Half-year report 2017
Crown Energy AB (publ)

31 August 2017

Crown Energy AB (publ) Half-year report 2017

SEK 59.1 million

Revenue for interim period January-June

SEK 35.4 million

Operating profit excl. effect of reverse acquisition (January-June)

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 2017.

Q2 – APRIL-JUNE 2017

- Revenue amounted to SEK 31,305 thousand (36,634).
- Operating profit excl. effect of reverse acquisition amounted to SEK 17,131 thousand (22,664), corresponding to SEK 0,05 per share (0,06), before and after dilution.
- The reporting period includes a one-off profit and loss item amounting to SEK -174,586 thousand. This item is a result of accounting regulation for reverse acquisitions and does not affect the cash flow. Operating loss incl. effect of reverse acquisition amounted to SEK -157,455 thousand (22,664).
- Loss after tax was SEK -153,767 thousand (17,348), corresponding to SEK -0.43 per share (0.05), before and after dilution.

H1 – JANUARY-JUNE 2017

- Revenue amounted to SEK 59,089 thousand (71,147).
- Operating profit excl. effect of reverse acquisition amounted to SEK 35,434 thousand (45,761), corresponding to SEK 0,10 per share (0,13), before and after dilution.
- The reporting period includes a one-off profit and loss item amounting to SEK -174,586 thousand. This item is a result of accounting regulation for reverse acquisitions and does not affect the cash flow. Operating loss incl. effect of reverse acquisition amounted to SEK -139,099 thousand (45,761).
- Loss after tax was SEK -124,952 thousand (-43,771), corresponding to SEK -0.35 per share (-0.12), before and after dilution.

KEY EVENTS DURING THE QUARTER

- The acquisition of ESI Group S.A. was completed on 30 June 2017. At the end of the quarter, recalculation of the final consideration and number of shares for conversion to ordinary shares remained to be done. This recalculation was done and press released on 25 August 2017.
- The acquisition of ESI Group S.A. is accounted for as a reverse acquisition, which have had a substantial effect on the financial reports.
- The sale of property in Angola was announced on 13 April 2017 and resulted in that ESI Group S.A. could repay all external loans.
- On 19 April 2017, the signing of consultancy agreements regarding business support for exploration assets in Iraq was announced.

CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Group, ALL AMOUNTS IN SEK THOUSANDS	2017-04-01 2017-06-30 Q2	2016-04-01 2016-06-30 Q2	2017-01-01 2017-06-30 Q1-2	2016-01-01 2016-06-30 Q1-2	2016-01-01 2016-12-31 FULL YEAR
Operating income	31 305	36 634	59 089	71 147	150 161
Operating expenses	-14 174	-13 970	-23 654	-25 386	-50 970
Operating profit/loss excl. effect from reverse acquisition	17 131	22,664	35 434	45,761	99,191
Earnings effect from reverse acquisition	-174 586	-	-174 586	-	-
Net financial items	7	-5,316	52	-89,532	-66,383
Net profit/loss for the period, after tax	-153,767	17,348	-124,952	-43,771	32,803
Earnings per share	-0.43	0.05	-0.35	-0.12	0.09
Equity per share	1.49	1.31	1.49	1.31	1.31
Change in cash and cash equivalents	34,024	-96	34,746	-52	248

CEO statement

DEAR SHAREHOLDERS AND INVESTORS,

During the first half of 2017, Crown Energy worked intensively to complete the acquisition of ESI Group. Considerable effort has been spent on the process of performing the necessary steps to meet the required conditions of the acquisition agreement that was concluded in November 2016. Now that this is done, we can look forward to developing the new Crown Energy with two business areas: Energy, which covers all assets that have historically formed Crown Energy's operations, and Property Development and Services, which provides seamless office and housing solutions for companies and organisations mainly operating in the oil industry. As I write this, the Company's market value amounts to just over SEK 2 billion.

After last year's transactions, the Company now has a stronger financial base as well as a profitable business with positive cash flows that further strengthens the Company's financial and operational position. The consequences are appreciable for Crown Energy and will help grow the Company.

Crown Energy can now continue to position itself as a unique company in the oil industry, where growth is achieved through the positive development of the two business areas in which we operate and where synergies between them will be utilised in the best possible way to generate new business for the Company. The two business areas together will diversify operations, which means reduced risk. The cash flow generated within Property Development and Services can be used to further develop exploration assets. Establishing customer relationships with some of the world's leading oil and gas companies in this business area also increases Crown Energy's opportunities to capitalise on existing assets. Finally, Crown Energy can also offer exploration and extraction partners related services in the form of customised accommodation and offices close to the assets.

The acquired new Property Development and Services business area has historically been well-managed with excellent client relationships. The entire concept and much of the revenue will come from the service provided in conjunction with property rentals. Long-term relationships and contracts ensure high project profitability. The business' solid profitability is boosted by the fact that most clients are major Western companies while costs are local. Incorporating ESI Group in a European listed company provides better access to the international capital market, which is important for faster growth and further expansion of the business to other markets besides Angola.

It is extremely encouraging to be able for the first time to comment on financial figures from a cash flow generating business. The acquisition of ESI Group is to be seen as a reversed acquisition from an accounting perspective, which means that in the accounting, ESI Group is acquiring Crown Energy. This leads to a more complex report than normally should have been the case, and for a transition period, this will continue. In this first group report a one-off item is also reported as a result of the accounting of the reversed take over that will affect the comparability. An amount of SEK -174,586 thousand is reported on the profit and loss accounts due to the difference in market capitalisation and the net asset base of the time of completion of the transaction. This is however a non-cash flow affecting item.

"It is extremely encouraging to be able for the first time to comment on financial figures from a cash flow. generating business."

Property Development and Services generates two sets of revenues, from rent and from services. The standard client is both lease tenant and buyer of services. During the first six months 2017 the revenues amounts to SEK 59,089 thousand compared with SEK 71,147 thousand the same period of last year. The decrease mainly stems from less rental revenues which amounts to SEK 36,511 thousand compared with SEK 46,553 thousand the same period 2016. The reason for the decrease of approximately 20 percent of rental income is mainly due to the fact that one property has undergone a renovation during the reporting period, and was therefore unavailable for rental. The renovation is now done and the tenants is returning and we will see an increase of revenues as a result. It is also partly explained by the sale of property which means that the leasable area decreased during 2017.

Work on the ESI Group transaction has been extensive – incorporating a formerly private-owned business into a public European company has been a demanding exercise. Despite the involvement of several international consulting companies, we had to take advantage of the entire period of time allowed by the acquisition agreement. Company management, including key personnel in the acquired business, has worked very intensively during the period. The transaction was completed satisfactorily and professionally and we are very confident about the future.

In addition to the ESI Group transaction, the Company was able to move forward in the Energy business area as regards exploration licences. Africa Energy has submitted an application to the authorities for entering the next phase in South Africa – the phase that we have long been looking forward to and that will include new licensed drilling. We are waiting for the South African authorities to approve proposed ventures in order to enter the next phase, which covers another two years. We have continued to work commercially with our Iraq licence, which included conducting many meetings with representatives from the region. We are looking forward to further expanding our activities and also announcing operational updates on developments as a result of these efforts.

BUSINESS DECISIONS THAT AFFECTED THE COMPANY'S PERFORMANCE

We have now acquired a well-run company that is profitable and has great growth potential. The strong cash flow also increases our ability to develop existing operations in Crown Energy, as the end market in exploration operations and in the property services business consists largely of the same companies and customers, i.e. the oil and gas industry. As a larger joint company, we see new opportunities for generating future business in both business areas.

OUTLOOK

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

FINANCING

With the acquisition of ESI Group and its operations as well as the issue of shares and warrants to Cement Fund in 2016, the Company will continue to have adequate working and investment capital going forward.

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

Andreas Forssell
CEO, Crown Energy AB (publ)

About Crown Energy

Crown Energy is an international group in the oil, gas and property industries, with operations in Africa and the Middle East. The Group creates value through two business areas: *Energy* and *Property Development & Services.*

3
No. of properties owned

15
No. of properties leased

4
No. of oil projects

SEK 59.1 million
Revenue for interim period January-June

The *Energy* business area develops and explores oil assets in early phases with high potential for recoverable reserves. In the long run, the assets will be introduced to the appropriate player in the oil sector for further development and production.

The *Property Development & Services* business area offers customised residential, office and value-added services solutions to international companies in the oil and gas industry. The comprehensive offering enables customers to focus on their core business.

VISION

To be an established player and an obvious partner in the international oil and gas market, both in exploration and development of customised solutions for residential premises, offices and value-added services.

GOALS

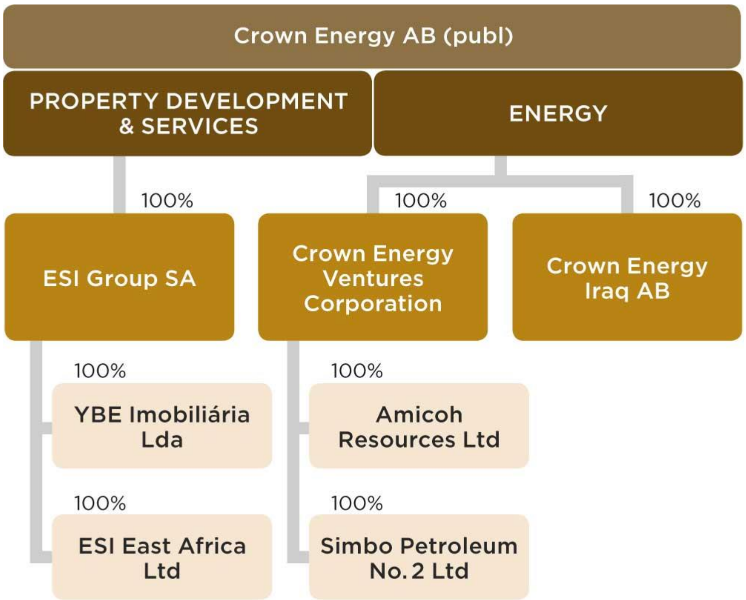
Crown Energy's objective is to generate the highest possible return for shareholders with a balanced risk awareness. The company will have a balanced portfolio of development and exploration assets and an established property business in several geographic markets.

STRATEGY

- Establish property operations in more markets requiring housing and offices in the oil and gas industry.
- Carefully select exploration areas where the chance of oil and gas discoveries is high.
- Take advantage of synergies between the two business areas and reinvest some of the cash flow from property operations in further developing the exploration assets.
- Offer exploration and extraction partners customised accommodation and offices close to the assets.

- Pursue farm-out opportunities as exit strategies to capitalise as much as possible on the assets.
- Create a good risk spread through several parallel projects.

COMPANY STRUCTURE



Property Development & Services business area

DESCRIPTION OF OPERATIONS

Crown Energy provides customised residential and office solutions for companies in the energy sector. The comprehensive offering with related services enables customers to focus on their core business – the extraction of energy resources. In addition to the leasing of offices and residential premises, the business area includes related service solutions such as security, transport and telecommunications. The goal is to provide customers with a smooth overall solution that is easy to administer and where tenants feel comfortable and safe.

The offering is aimed mainly at international companies in the oil and gas sector, primarily in sub-Saharan Africa. These companies have an extensive need for external professional players to meet their foreign workers' needs. There is therefore high demand for high-quality residential and office solutions, in which housing and property management and related services are offered. Existing customers are some of the world's leading oil and gas companies, with high credit ratings.

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

MARKET

The development of the Angolan economy in general and its property market is directly linked to global price trends and demand for oil. The general decline that the oil market has experienced in recent years has led to less foreign capital flowing into the country, resulting in less economic activity. The decline in economic activity in Angola during periods of falling oil prices has led to a general decline in the office space market.

In 2016 and beyond, global demand generally began to rise again and by 2017 further increases were expected.

Recently, a break in the trend could also be discerned where international companies, especially large oil companies and service companies in the oil industry, benefited from developments in the oil market. With the aim of reducing operational costs, large companies began to look for cost-effective premises. This means that activities and business opportunities for landowners and property developers have increased.

18
No. of properties

29,660
Leasable area, m²

13,119
Area of property under construction

85%
Occupancy rate

The outlook for 2018 is a growth, as there is also demand for premises and property services in the mining and other industries, in parallel with the oil and gas industry.

All the Company's properties are in two of Luanda's four business districts: Downtown and Talatona. These business districts are also where the highest growth is expected.

THE PROPERTY PORTFOLIO

The portfolio consists of 18 property assets in Angola in Africa, and is divided between owned properties and lease contracts with varying terms. Three of the properties are owned by the Company and the remainder are held through lease contracts (financial leasing) with landowners. The assets comprise just over 43,000 (including C-view, see below) square metres of residential and office space. The leases consist of both long- and short-term contracts with tenants as well as landowners, and are regularly extended.

C-view, the largest property, is in the Talatona district. C-view has been under construction in 2016 and until the end of the interim period. C-view consists of 13,000 square metres of rentable space, divided between three office buildings and a residential building. All necessary licenses and permits have now been obtained and C-view is ready for leasing. Marketing of the property and discussions with potential tenants started in July 2017.

PROPERTY VALUES

The Company's properties are primarily held for the purpose of generating rental income and service revenues. During the first quarter, the Company externally assessed all properties. In consultation with the external assessor, it was agreed that no significant changes in contracts had been made between 31 March and 30 June.

Fair value is determined by assessing the market value of each individual property. The main method is based on the calculation of the present value of future payment flows, where a calculation of future operating income is calculated for a property-specific calculation period, considering the present value of the assessed market value at the end of the calculation period. The calculation period was 2-5 years for owned properties and was based on the lease agreement with landowners for leased properties. The yield requirement is individual per property depending on the location of the property and available information about transactions completed. Adopted rental rates at contract expiration correspond to current market rents. Operating expenses were assessed based on the Company's actual costs.

In the case of new production of a property, directly incurred expenses were used as an expression of fair value. This is the method used to measure the value of the C-view property.

To comply with the measurement rules of IAS 40 Investment Properties, a majority of the Company's service revenues were not included in the valuation.

Changes in fair value of investment properties:

GROUP, ALL AMOUNTS IN SEK THOUSAND	2017-01-01 2017-06-30	2016-01-01 2016-06-30	2016-01-01 2016-12-31
Fair value at start of period	**631,108**	**573,558**	**573,558**
+ Capital expenditures for the period	6,075	78,464	155,092
- Disposals for the period	–	–	-38,559
+/- Unrealised changes in value	-12,740	–	–
+/- Exchange rate effects*	-40,951	-99,428	-58,983
Fair value at end of period	**583,492**	**552,594**	**631,108**

*Exchange rate effects due to revaluation from Angolan Kwanza to Swedish krona.

The C-view property was assessed for all periods as an investment property under construction and amounted to SEK 371,340 thousand of total fair value.

Energy business area

DESCRIPTION OF OPERATIONS

In the Energy business area, Crown Energy focuses on energy resources in underexplored areas in Africa and the Middle East. With many years of experience and a large network, Crown Energy creates value by identifying, acquiring and developing licences and projects for future oil and gas extraction and production. With a strategy of early-stage entry and further development of projects through exploration and resource optimisation, large values 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 on the project to a major oil and gas player.

MARKET

In the second quarter of 2017 oil prices continued to be around USD 50/barrel. The price rises when reports show that demand exceeds supply, but the price tends to fall when reports show that the supply is increasing. OPEC, however, is sticking to its production reductions and over time these reductions will continue to be effective. Fracking and production of shale oil continues in the United States, although minor changes in oil prices also directly affect this segment. Tensions on the foreign policy scene often send the price upwards as well.

It is likely that oil prices will rise in the long term as global oil consumption is also on the way up. The relatively small investments that have been made in developing new oil wells to replace fields currently in production and the inevitable draining of existing oil fields will also affect prices. In the longer term, oil prices may land around USD 60 (according to some public reports and forecasts). Prices above this level will bolster the US shale oil industry's motivation to boost production. At this price level, Crown Energy is still convinced that the Company's projects are 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 has come further along in the same phase, with a well due to be drilled in a specific area to evaluate the area's commerciality.

The project in Equatorial Guinea is in an evaluation phase and the partnership there is planning for preparations to develop the 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 seeking a financial and operational partner for this.

For a detailed description of the assets, see the annual report for the 2016 fiscal year. Following are exploration project status updates for the first six months of 2017.

BLOCK 2B – SOUTH AFRICA

Crown Energy and our partner Africa Energy, the operator, are waiting for final approval of the application to move into the next phase of the Block 2 B Licence. Africa Energy indicated that approval should be received after the summer. As previously stated, Africa Energy has done all the technical work required to identify the optimal location for drilling a well. They have also commenced logistical activities, including the early procurement of required equipment, so we can focus on the planned well once we move into the next licence period.

Meanwhile, Crown looks forward to continuing 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

There have been few changes on Block P (PDA) since our last report. The partnership continues to work on reviewing the technical operatorship of the licence and wishes to receive further information and input on this and the way forward from the Ministry of Energy. Our US partner Vaalco continues to review options for optimising costs for the development that would make the most sense at current oil prices.

Crown Energy continues to review options for how the Company's five per cent ownership of the licence could add substantial shareholder value in the short and medium term.

3108 MANJA – MADAGASCAR

Crown Energy is arranging to hold its annual meeting with the authority in Madagascar, OMNIS, to review the work programme going forward and status of the licence, and this should take place in the final quarter of this year.

Progress on this project has been slow. Crown Energy has continued to seek a partner to join us in implementing the licence work programme, which consists of an FTG airborne gravity magnetic survey. Oil company exploration budgets remain constrained across the board and this has impacted our ability to progress. We are also restricted by the weather window in Madagascar as to when work can be done.

SALAH AD-DIN – IRAQ

We have continued to make strong headway both commercially and legally in reviewing and analysing the options for developing the licence for the future. The security situation has continued to improve and we are thankful to the government, the regional government, the military and the people of Iraq for all their efforts in this respect. Developments in the region have been positive and our ongoing relationships with the regional governing administration remain very good.

Previously we reported that the consultant company Proger made an on-site visit to the licence area to carry out an early stage review of surface facilities because of the improved security situation. This visit was successful and was an important active step towards working on the redevelopment of the licence area in accordance with our agreement.

As mentioned before regarding this licence, the agreement with Salah ad-Din includes an exploration and production licence. 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.

Since the old Crown Energy Group was incorporated 30 June 2017, the increase is due to Crown Energy's total exploration and evaluation assets as per 30 June 2017. For more information on the reverse business combination, see Note 7, Reverse acquisition.

GROUP, ALL AMOUNTS IN SEK THOUSANDS	2017-04-01 2017-06-30	2016-04-01 2016-06-30	2016-01-01 2016-12-31
Opening carrying amount	–	–	–
Increase through reverse acquisition	183,133		
Closing accumulated cost of acquisition	**183,133**	**–**	**–**

Consolidated statements of comprehensive income

CONDENSED CONSOLIDATED INCOME STATEMENTS

ALL AMOUNTS IN SEK THOUSAND	NOTE	2017-04-01 2017-06-30	2016-04-01 2016-06-30	2017-01-01 2017-06-30	2016-01-01 2016-06-30	2016-01-01 2016-12-31
Revenue						
Rental income		18,419	24,037	36,551	46,553	99,332
Service income		12,199	12,597	21,783	24,594	50,829
Other operating income		687	–	755	–	–
Property-related expenses		-11,913	-11,737	-19,461	-21,124	-39,436
Other external costs		-685	-524	-875	-728	-1,152
Employee benefit expenses		-1,576	-1,710	-3,317	-3,534	-7,080
Other operating expenses		–	–	–	–	-3,302
Operating profit before effect of reverse acquisition		**17,131**	**22,664**	**35,434**	**45,761**	**99,191**
Earnings effect from reverse acquisition	6,7	-174,586	–	-174,586	–	–
Operating profit/loss after effect of reverse acquisition		**-157,455**	**22,664**	**-139,152**	**45,761**	**99,191**
Financial income		319	-5,125	589	–	–
Financial expenses		-312	-191	-536	-89,532	-66,383
Profit/loss before tax and changes in value		**-157,448**	**17,348**	**-139,099**	**-43,771**	**32,808**
Changes in value						
Property, unrealised		20	–	-10,269	–	–
Earnings before tax		**-157,428**	**17,348**	**-149,368**	**-43,771**	**32,808**
Income tax		–	–	-5	–	-5
Deferred tax		3,661	–	24,421	–	–
Net profit/loss for the period		**-153,767**	**17,348**	**-124,952**	**-43,771**	**32,803**
Earnings per share and share related data						
Average number of basic shares, thousands		354,285	353,268	353,779	353,268	353,268
Average number of diluted shares, thousands		354,285	353,268	353,779	353,268	353,268
Basic earnings per share, SEK		-0.43	0.05	-0.35	-0.12	0.09
Diluted earnings per share, SEK		-0.43	0.05	-0.35	-0.12	0.09

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

ALL AMOUNTS IN SEK THOUSANDS	NOTE	2017-04-01 2017-06-30	2016-04-01 2016-06-30	2017-01-01 2017-06-30	2016-01-01 2016-06-30	2016-01-01 2016-12-31
Net profit/loss for the period		-153,767	17,348	-124,952	-43,771	32,803
Other comprehensive income						
Translation differences		-25,077	9,117	-50,382	14,267	26,440
Total items that can be reclassified to profit or loss		-25,077	9,117	-50,382	14,267	26,440
Other comprehensive income, net of tax		**-25,077**	**9,117**	**-50,382**	**14,267**	**26,440**
Total comprehensive income for the year		**-178,844**	**26,465**	**-175,333**	**-29,504**	**59,243**
Total comprehensive income attributable to:						
Parent Company shareholders		-178,844	26,465	-175,333	-29,504	59,243
Comprehensive income for the period		-178,844	26,465	-175,333	-29,504	59,243

EARNINGS SUMMARY, JANUARY-JUNE 2017

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. For more information on the effects of the reverse acquisition, see Note 7, Reverse acquisition.

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 first half of 2017, net revenue amounted to SEK 58,334 thousand as compared to SEK 71,147 thousand year-on-year. The decrease is mainly attributable to rental income, amounting to SEK 36,551 thousand compared to SEK 46,553 thousand last year. The decrease of about 20 per cent is partially due to the fact that one of the larger properties has undergone a refurbishment and has been without tenants until recently. The renovation was recently completed and the property is now being replenished with new tenants. The loss of income is also explained by the fact that parts of a property, Ponticelli, were sold in December 2016. The usual changes to leases and temporary vacancies also contributed to the decrease.

Property costs for the first half of the year amounted to SEK -19,461 thousand (-21,124) 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. Property costs are in line with last year, which is to be expected since many of the costs are based on fixed service contracts.

Other external costs amount to SEK -875 thousand (-728) and are in line with last year.

Employee benefit expenses amount to SEK -3,317 thousand (-3,534) and relate to 15 employees in Angola. The three employees from the "old" Crown Energy Group were added as of 30 June, which means that the number of employees at the end of the period amounts to 18. Due to the reverse acquisition, the salaries for the three additional employees did not affect employee benefit expenses during the period.

The earnings effect of SEK -174,586 thousand arising 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. The effect arose since the Parent Company's share price increased between the time the agreement with the seller of the Angola business was written in November and the acquisition date (30 June 2017). Before the acquisition, the Crown Energy Group's market value, more or less, corresponded to its net assets. The effect was therefore recognised as an earnings effect in operating profit and not as a balance sheet item. See Note 7, Reverse acquisition, for more information and details.

NET FINANCIAL ITEMS

Net financial items for H1 2017 totalled SEK 53 thousand (-89,532). The financial items consist mainly of exchange rate effects arising from the translation of internal dealings and the fact that the properties were valued in USD. The large currency effects in H1 2016 are explained by the major fluctuations between 2015 and 2016 between the Angolan kwanza and the US dollar.

CHANGES IN VALUE

The YTD unrealised changes in value amount to SEK -10,269 thousand. The reason that there are no changes in value in 2016 is explained by the fact that 2016 is a recreated carve-out from the Angolan operations and one of the assumptions made in establishing this is that the market value as per 31 December 2016 was unchanged over the year.

TAX

In H1 2017, a small current tax of SEK -5 thousand was recognised for income tax paid in Luxembourg and a deferred tax asset of SEK 24,421 thousand. The deferred tax asset is attributable to changes in the fair value of properties, in comparison with the carrying amount in local accounting in Angola.

No tax was recognised in the income statement in 2016.

EARNINGS AFTER TAX

Loss after tax for H1 2017 totalled SEK -124,952 thousand (-43,771), corresponding to SEK -0.35 per share (-0.12).

Consolidated statements of financial position

CONDENSED CONSOLIDATED BALANCE SHEET

ALL AMOUNTS IN SEK THOUSAND	NOTE	2017-06-30	2016-06-30	2016-12-31
ASSETS				
Non-current assets				
Investment property		583,492	552,594	631,108
Equipment, tools, fixtures, and fittings		16	–	–
Intangible assets		108	–	–
Exploration and evaluation assets		183,133	–	–
Deferred tax asset		242	–	–
Total non-current assets		**766,991**	**552,594**	**631,108**
Current assets				
Trade receivables	4	17,244	–	–
Other receivables	2,4	23,271	70,923	38,831
Prepaid expenses and accrued income		315	–	1,350
Cash and cash equivalents	4	34,721	66	363
Total current assets		**75,551**	**70,989**	**40,544**
TOTAL ASSETS		**842,542**	**623,583**	**671,652**
EQUITY				
Capital and reserves attributable to Parent Company shareholders				
Share capital		13,107	–	–
Other contributed capital		720,823	447,760	357,339
Reserves		-23,943	14,267	26,439
Accumulated earnings		78,812	46,009	46,009
Net profit/loss for the period		-124,952	-43,771	32,803
Total equity		**663,847**	**464,265**	**462,589**
LIABILITIES				
Non-current liabilities				
Finance lease liability	4	101,680	109,394	112,016
Deferred tax liabilities		14,701	12,324	24,753
Other provisions	4	3,371	–	–
Total non-current liabilities		**119,752**	**121,718**	**136,769**
Current liabilities				
Finance lease liability	4	4,941	2,898	5,308
Accounts payable	4	3,918	30	85
Tax liabilities		14,052	6,945	11,670
Other current liabilities	4	5,973	9,504	10,000
Accrued expenses and deferred income		30,059	18,223	45,231
Total current liabilities		**58,943**	**37,600**	**72,294**
TOTAL EQUITY AND LIABILITIES		**842,542**	**623,583**	**671,652**
Pledged assets and contingent liabilities		102,863	–	–

SUMMARY OF CONSOLIDATED BALANCE SHEET AT 30 JUNE 2017

Due to that the acquisition of ESI Group, is accounted for as a reverse acquisition and the fact that takeover was on 30 June 2017, many new balance from 2016 items have been added, relating to the balance items that business Energy (the old Crown Energy Group), brought into the Group. For more information on the effects of the reverse acquisition, see Note 7, Reverse acquisition.

NON-CURRENT ASSETS

Investment properties have decreased compared with year-end 2016 and the changes consist of investments of SEK 6,075 thousand, unrealised changes in value of SEK -12,740 thousand and exchange rate effects of SEK -40,951 thousand. The change in value is partly because some of the agreements with landowners were not extended and changes in leases with tenants in connection with the transfer between ESI Angola Lda and YBE Imobiliária Lda.

Exploration and evaluation assets were added to the consolidated balance sheet relating to the reverse acquisition of the old Crown Energy Group.

The deferred tax asset as per 30 June 2016 is attributable to temporary differences between residual tax value and fair value of the owned investment properties. For 2016 comparative figures, the temporary differences resulted in a liability.

CURRENT ASSETS

Other receivables primarily concerns a receivable from ESI Angola Lda amounting to SEK 22,855 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 34,721 thousand compared with SEK 363 thousand on 31 December 2016. The large increase is partly due to the cash, amounting to SEK 19,925 thousand contributed by the old Crown Energy Group.

EQUITY

Equity totalled SEK 663,847 thousand. The increase since year-end 2016 is mainly attributable to the reverse acquisition. See explanations in the equity statements.

NON-CURRENT LIABILITIES

The financial lease liability relates to the lease of 15 properties at the end of the half-year period. Reductions in the lease liability between 2016 and H1 2017 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 14,701 thousand and are attributable to surplus values in exploration and evaluation assets. The change since year-end 2016 is attributable to translation differences because some of the underlying assets were acquired in USD and translated at the closing rate. In 2016 comparative figures, there was a deferred tax liability referring to temporary differences in the properties. See explanation under non-current assets.

Provisions of SEK 3,371 thousand 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 2016 Annual Report. No changes have occurred in Crown Energy's assessments of fair value measurement applicable to provisions since 31 December 2016.

CURRENT LIABILITIES

As mentioned above, the lease liability relates to lease contracts with property owners for 15 properties. SEK 4,941 thousand relates to the current portion of the liability.
Tax liabilities refer to local taxes in Angola attributable to taxation of rental and service revenues. The tax liability may vary between periods depending on when payments are made.

Other current liabilities primarily concerns a liability for a loan of SEK 5,054 thousand to the Parent Company's former shareholder and CEO. Otherwise, accounts payable amounts to SEK 3,918 thousand.

Accrued expenses and deferred income consists mainly of deferred income and amounts to SEK 30,059 thousand.

PLEDGED ASSETS AND CONTINGENT LIABILITIES

The increase compared to 2016 refers to the contingent liability that followed along with the old Crown Energy Group. 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 2016 Annual Report. No changes to the estimate of the contingent liability have been made since 31 December 2016.

Condensed consolidated statement of changes in equity

ALL AMOUNTS IN SEK THOUSAND	NOTE	2017-06-30	2016-06-30	2016-12-31
Opening equity		**462,589**	**418,764**	**418,764**
Net profit/loss for the period		-124,952	-43,771	32,803
Other comprehensive income, net of tax		-50,382	14,267	26,440
Comprehensive income for the period		**-175,333**	**-29,504**	**59,243**
Transactions with shareholders:				
Other contributed capital		7,177	81,906	2,905
Deferred tax on items accounted for directly in equity		–	-6,901	-18,321
Net change in share capital (reverse acquisition)		13,107	–	–
Business combination (reverse acquisition)	6, 7	356,307	–	–
Closing equity		**663,847**	**464,265**	**462,589**
Attributable to:				
Parent Company shareholders		663,847	464,265	462,589
Total equity		**663,847**	**464,265**	**462,589**

COMMENTS ON CHANGES IN EQUITY

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

During 2016 deferred tax was accounted for in equity due to equity based adjustments on properties.

The net change in share capital includes a hypothetical increase of the share capital corresponding to the Parent company's share capital, including an adjustment (reduction) of SEK 298 thousand regarding the not yet registered cancellation of the C shares that will not be converted into ordinary shares.

The reverse acquisition as at 30 June 2017 has had the following effect on other contributed equity:

Conversion of C shares to ordinary shares (MV C shares at acquisition date)	1,360,081	1)
Hypothetical buy-back of shares (reverse acquisition)	-1,003,774	3)
Effect on equity	**356,307**	2)

1) Market value of the number of converted C shares to ordinary shares (number of converted C shares x share price on acquisition date)
2) Estimated value of the Crown Energy Group at acquisition (number of shares before reverse acquisition x share price on acquisition date)
3) Difference between market value of the Crown Energy Group on acquisition and market value of the number of converted ordinary shares.

For more information on the reverse acquisition, see Note 7, Reverse acquisition.

Condensed consolidated statements of cash flows

ALL AMOUNTS IN SEK THOUSAND	NOTE	2017-04-01 2017-06-30	2016-04-01 2016-06-30	2017-01-01 2017-06-30	2016-01-01 2016-06-30	2016-01-01 2016-12-31
Cash flow from operating activities						
Operating loss before financial items		-157,455	22,664	-139,152	45,761	99,191
Adjustments for items not included in cash flow:						
Effect on earnings due to reverse acquisition		174,586	–	174,586	–	–
Interest received		–	–	–	–	–
Interest paid		–	–	–	–	-64
Tax paid		–	–	-5	–	-5
Cash flow from operating activities before change in working capital		**17,131**	**22,664**	**35,429**	**45,761**	**99,122**
Changes in working capital		-5,378	-29,608	-16,004	-45,863	21,439
Cash flow from operating activities		**11,753**	**-6,944**	**19,425**	**-102**	**120,561**
Cash flow from investing activities						
Acquisition of subsidiaries, less acquired cash and cash equivalents		19,925	–	19,925	–	–
Capital expenditures on investment properties		–	-23,002	-6,074	-78,464	-155,092
Sale of investment properties		–	–	–	–	38,559
Cash flow from investing activities		**19,925**	**-23,002**	**13,851**	**-78,464**	**-116,533**
Other contributed capital		4,377	32,294	4,377	81,906	2,905
Amortisation of lease liability		-2,031	-2,444	-2,907	-3,392	-6,685
Cash flow from financing activities		**2,346**	**29,850**	**1,470**	**78,514**	**-3,780**
Cash flow for the period		**34,024**	**-96**	**34,746**	**-52**	**248**
Cash and cash equivalents at start of period		310	162	363	115	115
Cash flow for the period		34,024	-96	34,746	-52	248
Exchange gains/losses on cash and cash equivalents		387	–	-388	3	0
Cash and cash equivalents at end of period		**34,721**	**66**	**34,721**	**66**	**363**

COMMENTS ON CASH FLOWS

The only cash flow effecting item, due to that the acquisition of ESI Group, is accounted for as a reverse acquisition is the bank balances from old Crown Energy group. For more information on the effects of the reverse acquisition, see Note 7, Reverse acquisition.

Cash flow from operating activities for H1 totalled SEK 19,425 thousand (-102).

Cash flow from investing activities for H1 2017 totalled SEK 13,851 thousand (-78,464). The positive effect relates to the cash that the old Crown Energy group brought into the Group. Investments in properties during H1 2017 amounted to SEK -6,074 thousand (-78,864) and refers to the construction of the C-view building.

Cash flow from financing activities for H1 2017 totalled SEK 1,470 thousand (78,514).

Consolidated key ratios

For definitions of key ratios, see pages 47-48.

QUARTERLY SUMMARY – GROUP

Quarterly summary of the last six quarters (prior periods are not applicable due to the reverse business combination):

ALL AMOUNTS IN SEK THOUSAND UNLESS OTHERWISE STATED	NOTE	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
EARNINGS							
Rental and service revenues		30,618	27,716	40,163	38,852	36,634	34,512
Other operating income		687	67	–	–	–	–
Operating profit/loss		-157,455	18,303	24,938	28,492	22,664	23,097
Operating profit/loss, before items affecting comparability		17,131	18,303	24,938	28,492	22,664	23,097
Net profit/loss for the period, after tax		-153,767	28,816	51,592	24,982	17,348	-61,119
PROPERTY-RELATED KEY RATIOS							
Occupancy rate, %		85%	82%	85%	86%	81%	94%
Rentable area, thousands of square meters*		29.7	29.7	30.2	30.2	30.2	30.6
Number of properties at end of period		18	19	19	19	19	19
Average remaining contract length, months		18.6	19.7	**	**	**	**
FINANCIAL KEY RATIOS							
Return on equity, %		neg	6.0%	11.2%	5.1%	3.7%	neg
Return on capital employed, %		neg	4.5%	8.0%	3.9%	2.8%	neg
EBITDA		-157 455	18 303	24 938	28 492	22 664	23 097
Adjusted EBITDA		17 131	18 303	24 938	28 492	22 664	23 097
EBITDA margin, %		neg	66%	62%	73%	62%	67%
Adjusted EBITDA margin, %		55%	66%	62%	73%	62%	67%
Equity/assets ratio, %		78,8%	74,6%	71,5%	75,5%	76,0%	74,4%
Total assets		842,542	647,249	646,899	648,820	611,258	554,145
Equity		663,847	482,651	462,589	489,706	464,265	412,406
Average equity		573,249	472,620	476,148	476,985	438,335	415,585
Average assets		744,895	647,074	647,860	630,039	582,702	560,676
RATIOS PER SHARE	3						
Number of basic shares outstanding, thousand	3	445,815	353,268	353,268	353,268	353,268	353,268
Number of diluted shares outstanding, thousand	3	445,815	353,268	353,268	353,268	353,268	353,268
Average number of shares, thousand	3	354,285	353,268	353,268	353,268	353,268	353,268
Average number of diluted shares, thousands	3	354,285	353,268	353,268	353,268	353,268	353,268
Basic earnings per share, SEK	3	-0.43	0.08	0.15	0.07	0.05	-0.17
Diluted earnings per share, SEK	3	-0.43	0.08	0.15	0.07	0.05	-0.17
Equity per share, SEK	3	1.49	1.37	1.31	1.39	1.31	1.37
EMPLOYEES							
Average number of employees		15.0	15.0	15.0	15.0	15.0	15.0

*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.

INTERIM AND FULL-YEAR SUMMARY – GROUP

Overview of the last two interim periods and full-year 2016. Prior periods are not applicable due to the reverse business combination.

ALL AMOUNTS IN SEK THOUSAND UNLESS OTHERWISE STATED	NOTE	2017-01-01 2017-06-30 Q1- Q2	2016-01-01 2016-06-30 Q1-Q2	2016-01-01 2016-12-31 FULL YEAR
EARNINGS				
Rent and service revenues		58,334	24,594	150,161
Other operating income		755	–	–
Operating profit/loss		-139,152	45,761	99,191
Operating profit/loss, before items affecting comparability		35,434	45,761	99,191
Net profit/loss for the period, after tax		-124 952	-43 771	32 803
PROPERTY-RELATED KEY RATIOS				
Occupancy rate, %		84%	88%	87%
Rentable area, thousands of square meters*		29.7	30.2	30.2
Number of properties at end of period		18	19	19
Average remaining contract length, months		19.2	**	**
FINANCIAL KEY RATIOS				
Return on equity, % (ROE)		neg	neg	7.1%
Return on assets, % (ROA)		neg	neg	5.1%
EBITDA		-139,152	45,761	99,191
Adjusted EBITDA		35,434	45,761	99,191
EBITDA margin, %		neg.	64%	66%
Adjusted EBITDA margin, %		60%	64%	66%
Equity/assets ratio, %		78,8%	76,0%	71,5%
Total assets		842,189	611,258	646,899
Equity		663,847	464,265	462,589
Average capital		563,218	441,514	440,676
Average assets		744,721	589,232	607,053
RATIOS PER SHARE	3			
Number of basic shares outstanding, thousand	3	445,815	353,268	353,268
Number of diluted shares outstanding, thousand	3	445,815	353,268	353,268
Average number of shares, thousand	3	353,779	353,268	353,268
Average number of diluted shares, thousands	3	353,779	353,268	353,268
Basic earnings per share, SEK	3	-0.35	-0.12	0.09
Diluted earnings per share, SEK	3	-0.35	-0.12	0.09
Equity per share, SEK	3	1.49	1.31	1.31
EMPLOYEES				
Average number of employees		15.0	15.0	15.0

*Rentable area does not include investment properties under construction. Therefore, until 30 June 2017, the C-view property's 13,000 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.

Parent Company

The Parent Company's revenue for H1 2017 totalled SEK 1,610 thousand (0). The revenue was related to re-invoicing of expenses to subsidiaries.

Operating expenses mainly consist of other external expenses of SEK -4,400 thousand (-1,661) and employee benefit expenses of SEK -2,687 thousand (-2,028). 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 2017 totalled SEK 16,506 thousand compared with SEK 25,237 thousand at 31 December 2016.

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 1,575,816 thousand compared with SEK 216,177 thousand at 31 December 2016. The change is explained by a net change in equity amounting to SEK 1,360,082 thousand due to the acquisition of ESI Group SA; the unregistered conversion from C shares to ordinary shares and the unregistered reduction in share capital due to the fact that all C shares were not converted into ordinary shares. For more information on the acquisition, see Note 7 Reverse business combination.

INCOME STATEMENTS – PARENT COMPANY

ALL AMOUNTS IN SEK THOUSAND	NOTE	2017-04-01 2017-06-30	2016-04-01 2016-06-30	2017-01-01 2017-06-30	2016-01-01 2016-06-30	2016-01-01 2016-12-31
Revenue	2	911	–	1,610	–	395
Other operating income		5	–	5	–	–
Other external costs		-2,737	-1,127	-4,400	-1,661	-3,812
Employee benefit expenses		-1,434	-970	-2,687	-2,028	-4,863
Depreciation/amortisation and impairment of property, plant, and equipment and intangible assets		-8	-8	-16	-16	-33
Other operating expenses		-10	-221	-38	-246	-127
Operating profit/loss		**-3,274**	**-2,326**	**-5,527**	**-3,951**	**-8,440**
Interest income and similar items		148	86	305	86	387
Interest income, intercompany	2	3,176	3,036	6,904	6,060	12,205
Interest expenses and similar items		-755	-520	-1,669	-1,694	–
Earnings before tax		**-705**	**276**	**13**	**501**	**4,152**
Tax		–	–	–		–
Net profit/loss for the period		**-705**	**276**	**13**	**501**	**4,152**

CONDENSED BALANCE SHEET – PARENT COMPANY

ALL AMOUNTS IN SEK THOUSAND	NOTE	2017-06-30	2016-06-30	2016-12-31
ASSETS				
Non-current assets				
Participations in Group companies		1,383,478	20,204	20,704
Intangible assets		108	–	–
Property, plant, and equipment		16	49	33
Receivables from Group companies		174,953	21,244	165,988
Total non-current assets		**1,558,555**	**41,497**	**186,725**
Current assets				
Receivables from Group companies		–	136,303	–
Current receivables	4	9,514	1,001	12,499
Cash and bank balances	4	16,506	50,889	25,237
Total current assets		**26,020**	**188,193**	**37,736**
TOTAL ASSETS		**1,584,575**	**229,690**	**224,461**
EQUITY				
Equity				
Restricted equity				
Share capital		13,107	2,720	13,405
Total restricted equity		**13,107**	**2,720**	**13,405**
Non-restricted equity				
Share premium reserve		1,596,646	243,657	232,722
Accumulated earnings		-33,923	-32,409	-32,409
Net profit for the year		-13	501	2,459
Total non-restricted equity		**1,562,710**	**211,749**	**202,772**
Total equity		**1,575,817**	**214,469**	**216,177**
Non-current liabilities				
Loans from related parties		–	6,304	–
Total non-current liabilities		**–**	**6,304**	**–**
Current liabilities				
Loans from related parties		–	–	5,054
Other current liabilities	4	8,758	8,917	3,230
Total current liabilities		**8,758**	**8,917**	**8,284**
TOTAL EQUITY AND LIABILITIES		**1,584,575**	**229,690**	**224,461**
Pledged assets		–	50	50
Contingent liabilities		None	None	None

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 18. 15 linked to the operations in Angola and three 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 455,949,202 with a quotient value of SEK 0.03 per share.

The Company's ordinary shares are listed on NGM Equity. This means that 20.3% of issued shares are listed on NGM Equity and 79.7% are unlisted. At 30 June 2017 and known changes thereafter, the five largest shareholders together owned 93.3 per cent of the total share capital and 76.2 per cent of the votes.

See the shareholder list below:

SHAREHOLDERS	NUMBER OF SHARES	PERCENTAGE OF SHARES	NUMBER OF VOTES	PERCENTAGE OF VOTES
Yoav Ben-Eli, via company (C shares)[1]	363,401,823	79.7%	363,401,823	28.2%
Cement Fund SCSp	31,500,000	6.9%	315,000,000	24.4%
Veronique Salik	14,519,404	3.2%	145,194,040	11.3%
Andreas Forssell, privately and via companies	8,404,609	1.8%	84,046,090	6.5%
Comtrack Ventures Ltd	7,501,988	1.7%	75,019,880	5.8%
Other shareholders	30,621,378	6.7%	306,213,780	23.8%
Total number of shares	**455,949,202**	**100.0%**	**1,288,875,613**	**100.0%**

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

The changes relating to the conversion of C shares into ordinary shares and the cancellation of remaining C shares (which are not converted) were not yet registered with Euroclear at the time of publication of this report since the prospectus for admission to trading has not yet been completed. In the Group's key ratios, however, the new number of shares has been used and in the consolidated balance sheet the changes have been fully reflected.

If all changes were registered in Euroclear's share register, Crown Energy AB's ownership structure would be as follows (all shares as ordinary shares):

SHAREHOLDERS	NUMBER OF SHARES	PERCENTAGE OF SHARES	NUMBER OF VOTES	PERCENTAGE OF VOTES
Yoav Ben-Eli, via company[1]	353,267,971	79.2%	3,532,679,710	79.2%
Cement Fund SCSp	31,500,000	7.1%	315,000,000	7.1%
Veronique Salik	14,519,404	3.2%	145,194,040	3.2%
Andreas Forssell, privately and via companies	8,404,609	1.9%	84,046,090	1.9%
Comtrack Ventures Ltd	7,501,988	1.7%	75,019,880	1.7%
Other shareholders	30,621,378	6.9%	306,213,780	6.9%
Total number of shares	**445,815,350**	**100.0%**	**4,458,153,500**	**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 8 Reconciliation of alternative performance measures.

KEY EVENTS DURING THE REPORTING PERIOD

SUCCESSFUL SALE OF ASSETS AND REPAYMENT OF LOANS

On 13 April 2017, Crown Energy announced that parts of a property in Angola were sold to an external party. The proceeds from the sale was used to pay off ESI Angola Lda's existing loan of approximately USD 4 million on the C-view building. The transaction meant that the loan was not transferred to YBE Imobiliária Lda, which took over the business from ESI Angola Lda. Consequently, the Group has no external loans.

The sale price of the asset exceeded the external valuation of the building by approximately USD 850 thousand. Since the transaction took place in ESI Angola Lda, it has not had any profit and loss effects in the Group.

CONSULTANCY AGREEMENT WITH PROGER

On 19 April 2017, Crown Energy announced that it had signed a consultancy agreement with Proger S.p.A. Proger S.p.A. is an internationally recognised Italian engineering and consulting company. Proger will carry out a wide range of technical services and business support for our Iraq project.

COMPLETION OF TRANSACTION BETWEEN CROWN ENERGY AND ESI GROUP

In February 2017, 363,401,823 newly issued C shares (and 363,401,823 votes) were transferred to YBE Ventures through a discount issue due to the reverse acquisition. On 30 June 2017, the parties agreed to complete the transaction, which meant that Crown Energy would receive 100 per cent of the shares in ESI Group. The final value of the operations and final number of shares for conversion are based on a purchase price mechanism. Final agreement on the number of C shares for conversion was published on 25 August 2017. See note 9 Events after the end of the reporting period. At the time of publication of this report, the agreed number of shares had not yet been registered with Euroclear, as this requires an approved and registered prospectus.

For more information on the transaction, see Note 5 Acquisition of ESI Group.

FINANCING AND GOING CONCERN

Due to the regular cash flow from property operations and Cement Fund's earlier contribution to the Parent Company, it is estimated that the Group continues to have adequate operating and investment capital for the future.

Our Plan A is to deal with all outstanding obligations within the next 12 months, including investments, recurring administration and repayment of loans, 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 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 2016 Annual Report. No pervasive modifications to significant risks and uncertainties for the previous operations (Energy business area) were made during the period for the Group or the Parent Company.

Below is a summary of the risks described in the annual report for the Energy business area as well as a summary of additional risks associated with the Property Development & Services business area.

ENERGY BUSINESS AREA

Operational risks in the Energy business area are mainly linked to exploration licenses. 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, the Group has as good control as possible over any changes to or new requirements for its licences.

The main risks related to the market and industry are those related to political, social, and economic issues in each country and/or region. Given that the Group 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 social and political unrest. This instability could have a very negative impact on operations as regards permits and partnerships. 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, the Group hires competent persons with good geological backgrounds and always follows established procedures and models for estimating reserves and resources.

Regarding financial risks, the Group estimates that the greatest risk is the fact that oil and gas exploration is a capital-intensive business and funds may need to be raised during a less favourable market situation. Depending on operational developments in general, the Group may need additional capital to acquire assets, to further develop the assets under favourable conditions, or to continue its operating activities. If the Group cannot raise enough funds, the extent of its operations may be limited, which in the long run could result in it being unable to implement its long-term exploration plan.

PROPERTY DEVELOPMENT & SERVICES BUSINESS AREA

In conjunction with the acquisition of ESI Group and associated property assets and operations in Angola, the Company has identified several additional risks and uncertainties, which are described below.

The property market in Angola is strongly associated with price developments in the oil market

The Company offers customised solutions for staff housing and offices primarily to companies in the oil and gas industry in Angola. The Angolan economy and its development are strongly associated with demand and price developments in the oil market, and low demand for oil and low oil prices have an immediate impact on the Angolan property market. Although oil prices have stabilised and remained relatively steady in recent years, the general economic downturn in Angola in recent years has led to stagnation in the Angolan property market. This can therefore have a significantly adverse effect on the Group's operations, financial position and earnings.

The value of properties or property portfolios may decline

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.

The Company is dependent on a high occupancy rate and timely payment of rent by tenants

The Company's property assets are geographically centralised in the Angolan capital Luanda. Rental income comes mainly from tenants operating in the oil and gas industry, and embassies. Lease contracts with the Company's tenants are signed with differentiated maturities. If one or more of the Company's more important tenants do not renew or extend their leases as they expire, this may result in reduced rental income and higher vacancy rates if Crown Energy is not able to replace them with new tenants. A long-term negative trend for current market rents may also have an adverse effect on the Company. Part of the Company's business concept is to allow its customers to pay their rent annually. The Company is dependent on its tenants paying the agreed rents on time and is therefore exposed to the risk that these tenants will not fulfil their obligations properly. If Crown Energy's tenants do not renew or extend their leases as they expire and the Company is not able to replace them with new tenants, or if the Company's tenants do not pay their rent on time, this may have a material adverse effect on the Company's operations, earnings and financial position.

Operating and maintenance costs may increase

The Company's operating costs for property operations in Angola are mainly electricity, water, sanitation, heating, cooling and communications costs. Several of these costs are attributable to goods or services that can only be purchased from one or a few players, which may affect the price. Increased costs in this regard could have an adverse effect on the Company's financial position and earnings if it is not possible to compensate for the increased costs by the adjustment of lease agreements and/or rent increases through renegotiation. The Company's maintenance costs are attributable to measures aimed at upholding the standard of a property in the long term or maintaining and/or modernising the property. The Company's customers require the Company's properties to be of an international standard. This standard may change, which means that the Company's customers may have higher requirements for the Company's properties and premises in the future. These requirements may be significant, resulting in increased maintenance costs, and if it is not possible to compensate for the increased costs by renegotiated leases or the adjustment of lease agreements, this may have an adverse effect on the Company's operations, financial position and earnings.

Currency risk, rent control and limited availability of US dollars in Angola

The Group has previously had currency exposure to the US dollar, euro and British pound. The acquisition of ESI Group also adds a significant exposure to the Angolan kwanza. Historically, the value of the kwanza has fluctuated considerably. The Parent Company's main currency is SEK.

The US dollar has historically been, and still is, an accepted and important means of payment in the Angolan economy alongside the local currency, the kwanza. However, in recent years, the Angolan government has decided on certain restrictive measures (see below) regarding the use of US dollars, to strengthen the domestic banking system. With effect from 2013, rules were introduced forcing oil companies to use the local banking system and pay their taxes in the local currency, the Kwanza. These and other causes, such as stagnating oil prices and an associated reduction in transactions, have resulted in less availability of US dollars in Angola. If US dollar availability in Angola decreases or the Company is not able to conduct any transactions in US dollars, it could have a significantly adverse effect on the Group's operations, earnings and financial position.

As a step in the Angolan government's strategy to control inflation in the country, a new lease act was adopted in 2015. Under the new act, rental amounts may only be established in the national currency, the kwanza. Landlords are obliged to use the method for adjustment of the rent prescribed in the act, in accordance with an annual index published by the government. For leases concluded for a term of more than five years, commercial operators are also allowed to implement an ad hoc rent adjustment mechanism in the contract. In view of the general decline in the Angolan economy in recent years and the fact that the Angolan Central Bank has historically used devaluation measures as an instrument for controlling economic development in the country, the present lease act means that landlords are exposed to currency risks as rent cannot be denominated in currencies other than the kwanza. There is a risk that updates of the rent adjustment index published by the Angolan government will not adequately match the necessary rent adjustments that the Company needs to make to cover operating expenses or maintain its margins. Also, the possibility for commercial operators to implement an ad hoc rent adjustment mechanism in contracts may be difficult to formulate fully in view of the fact that the Angolan economy is strongly influenced by oil price movements. If the Angolan Central Bank decided to devalue the kwanza, or if the Angolan economy in general and the property market in particular experienced a decline, it is possible that the Company would be unable to adequately protect itself from increased costs, reduced revenue or margins, inflation or devaluation of the kwanza.

Notes

NOTE 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 2016 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 2016 financial year and as described in the 2016 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 2016 Annual Report.

ADDITIONAL ACCOUNTING POLICIES

Due to the acquisition of the Angolan business, additional accounting policies that were not stated in the 2016 Annual Report are described below.

Income

Rental income

Rental income from property management is recognised on a straight-line basis based on the terms of the lease (rental agreement).

Service income

A service agreement is signed for each rental agreement. The service agreement generally covers all administrative costs for the property as well as other value-added services such as security, catering etc.

Income from property sales

Revenue from property sales is normally recognised on the takeover date unless the risks and benefits are transferred to the buyer at an earlier date. Control of the asset may have been transferred at an earlier date than the takeover date and, if so, the revenue from the property sale is recognised at this earlier date. When assessing the revenue recognition date, consideration is given to the agreements between the parties regarding risks and benefits as well as involvement in current administration. In addition, consideration is given to factors that may affect the outcome of the transaction are beyond the control of the seller and/or buyer. When selling properties with rental guarantees, the present value of the probable outflow of guarantee payments is calculated and recognised as a provision.

Leases

Leases are classified either as financial or operating leases. When the economic risks and benefits associated with ownership are essentially transferred to the lessee it is considered a financial lease. If this is not the case, it is an operating lease.

Operating lease

Costs relating to operating leases are recognised in profit for the year on a straight-line basis over the lease period. Benefits received relating to the signing of an agreement are recognised in profit for the year as a reduction in the lease payments on a straight-line basis over the term of the lease. Benefits received relating to the signing of an agreement are recognised in profit for the year as a reduction in the total lease cost. Variable fees are written off in the periods in which they arise.

Finance leases

An asset and a liability are recognised at the beginning of the lease term. At the beginning of the lease term, the asset and liability are recognised at the lease object's fair value or at the present value of the minimum lease payment, if this is lower. The discount rate used in the calculation of present value is the implicit rate, if this is known. Otherwise, the lessee's incremental borrowing rate of interest is used. Any direct expenses incurred when entering the lease are added to the amount recognised as an asset. In some cases, there are no minimum lease payments (since charges are based solely on variable parameters). Construction costs for buildings are treated as direct expenses.

After initial recognition, the minimum lease payment is divided between interest and debt repayment. Amortisation and interest expenses are recognised in the statement of comprehensive income.

Leases covering buildings and land

When a lease includes both buildings and land, the classification of each part is assessed separately as a financial or operating lease. Land and buildings held through a finance lease and leased under one or more operating leases are considered investment properties and shall, in addition to the rules of IAS 17 Leases, comply with IAS 40 Investment Properties.
In accordance with IAS 40, an interest in a property classified as an operating lease may also be classified as an investment property. In these cases, the interest in the property is recognised as if it were a finance lease and fair value must be used for the recognised asset.

Leases relating to office equipment/machinery

Leases for office machines are finance leases, but as they are not considered to be significant, they are recognised as operating leases.

Investment property

The Group's properties are primarily held for the purpose of generating rental income and service revenues. All properties are classified as investment properties. Investment properties include buildings, land, land improvements and fixtures and fittings. Properties under construction and refurbishment intended to be used as investment properties when the work is completed are also classified as investment properties. Investment properties are recognised at fair value in accordance with IAS 40. Initially, investment properties are recognised at cost, which includes expenditures directly attributable to the acquisition. Fair value is based on market value and represents the estimated amount that would be received in a transaction at the time of the valuation between competent, independent parties who have an interest in the transaction being conducted as is customary on the market and where both parties are expected to have acted insightfully, wisely and without obligation.

The valuation model consists of a cash flow model discounting the future cash flows that the investment properties are expected to generate. In the event of significant changes during the fiscal year, the valuation is updated. A description of the valuation methods used, significant inputs in the value assessments and the fair value hierarchy level applicable to the property holdings can be found in the Property Development & Services Business Area section on page 9.

Both realised and unrealised changes in value are recognised in profit for the year. Realised changes in value refer to changes in value from the most recent quarterly report until the disposal date for properties disposed of during the period, taking into account capitalised investment expenses for the period. Unrealised changes in value refer to other changes in value that are not due to acquisitions or capitalised investment expenditures.

Property sales and property purchases are recognised when the risks and benefits associated with ownership is passed from the seller to the buyer (see the Revenue from property sales section).

Subsequent expenditures are added to the carrying amount of investment properties only if it is probable that the future economic benefits associated with the expenditures will flow to the Company and the cost can be calculated reliably. All other subsequent expenditures are recognised as expenses in the periods in which they arise. Expenditures for replacement of identified components and the addition of new components are added to the carrying amount when they meet the above criteria. Repairs and maintenance are written off as the expenditures arise.

Non-current assets held for sale

The implication of a non-current asset or disposal group being classified as held for sale is that its carrying amount will be recovered largely through sales and not through use. An asset or disposal group is classified as held for sale if it is available for immediate sale in its current state and it is very likely that the sale will be made. These assets or disposal groups are recognised on a separate line as current assets and current liabilities, respectively, in the statement of financial position. For depreciable assets, depreciation ceases after reclassification to asset held for sale.

Immediately prior to classification as held for sale, the carrying amount of the assets and all assets and liabilities in a disposal group is determined in accordance with applicable standards. At initial classification as held-for-sale, non-current assets and disposal groups are recognised at the lower of carrying amount and fair value less selling expenses. Certain assets, such as financial assets and deferred tax assets, either individually or in a disposal group, are exempt from the above-mentioned valuation rules.

Property, plant, and equipment

With the new property business, improvements to other property can be capitalised as property, plant, and equipment. Improvements to another's property are written off over 10 years.

Current tax

Angola taxes gross income from property management, that is, rental income and service income. These taxes are recognised as property costs in operating profit. The obligation to pay taxes is based on customer payments and is due one month after payment. If the customer is a company, which most of the Group's customers are, responsibility for making these payments to local tax authorities lies with them. In practice, this means that the landlord receives a net payment after tax from the customer. This type of tax, as well as costs directly attributable to property operations, are counted as deductible costs when calculating income tax for the year, which means that the Angolan property business is expected to have no or very low income tax.

Other property-related taxes, such as local property taxes, are recognised as property costs.

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

The International Accounting Standards Board (IASB) has issued new standards that will take effect in 2018: IFRS 9 Financial Instruments, IFRS 15 Revenues from Contracts with Customers and IFRS 16 Leases. As the Group has undergone major changes during the second quarter of 2017, some work remains on the analysis of how the new standards will affect the Group. Below is a summary of initial assessments.

- 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. At this initial stage, the new standard is not expected to have a significant effect on presentation of these instruments.

  The new impairment model for receivables involves making provisions for the loss risk on all receivables regardless of whether there is an observable event indicating a risk loss. Historically, bad debt losses are very small in the property business. The Group continues to analyse how the changes to IFRS 9 may affect provisions for bad debt losses.

- 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. This means that revenues are recognised in accordance with IFRS 16 Leases and services in accordance with IFRS 15. The assessment at present is that the period allocation of these revenues will not change due to the new IFRS 15. However, the new standard will entail increased disclosure requirements.

- 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.

NOTE 2 TRANSACTIONS WITH RELATED PARTIES

PURCHASES AND SALES WITHIN THE GROUP

Of the Parent Company's revenue in H1 2017, 100 per cent (100) consists of re-invoicing to other companies within the Group. Of the Parent Company's total interest income in the first half of 2017, 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 2017, the receivable amounted to SEK 22,855 thousand with a market interest rate.

NOTE 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

The Parent Company had 31,500,000 warrants issued to shareholder Cement Fund SCSp at 30 June 2017. The warrants can be converted into an equivalent number of ordinary shares upon conversion. If Cement Fund SCSp opts to exercise its warrants and subscribe for additional shares, Cement Fund SCSp may then hold a total of 13.2 per cent of the shares and the votes in Crown Energy (based on the number of shares and votes at publication of this half-year report). Subscriptions for new shares by exercising warrants will be permitted during the period from 24 May 2016 until 24 May 2018. The issue price is SEK 2 per share. Warrants only have a dilutive effect when the average share price exceeds the issue price of the warrants and when conversion results in a lower gain or higher loss per share. The share price exceeded the issue price during the quarter, but a dilution would result in a lower loss per share.

EARNINGS PER SHARE AND NUMBER OF SHARES

The reverse acquisition has had some effects on how the number of shares was calculated:

- For the period from 1 January 2016 until takeover on 30 June, the number of shares was assumed to be the C shares to Yoav Ben-Eli (via YBE Ventures Ltd), which will be converted into ordinary shares, that is, 353,267,971.

- The number of shares outstanding at 30 June 2017 and the average number of shares were calculated on the assumption that the number of ordinary shares before the reverse acquisition, that is 92,547,379, increased the number of shares as from 30 June.

Based on that stated above, the number of outstanding shares at 30 June 2017 totalled 445,815,350. The average number of shares during the quarter amounts to 354,284,975. As mentioned above, there is no dilutive effect.

YTD earnings before tax amounted to SEK -149,368 thousand, which puts earnings per share at 30 June 2017 at SEK -0.35 (both before and after dilution).

NOTE 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 THOUSAND, 2017-06-30	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets measured at fair value via income statement:				
Investment property	–	–	583,492	583,492
Total assets	–	–	**583,492**	**583,492**
Financial liabilities measured at fair value via income statement:				
Provision for additional consideration, commercial discovery	–	–	3,371	3,371
Total liabilities	–	–	**3,371**	**3,371**

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 2016. For more information on the provision, see the 2016 Annual Report. No changes have occurred in Crown Energy's assessments of the provision as described in the annual report.

NOTE 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

Since there was only one segment in 2016, comparative figures are not available. As a result of the reverse acquisition, the Energy segment has not had any earnings effects.

OPERATING SEGMENTS	Energy **Q 2 2017**	Property Development & services **Q 2 2017**	Group-wide and non-allocated posts **Q 2 2017**	Total **Q 2 2017**
Revenue	–	31,305	–	31,305
Operating expenses	–	-14,174	–	-14,174
Operating profit before effect of reverse acquisition	**–**	**17,131**	**–**	**17,131**
Operating profit/loss after effect of reverse acquisition	**–**	**17,131**	**-174,586**	**-157,455**
Net financial items	–	7	–	7
Profit/loss before tax and changes in value	**–**	**17,138**	**-174,586**	**-157,448**
Changes in value				
Property, unrealised	–	20	–	20
Earnings before tax	**–**	**17,158**	**-174,586**	**-157,428**
Income tax	–	–	–	–
Deferred tax	–	3,661	–	3,661
Net profit/loss for the period	**–**	**20,819**	**-174,586**	**-153,767**
Non-current assets at end of period	183,133	583,492	124	766,750

OPERATING SEGMENTS	Energy Q 1-2 2017	Property Development & services Q 1-2 2017	Group-wide and non-allocated posts Q 1-2 2017	Total Q1-2 2017
Revenue	–	59,089	–	59,089
Operating expenses	–	-23,654	–	-23,654
Operating profit before effect of reverse acquisition	**–**	**35,434**	**–**	**35,434**
Earnings effect from reverse acquisition	–	–	-174,586	-174,586
Operating profit/loss after effect of reverse acquisition	**–**	**35,434**	**-174,586**	**-139,152**
Net financial items	–	52	–	52
Profit/loss before tax and changes in value	**–**	**35,487**	**-174,586**	**-139,099**
Changes in value				
Property, unrealised	–	-10,269	–	-10,269
Earnings before tax	**–**	**25,218**	**-174,586**	**-149,368**
Income tax	–	-5	–	-5
Deferred tax	–	24,421	–	24,421
Net profit/loss for the period	**–**	**49,634**	**-174,586**	**-124,952**
Non-current assets at end of period	183,133	583,492	124	766,750

GEOGRAPHIC MARKET

Allocation by geographic market, Q2 2017:

GEOGRAPHIC MARKET, SEK THOUSAND	SWEDEN	ANGOLA	IRAQ	SOUTH AFRICA	EQUATORIAL GUINEA	MADAGASCAR	TOTAL
Revenue							
Energy	–	–	–	–	–	–	**–**
Property Development & Services	–	31,305	–	–	–	–	**31,305**
Operating profit before effect of reverse acquisition	–	17,131	–	–	–	–	**17,131**
Investment property	–	583,492	–	–	–	–	**583,492**
Exploration and evaluation assets	–		35,026	60,038	4,963	83,106	**183,133**
Other non-current assets, excluding deferred tax	124	–	–	–	–	–	**124**

Allocation of non-current assets per geographic market, Q2 2016 (in 2016 there was only one segment, so information is only provided for non-current assets in the form of investment properties):

GEOGRAPHIC MARKET, SEK THOUSAND	SWEDEN	ANGOLA	IRAQ	SOUTH AFRICA	EQUATORIAL GUINEA	MADAGASCAR	TOTAL
Investment property	–	552,594	–	–	–	–	**552,594**

NOTE 6 ACQUISITION OF ESI GROUP

BACKGROUND

In November 2016, the Parent Company acquired all shares in ESI Group SA (ESI Group), which was funded through a directed issue of 363,401,823 C shares to YBE Ventures Ltd (the Acquisition). YBE Ventures Ltd (YBE Ventures) is owned by Yoav Ben-Eli, also a member of the Board of Directors of the Parent company since December 2016. The acquisition was approved after a proposal from the Board at an EGM in December 2016 and payment was via a discounted issue of 363,401,823 Crown Energy AB's C shares, the new share class (the Directed Issue).

ESI Group owns all shares in the newly formed Angolan company YBE Imobiliária Lda ("YBE Imobiliária ") and the Mauritian company ESI East Africa (currently a shell company). Business was historically conducted in a private company in Angola, ESI Angola Lda (ESI Angola), and its operations were transferred in accordance with the acquisition agreement to YBE Imobiliária before Crown Energy took possession of the ESI Group shares.

ESI Angola is an Angolan company that has developed and offered customised solutions for staff housing and offices primarily to companies in the oil and gas industry for the last 15 years. The offering included everything from project planning and construction to administration and other value-added services, such as security, transportation, telecommunications, catering and recreational facilities. Customers include some of the world's leading oil companies. Yoav Ben-Eli has 100 per cent control over the company, which has approximately 250 employees. As mentioned above, the Parent Company acquired ESI Angola's operations via ESI Group. Instead of acquiring the entire business, all business-critical functions and assets, such as properties, leases and key personnel were carved-out to YBE Imobiliária.

ESI Angola, with about 250 employees, will remain as a company at first and will only conduct support activities in future, such as property maintenance and support services. In accordance with the acquisition agreement, YBE Imobiliária will contract with ESI Angola for these support functions. The non-business-critical parts of the operations will be outsourced, which will help promote expansion in existing and new markets. ESI Angola is now controlled by and will continue to be controlled by Yoav Ben-Eli. A close relationship between Crown Energy Group and ESI Angola arises since Yoav Ben-Eli, via YBE Ventures, will be the largest owner (see description below) of shares and votes in Crown Energy AB. The service agreement was entered on normal commercial terms

SHARE ISSUE/DISCOUNT ISSUE

The acquisition was through an issue of 363,401,823 C shares in the Company, which was also the introduction of the new C shares. YBE Ventures, ESI Group's current owner, subscribed for the C shares in the Parent company at an issue price below the quotient value of the Parent company's shares, corresponding to a total of one krona for all subscribed shares. An amount corresponding to the difference between the issue price and the quotient value of the Parent company's shares was transferred from non-restricted equity (the Discount Issue). The Acquisition and the Discount Issue were approved at an extraordinary general meeting on 12 December 2016.

C SHARES AND CONVERSION INTO ORDINARY SHARES

Relating to the Discount Issue, shareholders in the Parent company decided to introduce a new share class (C shares), whereby existing shares became ordinary shares. In addition, a conversion and redemption provision was introduced into the Parent company's articles of association that encompass the C shares.

On 25 August 2017, Crown Energy announced final settlement of the acquisition of ESI Group. The total final valuation of ESI Group is SEK 883,169,928, which is a minor adjustment from the acquisition value of SEK 908,504,559. In total, 353,267,971 C shares will be converted into ordinary shares in the Parent company and 10,133,852 C shares will be redeemed (cancelled). Final registration and admission of new ordinary shares to trading at NGM Equity will occur when Crown Energy can publish a new competent persons report (CPR), followed by publication of a prospectus after approval from the Swedish Financial Supervisory Authority (FI) and registration of the shares with Euroclear. This process is expected to be completed no earlier than late September 2017.

REMAINING MEASURES TO BE TAKEN

Before the new ordinary shares can be made available for trading on NGM Equity, a prospectus must be approved by the Swedish Financial Supervisory Authority (FI). The prospectus will contain pro forma accounts for 2016 and pro forma profit and loss accounts H1 2017 and financial information from this half-year report. The prospectus has not yet been completed on publication of this half-year report.

Before the prospectus has been approved and registered, changes in share capital (conversion of C shares to ordinary shares and cancellation of remaining C shares) cannot be registered in the Euroclear share register.

OTHER

Before the acquisition agreement was entered, the seller requested and received an exemption from the mandatory bid from the Swedish Securities Council. The reason for the exemption is that the seller does not have the liquid assets required for submitting a bid for the remainder of the shares.

ACCOUNTING OF THE ACQUISITION

The acquisition will be classified as a reverse acquisition because it will result in Crown Energy having a new principal owner. This means that IFRS 3 Business Combinations will be observed for accounting and presentation of the acquisition within the Group, which is described in detail in Note 7, Reverse acquisition.

NOTE 7 REVERSE ACQUISITION

As mentioned in Note 6 Acquisition of ESI Group, 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.

After the transaction was completed on 30 June 2017, a final settlement was made to determine the final consideration. In accordance with a transfer agreement and a resolution at the General Meeting in December 2016, a maximum of 363,401,823 Class C shares could be converted into an equal number of ordinary shares. In the acquisition agreement, the shares are assigned a value of SEK 2.50 per share and the number of exchanged shares will depend on the final settlement. At final settlement on 25 August 2017, in accordance with the acquisition agreement, the parties agreed that a total of 353,267,971 C shares would be converted into ordinary shares. The remaining 10,133,852 C shares, will be cancelled. Conversion and cancellation of shares in the Parent Company's share register at Euroclear had not been finalised as of the reporting date. However, when preparing this report, the changes in share capital were considered, as it is an event that confirms what was legally the case at 30 June 2017.

After the conversion of C shares into ordinary shares, YBE Ventures Ltd will hold 79.2 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.

A reverse acquisition exists if a company acquires shares in another company by issuing shares in its own company to such an extent that the controlling interest over the newly formed group is attributable to the shareholders of the acquired company. Legally, the acquiring company is a parent company (Crown Energy AB) but the economic significance of the transaction is that it is the former shareholders of the acquired company (ESI Group SA) that have the controlling interest over the acquiring company. The consolidated accounts have therefore been prepared according to the financial implications of the transaction. This means that it is the acquired company's (Crown Energy AB) assets and liabilities that are assessed at fair value on the acquisition date when preparing an acquisition analysis. This means that Crown Energy AB is the legal parent company but is accounted for as a subsidiary. ESI Group SA is the legal subsidiary but is accounted for as a parent company in the consolidated accounts.

Crown Energy's fair value of SEK 356 million at the acquisition date is considered to constitute the transferred compensation. The fair value was calculated on 92,547,379 outstanding (ordinary) shares (before the above-mentioned discount issue) multiplied by Crown Energy's purchase price of SEK 3.85 per share at the acquisition date.

The acquisition analysis is preliminary and will be finalised no later than one year after the acquisition date.

The table below shows the accounting and valuation of acquired assets and assumed liabilities related to the acquisition of the old Crown Energy as per acquisition date.

ALL AMOUNTS IN SEK THOUSAND	ON TAKEOVER DATE
ASSETS	
Non-current assets	
Exploration and evaluation assets	183,133
Other non-current assets	124
Current assets	
Other receivables	9 517
Cash and cash equivalents	19 925
Non-current liabilities	
Deferred tax liabilities	14,701
Other provisions	3,371
Current liabilities	
Other current liabilities	12,906
Net identifiable assets and assumed liabilities	**181,721**
Fair value of Crown Energy at takeover date	**356,307**
Transaction cost (marketplace premium)	174,586
Transferred compensation	356,307
Payment, business combination	SEK 1
Business combination's effect on equity	**356,307**
Payment for business combination	SEK 1
Cash in business combination	19 925
Cash flow, reverse acquisition	**19 925**

The difference between the net of identified assets and liabilities and transferred compensation can be seen as a premium of SEK 175 million for the stock exchange, which is not a balance sheet item so the difference is recognised as an expense. The difference arose since the Parent Company's share price increased between the time the agreement with the seller of the Angola business was written in

November and the acquisition date (30 June 2017). Before the acquisition, the Crown Energy Group's market value, more or less, corresponded to its net assets.

Acquisition-related costs (not including issue expenses) paid by the acquired entity, Crown Energy AB, totalled SEK 2,691 thousand on issue of this report. All costs arose prior to the acquisition and thus affected the difference between identified assets and liabilities and transferred compensation, as costs prior to acquisition reduced the net of identified assets and assumed liabilities. Costs incurred after the acquisition date are also written off on an ongoing basis.

Since the period from the acquisition date is the same as the reporting period (30 June 2017), Crown Energy had no effect on earnings. If the acquisition had taken place on 1 January 2017, management believes that the net income in the new group would have amounted to SEK -160 million (of which SEK -175 million relates to the above-mentioned earnings effect caused by the reverse acquisition).

COMPARATIVE FIGURES 2016

This interim report includes financial information for the new Crown Energy Group for the period 1 January – 30 June 2017. Since Crown Energy's acquisition of ESI Group is recognised as a reverse acquisition, the Group's comparative figures for 2016 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.

The ESI Group did not exist in its current form in 2016, as the operating subsidiary YBE Imobiliária Lda (YBE Imobiliária) was first acquired in 2017. As a consequence of the reverse acquisition, and in accordance with IFRS 3 Business Combinations, comparative figures were calculated assuming that in 2016 the ESI Group conducted its business in its present form at takeover.

Parts of the business acquired by Crown Energy through ESI Group SA's subsidiary, YBE Imobiliária, were previously run via a privately-owned company in Angola, ESI Angola Lda. Instead of acquiring ESI Angola Lda and the entire business, all business-critical functions and assets, such as properties, leases and key personnel, were carved-out. This carve-out was made to the newly formed company YBE Imobiliária Lda in 2017.

Comparative figures from 2016 for the ESI Group relating to the subsidiary YBE Imobiliária were calculated using ESI Angola Lda's accounts and adjusting them for revenues, expenses and balance sheet items not considered to belong to YBE Imobiliária. Since the Angolan operations did not do accounting in accordance with IFRS, the process of compiling the comparative figures from 2016 has been time-consuming, involved many complex issues and required several assumptions. The financial figures for the carve-out of YBE Imobiliária 2016, will be subject to review by the Group's auditors in autumn 2017.

NOTE 8 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	2017-04-01 2017-06-30	2016-04-01 2016-06-30	2017-01-01 2017-06-30	2016-01-01 2016-06-30	2016-01-01 2016-12-31
RECONCILIATION OPERATING PROFIT/LOSS AND EBITDA AND ADJUSTED EBITDA					
Operating profit/loss	-157,455	22,664	-139,152	45,761	99,191
+/- Depreciation/amortisation	–	–	–	–	–
= Total EBITDA	**-157,455**	**22,664**	**-139,152**	**45,761**	**99,191**

+ Earnings effect from reverse acquisition	174,586	0	174,586	0	0
= Total adjusted EBITDA	**17,131**	**22,664**	**35,434**	**45,761**	**99,191**
CALC. EBITDA MARGIN					
EBITDA	-157,455	22,664	-139,152	45,761	99,191
÷ Earnings	31,305	36,634	59,089	71,147	150,161
= EBITDA margin, %	**neg.**	**62%**	**neg.**	**64%**	**66%**
Adjusted EBITDA	17,131	22,664	35,434	45,761	99,191
÷ Earnings	31,305	36,634	59,089	71,147	150,161
=Adjusted EBITDA-margin, %	**55%**	**62%**	**60%**	**64%**	**66%**
CALC. RETURN ON EQUITY, % (ROE)					
Net profit/loss for the period, after tax	-153,767	17,348	-124,952	-43,771	32,803
Average equity (opening balance + closing balance divided by two)	573,249	438,335	563,218	441,514	440,676
Return on equity, %	**neg.**	**4%**	**neg.**	**neg.**	**7%**
CALC. RETURN ON ASSETS, % (ROA)					
Net profit/loss for the period, after tax	-153,767	17,348	-124,952	-43,771	32,803
Average total capital (opening balance assets + closing balance assets divided by two)	744,895	582,702	744,721	589,232	607,053
Return on assets, %	neg.	3%	neg.	neg.	5%
CALC. EQUITY/ASSETS RATIO, %					
Total assets	842,542	611,258	842,189	611,258	646,899
Equity	663,847	464,265	663,847	464,265	462,589
Equity/assets ratio, %	79%	76%	79%	76%	72%

NOTE 9 EVENTS AFTER THE END OF THE REPORTING PERIOD

On 25 August 2017, the Crown Energy announced final settlement of the acquisition of ESI Group. The total final valuation of ESI Group is SEK 883,169,928, which is a minor adjustment from the acquisition value of SEK 908,504,559. In total, 353,267,971 C shares will be converted into ordinary shares in the Parent company and 10,133,852 C shares will be redeemed (cancelled). After conversion and redemption, no more C shares will exist. The total number of ordinary shares in the Parent company after conversion and redemption will be 445,815,350. After this, only ordinary shares will be issued. The final dilutive effect in the Parent company will be 79.2 per cent. Share capital will decrease by approximately SEK 297,932 and amount to approximately SEK 13,106,779. The number of votes in the Parent company after conversion will be 4,458,153,500 (each ordinary share has 10 votes).

Final registration and admission of new ordinary shares to trading at NGM Equity will occur when Crown Energy can publish a new competent persons report (CPR), followed by publication of a prospectus after approval from the Swedish Financial Supervisory Authority (FI) and registration of the shares with Euroclear. This process is expected to be completed no earlier than late September 2017.

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 half year report was not reviewed by the Company's auditors.

Stockholm, 31 August 2017

Pierre-Emmanuel Weil
Chairman of the board

Yoav Ben-Eli
Board member

Jean Benaim
Board member

Alan Simonian
Board member t

Andreas Forssell
CEO

REPORTING DATES

2017 Nine-Month Report	Friday 10 November 2017

PUBLICATION PURSUANT TO SWEDISH LAW

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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.