1,573,400**	**1,558,555**	**1,569,378**
Current assets				
Receivables from Group companies		17,385	8,825	11,928
Current receivables		639	273	333
Cash and bank balances		39,107	16,506	60,929
Total current assets		**57,131**	**25,604**	**73,191**
TOTAL ASSETS		**1,630,531**	**1,584,159**	**1,642,569**
EQUITY				
Equity		–	–	–
Restricted equity		–	–	–
Share capital		14,033	13,107	14,033
Total restricted equity		**14,033**	**13,107**	**14,033**
Non-restricted equity				
Share premium reserve		1,651,106	1,596,646	1,651,099
Accumulated earnings		-38,586	-33,950	-33,950
Net profit for the year		-4,200	13	-4,637
Total non-restricted equity		**1,608,320**	**1,562,710**	**1,612,512**
Total equity		**1,622,353**	**1,575,816**	**1,626,545**
Non-current liabilities				
Loans from related parties		–	–	–
Total non-current liabilities		–	–	–
Current liabilities				
Loans from related parties		–	–	–
Other current liabilities		8,179	8,342	16,024
Total current liabilities		**8,179**	**8,342**	**16,024**
TOTAL EQUITY AND LIABILITIES		**1,630,531**	**1,584,159**	**1,642,569**
Pledged assets		-	-	-
Contingent liabilities		None	None	None

PARENT COMPANY – CONDENSED STATEMENT OF CHANGES IN EQUITY

ALL AMOUNTS IN SEK THOUSAND	NOTE	2018-06-30	2017-06-30	2017-12-31
Opening equity		**1,626,545**	**216,177**	**216,177**
Net profit/loss for the period		-4,200	13	-4,637
Other comprehensive income for the period		–	–	–
Comprehensive income for the period		**-4,200**	**13**	**-4,637**
Directed issue, January 2016		–	–	–
Directed issue, June 2016		–	–	–
Net change in share capital (reverse acquisition)		–	1,360,082	1,360,082
Conversion of warrants, December 2017		–	–	63,000
Costs of new shares issue		7	-456	-8,077
Total equity		**1,622,352**	**1,575,816**	**1,626,545**

Other information

COMPANY INFORMATION

The Parent Company,Crown Energy AB (publ) with corporate ID 556804-8598, is a limited company registered in Sweden and domiciled in Stockholm. The parent Company's ordinary shares are listed on NGM Equity. The street address of the main office is Norrlandsgatan 18, 111 43 Stockholm.

EMPLOYEES

The number of employees in the Group at the end of the six-month period is 17; 13 linked to the operations in Angola and four employees in the Parent Company in Sweden.

OWNERSHIP STRUCTURE

The number of shares registered in Crown Energy AB's share register (as per Euroclear) as of publication of this report is 477,315,350 with a quotient value of SEK 0.03 per share.

The Company's ordinary shares are listed on NGM Equity. At 30 June 2018, and known changes thereafter, the five largest shareholders together owned 91.6 per cent of the total share capital and 91,6 per cent of the votes.

SHAREHOLDERS	NUMBER OF SHARES	SHARES (%)	NUMBER OF VOTES	VOTES (%)
Yoav Ben-Eli, via company 1)	343,817,971	72.0%	3,438,179,710	72.0%
Cement Fund SCSp	63,000,000	13.2%	630,000,000	13.2%
Veronique Salik	14,519,404	3.0%	145,194,040	3.0%
Andreas Forssell, privately and via companies	8,404,609	1.8%	84,046,090	1.8%
Comtrack Ventures Ltd	7,501,988	1.6%	75,019,880	1.6%
Övriga aktieägare	40,071,378	8.4%	400,713,780	8.4%
Total number of shares	**477,315,350**	**100.0%**	**4,773,153,500**	**100.0%**

1) The shares are owned by YBE Ventures Ltd, which is controlled by Yoav Ben-Eli.

SEASONAL VARIATIONS

We estimate that there are not any significant seasonal variations in any of the Group's business areas or in Crown Energy as an individual company.

ALTERNATIVE PERFORMANCE MEASURES

The Company applies the European Securities and Markets Authority's (ESMA) guidelines on alternative performance measures. The guidelines aim to make alternative performance measures in financial statements more understandable, reliable and comparable, thus promoting their usefulness. According to these guidelines, alternative performance measures refer to financial measurement of historical or future earnings trends, financial position, financial results or cash flows that are not defined or specified in the applicable financial reporting rules, namely, IFRS and the Swedish Annual Accounts Act. The guidelines are mandatory for financial statements published after 3 July 2016.

Certain disclosures of key ratios in this interim report present the development and status of financial and equity-related key ratios that are not defined in accordance with International Financial Reporting Standards (IFRS). Some alternative key financial performance indicators provide valuable and complementary information to investors. Since all companies do not calculate financial measurements in the same way, they are not always comparable to those used by other companies. These measures should therefore not be regarded as a replacement for measures that are defined in accordance with IFRS. For relevant reconciliation of key ratios that cannot be directly inferred or derived from the financial statements, see Note 7 Reconciliation of alternative performance measures.

KEY EVENTS DURING THE REPORTING PERIOD

Global Strategic Co-Operation Agreement with Proger

Crown Energy entered into an Areas of Mutual Interest Co-operation agreement with the Italian Engineering firm Proger S.p.A.. By this agreement Crown Energy continues to strengthen its Asset Development and Management business area.

Crown Energy and Proger have agreed to work together to seek and identify commercial projects, where each company's competencies complement each other. Both companies agreed to represent each other through their respective office net- works, thus enhancing their presence in the international market.

Proger is a globally represented engineering company that engages in the supply of top flight multi specification engineering services to a wide spectrum of clients ranging from private companies to multi nationals and governments. Proger’s business lines cover the following sectors: Construction; Infrastructure and Transportation; Environmental Management and Sustainability; Oil and Gas and Power Generation; Integrated Security. Proger has over 60 years’ experience in the engineering and construction industries and has a number of major oil industry clients for whom it has provided significant services. Crown Energy has earlier engaged Proger for technical work on the Iraq project.

Under the terms of this agreement Crown Energy and Proger will seek and identify projects which are suitable to the business models of both companies and which both companies can work on together. Such projects will then go through a joint review process and following that process, for any selected project, Crown Energy and Proger will enter into a more detailed project specific joint venture agreement for the development of such opportunity. The main focus will continue to be energy markets with specific client needs pre-identified when reviewing projects.

Approved exploration rights period Block 2B South Africa

An extension to move into the second period of the Exploration Right over Block 2B offshore South Africa was granted by the South African authorities. Our partner and Operator of the Block, Africa Energy advised us that South African Governmental exploration rights period approval now run until 19th February 2020. During this period the drilling of a well is include for which Crown Energy is fully carried for the cost for its 10 percent equity position in this Block.

Annual General Meeting

At the annual General meeting held on 17 May 2018 Jean Benaim, Yoav Ben Eli, Alan Simonian and Pierre-Emmanuel Weil were re-elected as directors of the board. Pierre-Emmanuel Weil was re-elected as the chairman of the board. Öhrlings PricewaterhouseCoopers AB was re-elected as the Company auditor. Öhrlings PricewaterhouseCoopers AB has announced that Bo Lagerström remains as main responsible auditor.

Further the AGM resolved, in accordance with the board of directors’ proposal regarding a change of the articles of association with respect to removal of the C shares, whereby they no longer can be issued by the Company. All clauses relating to the C shares were adjusted in order to enable the removal of the C share. In view of the above it was also resolved that the current ordinary shares shall have one vote each.

It was also resolved to change the limits of the share capital from a minimum of SEK 4,277,264 and maximum of SEK 17,109,056 to a minimum of SEK 14,000,000 and a maximum of SEK 56,000,000. It was further resolved to change the limits for the number of shares from a minimum of 145,487,301 and a maximum of 581,949,204 to a minimum of 477,000,000 and a maximum of 1,908,000,000.

Agreement with ABG Sundal Collier

On 12 June 2018 Crown has announced that the company has entered into an agreement with ABG Sundal Collier ASA (“ABG”) in which ABG will act as market maker for the Crown Energy share with start from 18 June 2018. The purpose is to increase the liquidity and turnover and facilitate the trading in the share.

OUTLOOK

Operations

Crown Energy is well positioned with a balanced portfolio of exciting projects that have great potential for development. Crown Energy is now continuing its development to get a bigger and even more stable foundation. We will use our contacts in the oil industry, the positive development in the oil and gas market and our cash flows for a faster development of Crown Energy's assets and operations. Capital, processes and our organization will be further adapted to continue the development work.

Finance and going concern

With the acquisition of ESI Group and its operations as well as the exercise of warrants by Cement Fund in December 2017, the Company will continue to have adequate working and investment capital going forward. The Company is capable of covering all outstanding obligations for the next 12 months, including investments, recurring administration, using existing funds. However, it cannot be ruled out that the Company may need or want to raise capital from existing shareholders for investments beyond those described thus far. This may be done via new share issues, directed share issues or preferential rights issues, or via other offers to existing shareholders or borrowing/issuance of corporate bonds or a combination of the above.

RISKS AND UNCERTAINTIES

A detailed description of the Company's risks before the acquisition of ESI Group can be found in Crown Energy's 2017 Annual Report.

No pervasive modifications to significant risks and uncertainties for the operations were made during the period for the Group or the Parent Company compared to what has been informed of in Crown Energy's 2017 Annual Report.

Sensitivity analysis for properties

The value of the properties is affected by several factors, some of them property specific, such as operating costs and permitted use of the property, and some of them market specific, such as required rate of return and capital costs, based on comparable transactions in the property market.

The return on the properties depends largely on factors such as the Company's ability to complete the intended leases or divestment of the properties, and the costs and expenditure associated with the development, management and conversion of the properties, and on changes in the market value.

Rental income and the market value of property in general are affected by general economic conditions, such as GDP growth, employment, inflation and changes in interest rates. Both the property value and rental income can also be affected by competition from other property companies, or perceptions of potential buyers or tenants concerning the attractiveness, convenience and security of the properties. If one or more of the above factors were to develop negatively, this could have a material adverse effect on the Group's operations, financial position and earnings.

In conjunction with external valuation of the properties a sensitivity analysis is conducted. According the latest external valuations the value range of the property portfolio is MSEK 573-696. The changes in underlying parameters for valuation were ±0.5% in Yields and WACC and ±5% for current market rents.

Notes

1 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 2017 annual accounts, the consolidated accounts were prepared in accordance with the 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 2017 financial year and as described in the 2017 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 2017 Annual Report.

ADDITIONAL ACCOUNTING POLICIES

The International Accounting Standards Board (IASB) has issued new standards that will take effect in 2018: IFRS 9 Financial Instruments and IFRS 15 Revenues from Contracts with Customers. In addition the Group has applied the standards in IAS 29 Financial Reporting in Hyperinflationary Economies for the subsidiary in Angola from the 1st of January 2018.

- IFRS 9 – Briefly, the standard includes changes to the principles of hedge accounting and an impairment model based on expected loan losses instead of losses incurred. The Group's financial assets consist essentially of current receivables and cash and cash equivalents. Financial liabilities consist mainly of interest-bearing liabilities in the form of lease liabilities and other current liabilities. The Group has no hedge accounting. The conducted analysis shows the implementation of IFRS 9 currently will not have any material impact on the Group's reporting. Comparative figures have not been restated.

- IFRS 15 – The method of recognising revenue in IFRS 15 is based on when the control of a product or service is transferred to the customer, in contrast to current revenue recognition standards, which are based on when risks and benefits are transferred. The Group's revenue recognition already has a clear break-down between revenue attributable to rent and to service, as these agreements are written completely separately. The conducted analysis shows that the introduction of IFRS 9 will not have any material impact on the comprehensive income or profits.

- IAS 29 – As mentioned in the annual report for 2017 the Group has followed the economic development in Angola closely and now makes the assessment that the standard needs to be applied from the 1st of January 2018 for the subsidiary in Angola. External consultants has been engaged in order to conduct the necessary adjustments. The comparative figures for 2017 have not been restated but accounted for directly in the equity and amounts to SEK -5,718 thousand.

NEW AND AMENDED STANDARDS AND INTERPRETATIONS THAT HAVE NOT YET COME INTO FORCE

- IFRS 16 – The new standard means that a leaseholder's previous operating leases will be recognised in the balance sheet. Since the Group is already recognising its property leases (as a lessee) as assets and liabilities (in accordance with IAS 17 Leases and IAS 40 Investment Property), the assessment is that the new standard will not cause any significant changes for the Group.

2 TRANSACTIONS WITH RELATED PARTIES

PURCHASES AND SALES WITHIN THE GROUP

Of the Parent Company's revenue in H1 2018, 100 per cent (100) consists of re-invoicing to other companies within the Group. Of the Parent Company's total interest income, 100 per cent (100) relates to other companies within the Group.

RECEIVABLES FROM ESI ANGOLA

In accordance with the acquisition agreement for ESI Group SA, all financial rights and obligations from properties and leases would be passed on to YBE Imobiliária as of 1 January 2017. Mainly as a result of prepaid rents in 2016 for 2017, YBE Imobiliária Lda received a payment claim regarding ESI Angola Lda. At 30 June 2018, the receivable amounted to SEK 27 707 thousand with a market interest rate.

3 EARNINGS PER SHARE

The Company's earnings per share key ratio is calculated as earnings after tax divided by average number of shares for the period. This ratio is calculated both with and without dilutive effects.

DILUTIVE EFFECT

As per 30 June 2018 the Parent company has no outstanding warrants or derivatives.

EARNINGS PER SHARE AND NUMBER OF SHARES

The number of outstanding shares at 30 June 2018 totalled 477,315,350. The average number of shares during 2017 amounts to 477,315,350. As mentioned above, there is no dilutive effect.

Earnings before tax amounted to SEK 232,059 thousand, which puts earnings per share at 30 June 2018 at SEK 0,36.

4 ACCOUNTING FOR FINANCIAL INSTRUMENTS

CARRYING AMOUNT 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 fair value of financial liabilities is calculated for disclosure purposes by discounting the future contractual cash flow at the current market interest rate available to the Group for similar financial instruments.

The fair value of financial instruments not traded in an active market is determined using discounted cash flows. The current and non-current lease liability is calculated at amortised cost based on minimum lease payments and future financial expenses for the financial lease.

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. The following table shows the financial items recognised at fair value via the income statement, divided into the three levels:

GROUP, ALL AMOUNTS IN SEK THOUSANDS	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets measured at fair value via income statement:				
Investment property	–	–	129,597	129,597
Total assets	**–**	**–**	**129,597**	**129,597**
Financial liabilities measured at fair value via income statement:				
Lease liabilities	–	–	66,285	66,285
Provision for additional consideration, commercial discovery	–	–	3,749	3,749
Total liabilities	**–**	**–**	**70,034**	**70,034**

Provisions were recognised for contracted additional consideration related to subsidiary Amicoh Resources Ltd. No changes have occurred in Crown Energy's assessments of fair value measurement applicable to provisions since 31 December 2017. For more information on the provision, see the 2017 Annual Report. No changes have occurred in Crown Energy's assessments of the provision as described in the annual report.

5 OPERATING SEGMENTS

An operating segment is that part of a group that runs operations from which it can generate revenue and incur costs for which independent financial information is available. The performance of an operating segment is monitored by the Company's chief operating decision-maker to evaluate the results and to allocate resources to the operating segment and evaluate its short- and long-term results. Segment information is presented based on the chief operating decision-maker's perspective, which means that it is presented in the same way as in internal reporting.

Following the reverse acquisition, it was determined that the Group has two segments, which correspond to the two business areas, that is, Energy (oil and gas exploration) and Property Development & Services (property business). The chief operating decision-maker is determined to be the Board of the Parent Company.

ACCOUNTING FOR THE OPERATING SEGMENTS

OPERATING SEGMENTS	Energy Q2 2018	Asset Development and Management Q2 2018	Group-wide and non-allocated posts Q2 2018	Total Q2 2018
Revenue	4	19,060	142	19,206
Operating expenses	-103	-8,658	-5,116	-13,877
Operating profit before effect of reverse acquisition	**-99**	**10,402**	**-4,974**	**5,329**
Operating profit/loss after effect of reverse acquisition	**-99**	**10,402**	**-4,974**	**5,329**
Net financial items	4,048	193,180	7,103	204,332
Profit/loss before tax and changes in value	**3,949**	**203,582**	**2,129**	**209,661**
Changes in value				
Property, unrealised	–	-21,912	–	-21,912
Earnings before tax	**3,949**	**181,670**	**2,129**	**187,749**
Income tax	–	-3,487	3,471	-16
Deferred tax	–	-17,492	–	-17,492
Net profit/loss for the period	**3,949**	**160,691**	**5,600**	**170,241**
Non-current assets at end of period	200,828	634,792	72	835,692

OPERATING SEGMENTS	Energy Q1-2 2018	Asset Development and Management Q1-2 2018	Group-wide and non-allocated posts Q1-2 2018	Total Q1-2 2018
Revenue	12	39,659	164	39,835
Operating expenses	-181	-18,053	-9,244	-27,477
Operating profit before effect of reverse acquisition	**-169**	**21,606**	**-9,079**	**12,358**
Earnings effect from reverse acquisition	–	–	–	–
Operating profit/loss after effect of reverse acquisition	**-169**	**21,606**	**-9,079**	**12,358**
Net financial items	4,782	246,064	7,282	258,128
Profit/loss before tax and changes in value	4,613	267,670	-1,797	–
Changes in value				
Property, unrealised	–	-38,428	–	-38,428
Earnings before tax	**4,613**	**229,243**	**-1,797**	**232,059**
Income tax	–	-5,627	3,471	-2,156
Deferred tax	–	-48,271	–	-48,271
Net profit/loss for the period	**4,613**	**175,344**	**1,674**	**181,631**
Non-current assets at end of period	200,828	634,792	72	835,692

In operating segment Asset Development and Management the Company has three clients, who each represent over 10% the revenue. Together those three clients represent approximately 55% of the revenue.

GEOGRAPHIC MARKET

Allocation by geographic market, H1 2018:

GEOGRAPHIC MARKET, SEK THOUSAND	SWEDEN	ANGOLA	IRAQ	SOUTH AFRICA	EQUATORIAL GUINEA	MADAGASCAR	TOTAL
Revenue							
Energy	–	–	–	1	2	1	**4**
Property Development & Services	–	19,060	–	–	–	–	**19,060**
Other	142	–	–	–	–	–	**142**
Operating profit	-4,966	10,402	-30	-29	-39	0	**5,337**
Investment property	–	632,367	–	–	–	–	**632,367**
Exploration and evaluation assets	–	–	42,878	61,782	5,117	91,050	**200,828**
Other non-current assets, excluding deferred tax	72	2,425	–	–	–	–	**2,497**

In geographic segment Angola the Company has three clients, who each represent over 10% the revenue. Together those three clients represent approximately 55% of the revenue.

6 REVERSE ACQUISITION/COMPARATIVE FIGURES

The Parent Company acquired all the shares in ESI Group on 30 June 2017. ESI Group, in turn, owns all the shares in YBE Imobiliária and ESI East Africa, where YBE Imobiliária is the operating company with property assets. In accordance with share purchase agreement and the final settlement on 25 August 2017, the parties agreed that a total of 353,267,971 shares would be delivered to seller. After the transaction, YBE Ventures Ltd will hold above 75 per cent of the votes and the capital in the new group. Since in this case it is the acquired company's (ESI Group) previous owner that has a controlling interest over the new group, the transaction was recognised in accordance with the rules of IFRS 3 Business Combinations, known as a reverse acquisition.

COMPARATIVE FIGURES

This interim report includes financial information for the new Crown Energy Group for the period 1 January – 30 June 2018. Since Crown Energy's acquisition of ESI Group is recognised as a reverse acquisition, the Group's comparative figures for Half-year period 2017 are from the ESI Group. The Parent Company's comparative figures are still from the legal acquirer, that is, Crown Energy AB. The financial reporting is thus published in the legal parent company's name, that is, Crown Energy AB, but is de facto a continuation of ESI Group's consolidated financial statements. The consolidated accounts cover the same accounting period as for the legal parent company (Crown Energy AB), which is the calendar year.

For more information about the reverse acquisition and comparison figures, see Note 29 in the 2017 Crown Energy Annual Report.

7 RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

Reconciled below are alternative financial performance measures that cannot be directly inferred or derived from the financial statements.

ALL AMOUNTS IN SEK THOUSAND, UNLESS OTHERWISE STATED	2018-04-01 2018-06-30 Q1	2017-04-01 2017-06-30 Q1	2018-01-01 2018-06-30 Q1-2	2017-01-01 2017-06-30 Q1-2	2017-01-01 2017-12-31 FULL-YEAR
RECONCILIATION OPERATING PROFIT/LOSS AND EBITDA AND ADJUSTED EBITDA					
Operating profit/loss	5,329	-157,455	12,358	-139,152	-105,254
+/- Depreciation/amortisation	-113	–	-158	–	-42
= Total EBITDA	**5,216**	**-157 455**	**12,200**	**-139,152**	**-105,296**
+ Earnings effect from reverse acquisition	–	174,586	–	174,586	174,586
= Total adjusted EBITDA	**5,216**	**17 131**	**12,200**	**35,434**	**69,290**
CALC. EBITDA MARGIN					
EBITDA	5,216	-157,455	12,200	-139,152	-105,296
÷ Earnings	39,835	31,305	59,042	59,089	111,294
= EBITDA margin, %	**13%**	**neg.**	**21%**	**neg.**	**neg.**
Adjusted EBITDA	5,216	17,131	12,200	35,434	69,290
÷ Earnings	39,835	31,305	59,042	59,089	111,294
=Adjusted EBITDA-margin, %	**13%**	**55%**	**21%**	**60%**	**62%**
CALC. RETURN ON EQUITY, % (ROE)					
Net profit/loss for the period, after tax	170,241	-153,767	181,631	-124,952	-63,257
Average equity (opening balance + closing balance divided by two)	776,036	573,249	780,638	563,218	617,349
Return on equity, %	**22%**	**neg.**	**23%**	**neg.**	**neg.**
CALC. RETURN ON ASSETS, % (ROA)					
Net profit/loss for the period, after tax	170,241	-153,767	181,631	-124,952	-63,257
Average total capital (opening balance assets + closing balance assets divided by two)	959,774	744,895	970,461	744,721	820,692
Return on assets, %	**18%**	**neg.**	**19%**	**neg.**	**neg.**
CALC. EQUITY/ASSETS RATIO, %					
Total assets	972,534	842,542	972,534	842,189	968,389
Equity	789,166	663,847	789,166	663,847	772,110
Equity/assets ratio, %	**81%**	**79%**	**81%**	**79%**	**80%**

DEFINITIONS OF ALTERNATIVE PERFORMANCE MEASURES NOT DEFINED ACCORDING TO IFRS

ALTERNATIVE PERFORMANCE MEASURE	DEFINITION	EXPLANATION
Operating profit/loss excl. effect of reverse acquisition	Earnings before financial income and expenses and taxes, adjusted for the effect of the reverse acquisition	Used to measure operating profitability
Operating profit/loss incl. effect of reverse acquisition	Earnings before financial income and expenses and taxes	Used to measure operating profitability
Return on equity, %	The sum, as a percentage, of post-tax earnings in relation to equity	Return on equity is used to highlight Crown Energy's ability to generate profit on shareholders' capital in the Group
Return on capital employed, %	The sum, as a percentage, of post-tax earnings in relation to equity	Return on total equity is used to highlight Crown Energy's ability to generate profit on the Group's assets, unaffected by the Group's financing.
EBITDA	Profit before financial items, tax, depreciation/amortisation and impairment	EBITDA is used by Crown Energy to measure earnings from operating activities, independently of depreciation, amortisation and impairment losses
Adjusted EBITDA	Profit before financial items, tax depreciation/amortisation and impairment, adjusted for the effect of the reverse acquisition	EBITDA is used by Crown Energy to measure earnings from operating activities, independently of depreciation, amortisation and impairment losses
EBITDA margin, %	A measure of the Company's operating earnings as a percentage of sales	The EBITDA margin is used to compare EBITDA in relation to sales
Adjusted EBITDA margin, %	A measure of the Company's operating earnings as a percentage of sales	The EBITDA margin is used to compare EBITDA in relation to sales
Equity/assets ratio, %	Equity in relation to total assets	The equity/assets ratio is a key ration that Crown Energy uses t highlight its interest sensitivity and financial stability
Net debt/equity ratio, times	Net debt divided by equity	The net debt/equity ratio is a key ratio that highlights Crown Energy's capital structure and the extent to which Crown Energy is financed by loans
Total assets	Total assets at the end of the period	Total assets is a measure of the value of Crown Energy's assets at the end of the period
Average equity	Calculated as opening total capital plus closing total capital divided by two	Used to calculate return on equity
Average assets	Calculated as opening total assets plus closing total assets divided by two	Used to calculate return on total capital
Equity per share, SEK	Equity at end of period divided by number of share at end of period	Equity per share is used to highlight the shareholders' portion of the company's total assets per share

8 EVENTS AFTER THE END OF THE REPORTING PERIOD

No significant events has occurred after the end of the reporting period.

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.

The Swedish Half-year Report was not reviewed by the Company's auditors. The English Half-Year Report is a translation of the Swedish Half-year Report.

Stockholm, 17 August 2018

Pierre-Emmanuel Weil
Chairman of the Board

Yoav Ben-Eli
Board member

Jean Benaim
Board member

Alan Simonian
Board member

Andreas Forssell
CEO

REPORTING DATES

- 2018 Nine-Month Report Friday 9 November 2018

PUBLICATION PURSUANT TO SWEDISH LAW

This information constitutes such information as Crown Energy AB (publ) is required to disclose under the EU Market Abuse Regulation and the Securities Markets Act. The information was released for publication through the agency of the contact person below on 17 August 2018 at 8:30 CET.

FINANCIAL INFORMATION

All financial information is posted at 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 Cision's news service, at http://news.cision.com/se/crown-energy.

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Glossary and definitions

GLOSSARY – CONCEPTS AND MEASUREMENTS RELATED TO THE OIL INDUSTRY

Block/Concession/Licence
A country's exploration and production area is divided into different geographic blocks. Agreements are entered into with the host country which grant the company the right to explore and produce oil and gas within the specified area in exchange for the company paying a licence fee and royalties on production.

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
Thousand barrels of oil equivalents/Million barrels of oil equivalents

Onshore
Refers to operations on land.

Offshore
Refers to operations at sea.

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

Prospect
A geographic exploration area in which possible hydrocarbon compounds have been identified.

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

Reserves and resources
Oil assets are divided into reserves and resources. The difference is in how far the oil company has come in working with the licence, if 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 licensing authority. Reserves are divided into proven, probable, and possible. Resources are divided into contingent and prospective categories. Crown Energy calculates reserves and resources in accordance with the Society of Petroleum Engineers Petroleum Resources Management System of 2007.

Reservoirs
Accumulated oil or gas in a porous type of rock with good porosity, such as sandstone or limestone.

Seismic data
Seismic surveys are conducted to describe geological structures in the bedrock. Sound signals (blasts) are sent from the surface of the ground or the sea and the reflections are captured by special measuring instruments. Used to help localise hydrocarbons.

DEFINITIONS OF KEY RATIOS

Financial key ratios
Average assets
Calculated as opening balance assets + closing balance assets divided by two.

Average equity
Calculated as opening balance equity + closing balance equity divided by two.

EBITDA
Earnings Before Interest, Taxes, Depreciation and Amortisation.

EBITDA margin
Measurement of a company's operating profitability as a percentage of its total revenue.

Equity, SEK
Equity at end of period.

Equity/assets ratio, %
Equity including the minority as a percentage of total assets. Used to highlight the Company’s interest rate sensitivity and financial stability.

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.

Return on assets, % (ROA)
This ratio measures profitability relative to total assets.

Return on equity, % (ROE)
The amount of net income returned as a percentage of shareholders equity. Return on equity measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested.

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.

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.

Property-related definitions
Economic occupancy rate
The measurement aims to facilitate the assessment of rental income in relation to the total value of possible vacant space. Calculates rental income in relation to rental value.

Average remaining contract length
Remaining contract value through annual rent.

Rental income
Debited rent, rent surcharge and rent guarantees less rent deductions.

Rental value
Rental income plus assessed market rent for vacant spaces. Rental value is used to illustrate the Group’s income potential.

Rentable area, square metres
Rented space and rentable vacant space.

Occupancy rate, area
Rented space in relation to total rentable space at the end of the period.