Annual Report 2014

SVENSKA
PETROLEUM EXPLORATION
www.svenska.com

Board of directors' report

Annual report and consolidated financial statements for the financial year 2014

The Board of directors and president & CEO of Svenska Petroleum Exploration AB herewith present the annual report and consolidated financial statements for the financial year 2014. All amounts are reported in SEK thousands unless otherwise stated.

INTRODUCTION

Through participation in joint operation projects, Svenska is actively engaged in all aspects of exploration and production of oil and gas as well as associated activities. Today, business operations are conducted in Norway, the Ivory Coast, Angola, Nigeria, Guinea-Bissau, Latvia, the UK, Ireland and Sweden. Produced oil is sold to refineries worldwide, mostly in Europe and North America. The Group is presently not involved in direct selling of gas.

GROUP ORGANISATION

Svenska Petroleum Exploration AB (Svenska) is an international oil company that conducts business through subsidiaries, directly or indirectly. The business is supported by the offices in Bissau, London, Oslo and Stockholm where the staff is employed. Knowledge and competence are spread across the offices, whereby a project team for a particular asset often consists of staff from more than one office in order to be able to best utilise the full set of competences. Insurance is managed through the wholly owned subsidiary Petroswede Insurance Company Ltd (Ireland).

Svenska has nine wholly owned subsidiaries in Ireland, Norway, the UK and Sweden. Some of these subsidiaries have their own subsidiaries, foreign branches or representative offices. The operations in the Ivory Coast, the UK and Angola are conducted as branches to subsidiaries or branches to indirectly owned subsidiaries in the Group.

OWNERSHIP AND GROUP STRUCTURE

Svenska is wholly owned by Petroswede AB, which is ultimately held by Moroncha Holdings Ltd, Cyprus.

EVENTS DURING THE FINANCIAL YEAR

During the year, Svenska's share of the production from the Baobab field in the Ivory Coast was lower than that of 2013. Svenska's entitlement share of average production in the field was 2,700 (4,090) barrels per day. The drop in production was due to normal decline of the field but also due to comprehensive maintenance work on the mooring lines of the FPSO. Production was shut down for 42 days while all eight mooring lines were replaced. Since restarting the field, production has been very stable and without interruptions. Ongoing planning for additional investments in new production wells is expected to significantly increase production volumes in coming years. Drilling of the new wells is expected to start in early 2015.

During the year, Svenska participated in the drilling of five Norwegian exploration wells. Drilling of the Askja East prospect in PL 272 was completed in early 2014. It discovered additional hydrocarbon assets, adding to the total resources of the licence (see below).

In licence PL 554, the drilling of an appraisal well (34/6-3 S) and a sidetrack well (34/6-3 A) was completed, resulting in additional proven resources. The structure is located about 30 km northeast of the Visund field in the northern part of the North Sea, and about 185 km northwest of Bergen. Svenska currently estimates the combined discovered resource to between 50 and 105 mmboe.

A dry exploration well was drilled in the Kvitvola prospect in licence PL 553. The drilling costs have been charged against earnings for the year.

Drilling of an exploration well in licence PL035, 30/11-10, was started at the end of the year. Svenska holds a 25 per cent share in this Krafla North prospect. The structure is located 16 km northwest of the Krafla Main prospect that was discovered in 2011, and 180 km west of Bergen.

At the end of November, Svenska and operator Maersk Oil Angola AS relinquished the Angolan licences Block 8 and Block 23 to the licensor Sonangol. Svenska does not see sufficient profitability in future oil production in the blocks. The write-off of these licence costs caused significant negative impact on the Group's result.

As a result of terminating the work in Angola, the subsidiary SPE Angola AB was divested at year-end. All remaining obligations and activities in Angola have been transferred to the subsidiary SPE Ventures AB.

In order to qualify SPE AS in Norway as an operator, substantial resources has been added to the Norwegian office in terms of new employees, more specialist functions as well as improved routines and processes. The Norwegian authorities declared in August that Svenska is qualified to apply as operator on the Norwegian shelf.

A Reserve Based Lending Facility of USD 200 million was signed in 2014 and syndicated to seven international banks. The credit volume for financing taxes for Norwegian exploration costs was increased from NOK 300 million to NOK 500 million.

During the year, the average annual price for Brent crude oil fell from USD 108.6 to USD 99.6 per barrel.
The price/barrel fell from USD 107.2 at the beginning of 2014 to USD 57.33 at year-end. As of 31 January 2015, the price was USD 53.95 per barrel. In 2014, the US dollar strengthened against the Swedish krona, with an average annual rate of USD/SEK 6.8035, a 4.8 per cent increase.

EVENTS AFTER THE END OF THE FINANCIAL YEAR

On 20 January 2015, the Norwegian Ministry of Petroleum and Energy announced that Svenska had been granted a 25 per cent interest in the PL 797 exploration licence as part of the award of licences in predefined areas (TFO 2014). On 2 January 2015, Statoil press released that appraisal drilling as

well as side-track drilling in the Krafla Main prospect (licence PL 272) has added new resources to this asset, in which Svenska has a 25 per cent interest. The operator estimates the total resources in the licence to 140-220 mmboe. On 10 January, the drilling rig Cajun Express arrived at the Baobab field in the Ivory Coast and began the drilling of new production and water injection wells.

OPERATING INCOME AND COSTS

Consolidated net sales during the year were SEK 652 (1 041) million. The reduction was due to decreased oil production and a lower oil price. Production was 1 million barrels of crude oil in 2014, compared with 1.5 million barrels the previous year. The average production was 2,700 (4,090) barrels per day. The decrease was attributable to normal field decline, shut-in wells and 42 days of production downtime.

Operation and exploration costs totalled SEK 409 (502) million in 2014. The total figure is broken down into the following cost items: operating expenses SEK 97 (212) million, royalty costs SEK 29 (48) million, exploration and project expenses SEK 247 (83) million and oil tax operational (the host government's tax share in Production Sharing Contracts) of SEK 37 (159) million. Consolidated depreciation and impairment of oil and gas assets for 2014 amounted to SEK 1 328 (538) million, of which the majority represents depreciation of licence costs in relinquished licences in Angola, as well as relinquished licences in Norway (PL 521) and costs for exploration in licence PL 553.

Employee payroll costs for 2014 were SEK 96 (67) million. The number of employees was 45 (40) as of 31 December 2014. Net financial items for 2014 were SEK -357 (-69) million. Revaluation of financial receivables and payables was SEK -279 (-6) million. Interest income was SEK 9 (9) million and interest expense was SEK -65 (-41) million. Group interest expense was SEK -12 (-20) million . Group financial costs have increased due to higher exploration investments and the Baobab Phase 3 drilling campaign.

Tax expenses for the Group were SEK 344 (39) million, corresponding to an effective tax rate of 21.4 (17) per cent.

EARNINGS AND CASH FLOW

The Group's operating profit for the 2014 financial year was SEK -1 258 (-167) million.

Cash flow from operations before changes in working capital was SEK -156 (420) million.

INVESTMENTS AND FINANCIAL POSITION

Intangible and tangible fixed assets at year-end was SEK 5 479 (4 999) million. Investments in tangible assets were SEK 316 (166) million. Investments in intangible assets were SEK 838 (380) million. Cash and cash equivalents were SEK 341 (140) million as of 31 December 2014.

At year-end, Svenska had used 648 MSEK (USD 83 million) of the Reserves-Based Lending Facility and 469 MSEK (USD 60 million) of the Exploration Financing Facility.

PARENT COMPANY

The Parent Company's profit/loss after tax for the year was SEK 216 (-13) million. Equity amounted to SEK 1,796 (1,321) million. The Parent Company and its subsidiaries are actively involved in the exploration and production of oil and gas and related activities through owned interests in risk-sharing projects. SEK 65 (62) million of other operating income relates to services rendered to Group subsidiaries.

Operational and exploration costs increased to SEK -20 (-10) million. Other external expenses amounted to SEK -71 (-71) million. Employee benefits expenses were SEK -68 (-48) million and the Parent Company's average number of employees during the year was 28 (27), including the branch in the United Kingdom.

Net financial items amounted to SEK 404 (106) million and were largely distributed as follows: dividends from subsidiaries 1800 (150), write-downs of shares in subsidiaries -1 169 (0), currency effects -167 (4), net interest Group companies -9 (-20), other financial expenses -39 (-25), other interest income 3 (1) and other interest expenses -16 (-4).

The Parent Company's tax for the year amounted to SEK 111 (58) million, corresponding to an effective tax rate of -106,8 (81,8%).

The Parent Company's risks and uncertainties are the same as the Group's, which are described on page 3.

HEALTH, SAFETY AND ENVIRONMENT

Svenska takes great care to prevent accidents that could impact negatively on people's health and the environment. Continuous improvement of our culture and processes is the foundation of our long-term business strategy. The application of common recognised Health, Safety and Environmental practices is a guiding principle in our operations, and Svenska actively participates in knowledge-sharing industry networks.

Svenska's priorities and objectives are to:

- Prevent loss of human life and avoid injury (highest priority).
- Strive for environmentally improved techniques to be used in all licences in which the Company participates, taking into account technical and economical conditions in different areas.
- Be perceived by other companies, regulatory authorities, environmental organisations and the general public as environmentally aware and responsible.
- Possess a well-developed environmental awareness when making technical and financial decisions.
- Try to influence partners and vendors to exceed the minimum legal requirement when environmentally called for, with the aim of being ahead of even the most stringent anticipated requirements.
- As far as is technically and economically feasible, strive to minimise water, land and air pollution caused by operations in which Svenska is involved.

CORPORATE SOCIAL RESPONSIBILITY

Svenska also works actively within the CSR area and engages in several projects. Svenska participates in the refurbishment of two Guinea-Bissau schools, Belem B and Belem C. Svenska continued its cooperation with SOS Children's Villages in 2014. Svenska's support covers the SOS Children's Village

in Abobo-Gare in the Ivory Coast, the SOS Social Center in Lubango, Angola, the SOS Hermann Gmeiner Primary & Secondary School and in the SOS Children's Village in Owu-Ijebu, Nigeria.

PERSONNEL

A vital factor in implementing Svenska's expansion strategy and in carrying out our operating activities is Svenska's skilled and dedicated personnel. Access to skilled personnel is ensured by consciously working towards the development of a project-oriented organisation. The Group's ambition is to unite different cultures and establish a common approach within the Group.

RISKS AND UNCERTAINTIES

Risks in the oil & gas business

Svenska's operations are completely focused on exploration and production of oil and gas. It is a business with high operational and financial risk. Regardless of experience and knowledge, discovery of commercial volumes of oil and gas cannot be guaranteed.

Political risks

Svenska operates in a global market. Changes in laws and regulations concerning, for example, foreign ownership, state control, taxes, royalties, environmental rules and/or customs duties may have a negative effect on the financial result. Risk factors such as civil unrest, war, terror, border disputes and uprisings can also affect Svenska's operations. By the end of 2014, there was no political risk insurance taken for any country where the Group is active. The need for such insurance is continuously evaluated. When needed, and if available, such insurance will be taken.

Environmental risks

Exploration and production of oil and gas can cause environmental damage. National law and production agreements with partners can make Svenska financially liable for such damages. All activities are conducted according to national laws and regulations, and in line with Svenska's environmental policy.

Reserve estimations

All oil reserve estimations involve uncertainties that for the most part are beyond Svenska's control. Estimations are mainly based on available geological, geophysical and technical data of varying reliability. If present estimations should be proven smaller, it would impact negatively on Svenska's financial position and result.

FUTURE EXPECTATIONS

How the oil price will develop in 2015 is very uncertain, considering the sharp decline in the last quarter of 2014. Svenska is investing large sums in the development of the Baobab field which will lead to increased indebtedness in 2015.

THE WORK OF THE BOARD

The Board of Directors, which had five members at year-end, held 7 meetings during the past year.

PROPOSED APPROPRIATION OF PROFITS

The following amounts are at the disposal of the Annual General Meeting (in SEK):

Retained earnings	1,520,419,048
Profit for the year	215,593,479
Total	**1,736,012,527**

The Board proposes that the available profits and unrestricted reserves be distributed as follows:

Carried forward:	1,736,012,527

More detailed disclosures about the company's financial results and position can be found in the income statements, balance sheets and accompanying Notes.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

1 January - 31 December

Amounts in SEK thousands	Note	2014	2013
Net sales	2	652,240	1,041,001
Other operating income	3	30,262	11,934
Total		**682,502**	**1,052,935**
Operational and exploration costs	5	-409,891	-501,893
Other external costs	7, 23	-97,172	-104,859
Employee benefits expenses	6	-96,114	-66,930
Depreciation, write-downs	2, 10	-1,328,103	-538,851
Other operating expenses	4	-9,708	-7,496
Operating profit	2	**-1,258,486**	**-167,094**
Finance income	8	9,010	9,232
Finance costs	8	-366,299	-78,658
Net finance items		**-357,289**	**-69,426**
Profit before tax		**-1,615,775**	**-236,520**
Tax on profit for the year	9	344,974	39,143
PROFIT FOR THE YEAR		**-1,270,801**	**-197,377**
Other comprehensive income			
Items that are or may be reclassified to profit/loss:			
Exchange differences for the year		844,717	-59,385
Items that will never be reclassified to profit/loss:			
Remeasurements of defined benefit asset		-595	1,487
Comprehensive income for the year		**844,122**	**-57,898**
Total comprehensive income		**-426,679**	**-255,275**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in SEK thousands	Note	2014-12-31	2013-12-31
ASSETS			
Intangible assets	11	3,269,015	3,377,186
Tangible fixed assets	12	2,209,440	1,621,796
Financial investments	13	189,524	120,237
Other non-current receivables	14	5,389	4,693
Deferred tax assets	9	166,177	52,475
Total non-current assets		**5,839,545**	**5,176,387**
Current assets			
Inventories	15	207,036	108,995
Trade receivables	16	137,435	460
Receivables in Group companies		50,274	28,285
Prepayments and accrued income	17	205,524	165,279
Other receivables		166,893	262,692
Tax receivables		576,680	270,409
Cash and cash equivalents	29	340,935	139,738
Total current assets		**1,684,777**	**975,858**
TOTAL ASSETS		**7,524,322**	**6,152,245**

EQUITY AND LIABILITIES

31 December

Amounts in SEK thousands	Note	2014-12-31	2013-12-31
Equity			
Share capital		50,000	50,000
Reserves		476,932	-367,031
Retained earnings, incl. profit for the year		3,437,600	4 446 707
Total equity		**3,964,532**	**4,129,676**
Liabilities			
Deferred tax liabilities	9	1,196,436	863,842
Long-term interest-bearing liabilities	30	648,371	-
Other long-term liabilities		43,675	-
Long-term interest-bearing liabilities to Group companies		-	247,776
Provisions for pensions etc.	18	-	3,958
Other provisions	19	143,464	113,672
Total non-current liabilities		**2,031,946**	**1,229,248**
Short-term interest-bearing liabilities	30	469,014	-
Trade payables		197,043	61,748
Other liabilities	20	154,430	91,312
Accruals and deferred income		-	-
Current tax liaibilities	21	699,322	447,573
Total current liabilities		8,035	192,688
Total current liabilities		**1,527,844**	**793,321**
Total liabilities		**3,559 790**	**2,022,569**
TOTAL EQUITY AND LIABILITIES		**7,524,322**	**6,152,245**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in SEK thousands	Share capital	Translation reserve	Remeasurements of defined benefit obligations	Retained earnings incl. net profit/loss	Total equity
Opening equity, 1 Jan. 2013	**50,000**	**-307,646**	**-1,646**	**4,621,366**	**4,362,074**
Received group contribution	-	-	-	29,330	29,330
Tax on received group contribution	-	-	-	-6,453	-6,453
Profit/loss for the year	-	-	-	-197,377	-197,377
Other comprehensive income for the year	-	-59 385	1 487	-	-57,898
Total comprehensive income for the year	**-**	**-59,385**	**1,487**	**-197,377**	**-255,275**
Closing equity, 31 Dec. 2013	**50,000**	**-367,031**	**-159**	**4,446,866**	**4,129,676**
Received group contribution	-	-	-	2,450	2,450
Tax on received group contribution	-	-	-	-539	-539
Shareholder's contribution received	-	-	-	259,624	259,624
Profit/loss for the year	-	-	-	-1,270,801	-1,270,801
Other comprehensive income for the year	-	844,717	-595	-	844,122
Total comprehensive income for the year	**-**	**844,717**	**-595**	**-1,270,801**	**-426,679**
Closing equity, 31 Dec. 2014	**50,000**	**477,686**	**-754**	**3,437,600**	**3,964,532**

CONSOLIDATED STATEMENT OF CASH FLOWS

1 January - 31 December

Amounts in SEK thousands	Note	2014	2013
Indirect method			
Operating activities			
Profit before tax[1]		-1,615,774	-236,520
Adjustment for non-cash items	29	1,391,886	395,829
Total		**-223,888**	**159,309**
Taxes paid		67,668	260,507
Cash flow from operating activities before changes in working capital		**-156,220**	**419,816**
Cash flow from changes in working capital			
Decrease(+)/increase(-) in inventories		-70,709	-32,762
Decrease(+)/increase(-) in operating receivables		138 365	14,268
Decrease(-)/increase(+) in operating liabilities		187,124	163,293
Cash flow from operating activities		**98,560**	**564,615**
Investing activities			
Acquisition of intangible assets	11	-838,064	-380 366
Acquisition of tangible fixed assets	12	-316,467	-165,742
Sale of subsidiaries, net effect on cash flow		1,000	-112
Acquisition of subsidiaries, net effect on cash flow		-50	-
Increase in financial assets		-	-119,931
Decrease in financial assets		119,931	131,222
Cash flow from investing activities		**-1 033 650**	**-534,929**
Financing activities			
Proceeds from borrowings		1,352,857	556,576
Repayment of borrowings		-222,583	-556,576
Repayment of borrowings, Group companies		-	-15,492
Cash flow from financing activities		**1,130,274**	**-15,492**
Cash flow for the year		**195,184**	**14,194**
Cash & cash equivalents at beginning of year		139,738	128,957
Exchange differences		6,014	-3,413
Cash & cash equivalents at end of year		**340,935**	**139,738**

[1]) The amount includes interest received of SEK 4,809 (3,655) thousand, and interest paid of SEK 18,323 (16,465) thousand. For supplementary information to the consolidated cash flow statement, see Note 29.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

GENERAL INFORMATION

Svenska Petroleum Exploration AB is a limited company, which is incorporated in Sweden and has its registered office in Stockholm. Headquarters is located at Biblioteksgatan 29, SE-114 35 Stockholm, Sweden

The consolidated statement of comprehensive income and statement of financial position and the Parent Company's income statement and balance sheet will be presented for adoption at the annual general meeting.

STATEMENT OF COMPLIANCE

With effect from 1 January 2013, Svenska Petroleum Exploration AB prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the EU. In addition, the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups has been applied. RFR 1 is issued by the Swedish Financial Reporting Board.

The Parent Company applies the same accounting policies as the Group, except in the cases described below in the section entitled "The Parent Company's Significant Accounting Policies – Note 1."
Any differences are due to limitations in the ability to apply IFRS in the Parent Company as a result of the provisions of the Swedish Annual Accounts Act and the Pension Obligations Vesting Act.

BASIS OF PREPARATION OF THE CONSOLIDATED AND PARENT COMPANY FINANCIAL STATEMENTS

Assets and liabilities are measured at historical cost, apart from certain financial assets and liabilities, which are measured at fair value. The financial assets and liabilities that are measured at fair value consist of financial assets classified at fair value through profit or loss.

FUNCTIONAL CURRENCY AND REPORTING CURRENCY

The Parent Company's functional currency is Swedish kronor (SEK), which is also the presentation currency for the Parent Company and for the Group. Consequently, the financial statements are presented in Swedish krona. All amounts are rounded to the nearest thousand, unless otherwise stated.

JUDGEMENTS AND ACCOUNTING ESTIMATES IN THE FINANCIAL STATEMENTS

Preparation of financial reports in accordance with IFRS requires use of a number of significant accounting estimates. In addition, management is required to make certain judgements when applying the Company's accounting policies. Information about areas which are complex or involve a high proportion of assumptions and estimates, or areas where accounting estimates are of key significance to the consolidated financial statements, can be found in Note 28.

NEW IFRS STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

There are a number of new standards, amended standards and interpretations which are effective for accounting periods commencing on or after 1 January 2015 and have not been applied in advance in the preparation of these financial statements. Only standards considered relevant to the Group are commented on.

IFRS 9: "Financial Instruments" is intended to replace IAS 39. The IASB has now completed an entire "package" of changes concerning the reporting of financial instruments. The package includes a model for classification and measurement of financial instruments, a forward-looking ("expected loss") impairment model and a significantly revised approach to hedge accounting. IFRS 9 takes effect on 1 January 2018; earlier application is permitted provided that the EU adopts the standard. No official schedule is yet available in terms of when adoption may occur. The categories of financial assets that are found in IAS 39 will be replaced by two categories: those measured at fair value and those measured at amortised cost. Amortised cost is used for instruments that are held in a business model which focuses on collecting the contractual cash flows, to be comprised of payments of principal and interest on the principal outstanding on specified dates. Other financial assets are recognised at fair value, and the option of applying the "Fair Value Option" as in IAS 39 remains in place. Changes in fair value are recognised in profit or loss, with the exception of value changes on equity instruments that are held for trading and for which an initial choice is made to recognise value changes in other comprehensive income.
Regarding the language on financial liabilities, the greater portion corresponds to the previous IAS 39 rules with the exception of provisions concerning financial liabilities that are voluntarily measured at fair value according to the "Fair Value Option". For these liabilities, the value change is divided between changes that are attributable to the entity's own creditworthiness and changes in a reference interest rate. The new impairment model will require more consistent impairment of "expected credit losses", which are to be recognised as of the initial recognition of the asset. The new rules for hedge accounting include a simplification of efficiency tests and an expanded definition of permissible hedging instruments and hedged items. IFRS 9 is not expected to impact the Group's accounting to any significant extent.

IFRS 11: "Joint Arrangements", which includes a description of the acquisition of interests in joint ventures. There has

previously been some confusion regarding accounting of business combinations for joint operations, particularly with respect to companies in the energy and natural resource sector. This change has therefore been introduced in which IFRS 3 "Business Combinations" applies when an acquisition of joint operations in which the activity constitutes a business. Transactions between companies under common control are excluded. According to the IASB, the amendment applies prospectively on or after 1 January 2016. Earlier application is permitted. The EU is expected to approve the amendment in the third quarter of 2015. It is not impossible that future joint arrangements may be reported in accordance with IFRS 3 (Business Combinations).

IFRS 15 "Revenue from Contracts with Customers". The purpose of the new revenue standard is to have a single, principles based standard for all industries that will replace existing standards and guidance on revenue. IFRS 15 takes effect in 2017 and earlier application is permitted provided that the EU adopts the standard. The EU is expected to adopt IFRS 15 during the second quarter of 2015. The new standard requires a review of the Group's revenue recognition and other relevant processes to be carried out in connection with the transition to the new standard. The preliminary assessment is that the transition will affect the Group's accounting policies and that the disclosure requirements will be expanded.

IFRIC 21 "Levies". The interpretation contains rules on accounting for different types of levies imposed on entities by governments and when an obligating event occurs that requires recognition of a liability. The change will apply to financial years beginning on or after 17 June 2014 with retroactive application. The Group does not have any such levies at present, but they do occur in the industry and could therefore be relevant in future accounting.

AMENDED ACCOUNTING POLICIES

Amended accounting policies resulting from new or amended IFRSs

Below is a description of the amended accounting policies that are applied by the Group with effect from 1 January 2014. Other revisions to IFRS that came into effect commencing on 1 January 2014 did not have any significant impact on the Group's reporting.

IFRS 10 "Consolidated Financial Statements". The Group has applied IFRS 10 "Consolidated Financial Statements" since 1 January 2014. Consequently the principle for assessing whether control exists regarding investments has changed. The model in IFRS for assessing when control exists is based on (i) the influence that exists, (ii) exposure to variable returns from involvement with the investment and (iii) the ability to exercise influence over the investment may affect the entity's own return. The Group assessed its investments in connection with adoption of IFRS 10 and concluded that the new standard did not affect the current assessment of what entities Svenska Petroleum Exploration AB has control over and therefore be consolidated.

IFRS 11 "Joint Arrangements". The Company has applied IFRS 11 "Joint Arrangements" since 1 January 2014. Accordingly, joint arrangements will be deemed to be joint ventures or joint operations based on whether or not the Group has a direct right to the assets and obligation for liabilities. This is determined based on the structure of the investment, its legal form, contractual arrangements and other factors and circumstances. Under former rules this assessment was made based only on the structure of the investment. IFRS 11 also specifies that only the equity method may be applied for joint ventures, rather than the proportional method.

In connection with the adoption of IFRS 11, the Group's jointly controlled operations were assessed, leading to the conclusion that these should be treated as "joint operations" according to the standard; i.e., no change from how this was reported in previous years.

IFRS 12 "Disclosure of interests in other entities" is a new standard for disclosures about investments in subsidiaries, joint arrangements, associates and unconsolidated structured entities. According to the EU, the change will apply to financial years beginning on or after 1 January 2014 with retroactive application. The new disclosure requirements are not expected to have any significant effect on the consolidated financial statements.

SIGNIFICANT ACCOUNTING POLICIES APPLIED

The Group's significant accounting policies are described below.

OPERATING SEGMENT REPORTING

An operating segment is a component of the Group that engages in business activities from which it may generate revenues and incur expenses, and for which discrete financial information is available. Group management monitors the performance of an operating segment in order to evaluate it and allocate resources to the operating segment. See Note 2 for a further description of the classification and presentation of operating segments.

CLASSIFICATION

Non-current assets and liabilities are essentially amounts that are expected to be recovered or paid more than twelve months after the reporting date. Current assets and liabilities are essentially amounts that are expected to be recovered or paid within twelve months of the reporting date.

BASIS OF CONSOLIDATION

Subsidiaries

Subsidiaries are companies over which Svenska Petroleum Exploration AB has a controlling influence. A controlling influence is present if the Parent Company has influence over the investment object, is exposed to or has the right to variable return by virtue of its involvement, and can exert its control over the investment to influence returns. Potential

share voting rights and the existence or nonexistence of de facto control are factors in determining whether controlling influence exists.

Subsidiaries are consolidated according to the acquisition method of accounting, whereby the acquisition of a subsidiary is regarded as a transaction in which the Group indirectly acquires the subsidiary's assets and assumes its liabilities. The acquisition analysis defines the acquisition date fair value of the identifiable assets acquired, liabilities and any non-controlling interests. Acquisition-related costs that arise, with the exception of those attributable to the issue of equity or debt instruments, are recognised directly in profit/loss for the year. With effect from 1 January 2010, the Group applies the revised IFRS 3 "Business Combinations" and the amended IAS 27 "Consolidated and Separate Financial Statements". The accounting policies mean that the contingent consideration is measured at fair value on the acquisition date and the effects of the remeasurement of liabilities related to the contingent consideration are recognised as income or expense in profit/loss for the year. There are two options for measuring non-controlling interest and goodwill: either fair value (or the full goodwill method) and the NCI's proportionate share of the net assets of the acquiree. The choice between these two methods is made individually for each acquisition. Moreover, additional acquisitions that take place after control has been achieved are considered to be owner transactions and are recognised directly in equity.

ACQUISITIONS MADE BETWEEN 1 JANUARY 2004 AND 31 DECEMBER 2009

For acquisitions made between 1 January 2004 and 31 December 2009 where the cost exceeds the fair value of acquired assets, assumed liabilities and contingent liabilities (recognised separately), the difference is reported as goodwill. If the difference is negative, this is recognised directly in profit/loss for the year.

Transaction costs, with the exception of transaction costs attributable to the issue of equity or debt instruments that arise, are included in the acquisition cost.

ACQUISITIONS MADE BEFORE 1 JANUARY 2004

For acquisitions made before 1 January 2004, goodwill, after impairment testing, has been recognised at cost, which corresponds to the carrying amount under previous accounting policies. The classification and accounting treatment of business combinations occurring before 1 January 2004 has not been reviewed in accordance with IFRS 3 in the preparation of the consolidated opening balance sheet under IFRS at 1 January 2004.

The subsidiaries' financial reports are included in the consolidated financial statements from the date of acquisition until the date on which control ceases.

If a subsidiary's accounting policies differ from those applied by the Group, adjustments are made to the Group's accounting policies.

TRANSACTIONS ELIMINATED ON CONSOLIDATION

Intra-group receivables and liabilities, income and expense, and unrealised gains or losses arising from intra-group transactions are eliminated in full when preparing the consolidated financial statements. Unrealised gains on transactions with associates and jointly controlled entities are eliminated to the extent that corresponds to the Group's interest in the company. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no indication of impairment.

FOREIGN CURRENCY

Foreign currency transactions

Transactions in foreign currency are translated into the functional currency according to the exchange rates prevailing at the date of the transaction. Foreign currency monetary assets and liabilities are translated into the functional currency using the exchange rates prevailing on the reporting date. Foreign exchange differences arising on translation are recognised in are recognised in profit or loss. Non-monetary assets and liabilities recognised at historical cost are translated using the exchange rates prevailing at the date of the transaction Non-monetary assets and liabilities recognised at fair value are translated unto the functional currency using the exchange rates prevailing at the date of the fair value measurement. Subsequent exchange gains and losses are reported in the same way as other value changes relating to the asset or liability.

Exchange differences arising on foreign currency loans and which relate to investments in independent foreign operations are recognised in other comprehensive income and are accumulated in a separate component of equity, the translation reserve. When foreign operations are disposed of, cumulative exchange differences are recognised in profit or loss.

The functional currency is the currency of the primary economic environment in which the Group conducts business. Companies within the Group are the Parent Company and subsidiaries. The Parent Company's functional currency and presentation currency is the Swedish krona. The Group's presentation currency is the Swedish krona.

Financial statements of foreign operations

The assets and liabilities of foreign entities, including goodwill and other fair value adjustments arising on consolidation, are translated into Swedish krona using the exchange rate prevailing at the reporting date. The income and expenses of foreign entities are translated into Swedish krona using an average exchange rate that is an approximation of the rates prevailing at each transaction date.

Exchange differences arising on translation of a foreign net investment are recognised in other comprehensive income and accumulated in the translation reserve, which is a separate component of equity. On disposal of a foreign operation, the cumulative exchange differences are reclassified from equity to profit or loss as a reclassification

adjustment at the time the gain or loss on disposal is recognised.

The Companies deemed that cumulative translation differences attributable to foreign operations were zero at the date of transition to IFRS.

JOINTLY CONTROLLED OPERATIONS

The Group engages in oil and gas operations as a joint venture partner with other parties. The Group's interests in jointly controlled licences are accounted for using the proportionate consolidation method, which means that the consolidated financial statements include the Group's proportionate share of production, investment costs, operating income and expenses, current assets and current liabilities.

REVENUE RECOGNITION

The actual production of crude oil is recognised as revenue with the associated costs in the current period. The right to the crude oil normally arises under production sharing contracts as the oil is produced. The method of revenue recognition is based on observable market prices and a minimal risk to the seller in terms of sales and distribution.

Sales arrangements for oil in jointly owned oil and gas assets are frequently such that it is not practicable for each participant to sell its precise contractual share during the period. Any imbalance between production and sales for each participant is referred to as an overlift or underlift. If the difference between production and actual sales is positive, it is reported as accrued income (underlift). If the difference is negative, it is reported as an accrued expense (overlift).

Both underlift and overlift are measured at fair value at the reporting date.

OPERATING EXPENSES, FINANCE INCOME AND FINANCE COSTS

Leases

A lease is classified as an operating lease when it does not transfer substantially all the risks and rewards incidental to ownership. Payments made under operating leases are recognised as an expense on a straight-line basis over the lease term.

The Group has no outstanding significant finance leases.

Finance income and costs

Finance income and costs comprise interest income from bank deposits and receivables and interest-bearing securities, interest payable on borrowings, dividend income, exchange differences and unrealised gains and losses on financial investments.

Interest expenses, including issue expenses and similar expenses for direct transactions concerning loans, are amortised over the life of the loan using the effective interest method.

Revenue from dividends is recognised when the right to receive payment is established.

TAXES

The Group's income tax consists of current tax and deferred tax. Income taxes are recognised in the income statement, unless the underlying transaction is recognised in other comprehensive income or in equity, in which case the associated tax effect is recognised in other comprehensive income or in equity. Current tax is tax that must be paid or received in respect of the current year. This also includes any adjustment of current tax attributable to previous periods. Deferred tax is provided using the balance-sheet liability method. A deferred tax liability is recognised for temporary differences between the carrying amounts of assets and liabilities and their corresponding tax bases. Amounts are calculated based on how the temporary differences are expected to be settled and by applying the tax rates enacted or substantively enacted by the reporting date.

No deferred tax is recognised for temporary differences relating to investments in subsidiaries and joint ventures that are not expected to be taxed in the foreseeable future. Untaxed reserves are recognised inclusive of deferred tax liability in the legal entity. In the consolidated financial statements, untaxed reserves are divided into deferred tax liability and equity.

Deferred tax assets on temporary differences and deferred tax assets arising from the carryforward of unused tax losses are only recognised to the extent that it is probable that they will be recoverable in future periods.

FINANCIAL INSTRUMENTS

Financial instruments reported under assets in the balance sheet include cash & cash equivalents and trade receivables, loan receivables and derivatives. Financial instruments reported under equity and liabilities include trade payables, loan payables and derivatives.

Recognition and derecognition in the statement of financial position

A financial asset or liability is recognised in the statement of financial position when the company becomes a party to the instrument's contractual terms. A receivable is recognised when the company has performed and the counterparty has a contractual obligation to pay, even if an invoice has not yet been sent. Trade receivables are recognised in the statement of financial position when invoices are sent. A liability is recognised when the counterparty has performed and there is a contractual obligation to pay, even if an invoice has not yet been received. Trade payables are recognised when invoices are received.

Financial assets are derecognised in the statement of financial position when the rights under the contract have been realised, have expired or the company loses control over them. The same applies to a part of a financial asset. Financial liabilities are derecognised in the statement of financial position when the contractual obligation has been discharged or extinguished in some other way. The same applies to a part of a financial liability.

A financial asset and a financial liability may be offset and the net amount presented in the statement of financial position when, and only when, the company has a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Purchases and sales of financial assets are recognised on the trade date (the commitment date), apart from purchases and sales of listed securities, which are recognised on the settlement date.

Cash and cash equivalents consist of cash, demand deposits with banks and similar institutions, as well as short-term deposits with an original maturity of 3 months or less, which are subject to an insignificant risk of changes in value.

Classification and Measurement
Non-derivative financial instruments are initially recognised at cost, namely fair value plus transaction costs, apart from financial assets measured at fair value through profit or loss, which are recognised at fair value net of transaction costs. A financial instrument is classified on initial recognition according to the purpose for which it was acquired. The categories determine how a financial instrument is measured subsequent to initial recognition, as described below.

Derivatives are initially recognised at fair value with transaction costs charged to profit for the period. After initial recognition, derivatives are measured at fair value and changes in value are recognised as described below. Even if hedge accounting is not applied, gains or losses on derivatives are recognised as income or expense in operating profit or net financial items, depending on the purpose of the derivative and whether its use is related to an operating item or a financial item.

Financial assets at fair value through profit or loss
This category has two sub-categories: financial assets held for trading and other financial assets that the Company initially chose to place in this category (according to the "Fair Value Option"). Financial instruments in this category are measured at fair value with changes in value recognised in profit or loss. The first subgroup includes derivatives with a positive fair value, except for derivatives that are identified as effective hedging instruments.

Financial liabilities at fair value through profit or loss
This category has two sub-categories: financial liabilities held for trading and other financial liabilities that the Company chose to place in this category (according to the "Fair Value Option"); see the description above under "Financial assets at fair value through profit or loss". The first subgroup includes the Group's derivatives with a negative fair value, except for derivatives that are identified as effective hedging instruments. Changes in fair value recognised in profit or loss.

- Loan receivables and accounts receivable
Loan receivables and accounts receivable are non-derivative financial assets that have fixed or determinable payments and that are not quoted in an active market. These assets are measured at amortised cost. Amortised cost is calculated based on the effective interest method used at initial recognition. Accounts receivable are recognised at the amounts expected to be received after deductions for doubtful debts. A reserve for impairment of receivables is made when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms and conditions of the receivables. Impairment of trade receivables is reported under operating profit/loss.

- Other financial liabilities
Loans and other financial liabilities, such as trade payables, are included in this category. The liabilities are measured at amortised cost.

The categories to which the Group's financial assets and liabilities have been allocated are shown in Notes 16 (Trade payables), 29 (Cash and cash equivalents) and 20 (Liabilities). The accounting for finance income and costs is also described under Finance income and costs above.

DISTRIBUTIONS OF NON-CASH ASSETS TO OWNERS

Liabilities relating to distributions are recognised at fair value at the date of the decision. The counter item retained earnings. At the date of distribution, the Group recognises the difference between the fair value of the distributed asset and the carrying amount in the Group for the distributed net assets in net income for the year.

INTANGIBLE ASSETS

Exploration costs
The Group uses the successful-efforts method when capitalising exploration costs. The method means that all exploration costs in the oil licences in which Svenska Petroleum Exploration has an interest, indirectly through contracts, are capitalised as intangible assets, pending determination of commercially recoverable reserve. Directly attributable costs, such as administrative costs, are capitalised only to the extent that they can be related to specific exploration activities. No continuous depreciation is reported under the successful effort method. If an exploratory well is in progress at the end of an accounting period and the well is determined not be successful at that time, the capitalised costs are written down. Following the discovery of a commercially viable field, the intangible assets are reclassified as tangible fixed assets. This type of reclassification is always preceded by impairment testing. Impairment testing is also performed annually for assets considered to be commercial discoveries, but for which an expansion decision has not been made.

TANGIBLE FIXED ASSETS

Oil and gas assets

Tangible fixed assets consist of oil and gas assets, construction in progress and equipment. The balance sheet item oil and gas assets relates to the Group's interests in oil licenses. Investment and construction costs are allocated to the Group by invoices from the operator in the oil and gas assets in which the Group is a partner.

Tangible fixed assets are recognised at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended.

Depreciation

Capitalised expenses are depreciated from the start of production. Depreciation is calculated according to the unit-of-production method, which is based on the year's production and its relation to proven and probable reserves of oil. The basis for calculating the unit of production consists of the estimated investments over the life of the field. Proven oil and gas reserves are defined as the estimated amount of crude oil, natural gas and liquid natural gas which, on the basis of geological and engineering data provided by the operator of the field or an independent party, and with reasonable probability (higher than 90%), can be extracted in the future from known reserves within the current economic and operational environment, i.e. oil prices and costs at the date of the calculation.

Probable reserves are unproven reserves which, on the basis of analyses of geological and engineering data, are considered more likely than not to be recoverable. In this context, it is considered that there should be at least 50 per cent probability that the extracted quantities will equal or exceed the sum of proven and probable reserves.

Machinery and equipment (excluding computers) is depreciated over 5 years. Computers and computer equipment are depreciated over 3 years.

IMPAIRMENT

If a change in economic conditions indicates a possible decline in the value of a fixed asset, the net carrying amount of the asset is assessed by comparison with its estimated discounted future net cash flows. The calculation is based on management's assessment of future oil prices and costs. An impairment loss is recognised if the carrying amount exceeds the discounted present value of the cash flows. The impairment loss is reversed if the carrying amount is lower than the discounted present value of the cash flows. Licences that are in the exploration phase are not subjected to impairment testing. Impairment testing is normally done during reclassification to the balance sheet item construction in progress.

Reversal of impairment losses

Impairment of assets is reversed if there is an indication that the impairment no longer exists and there has been a change in the assumptions on which the calculation of recoverable amount was based. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation where applicable, had no impairment loss been recognised.

INVENTORIES

Inventories are recognised at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method (FIFO).

OVERLIFT AND UNDERLIFT

Overlift and underlift are described in revenue recognition.

EMPLOYEE BENEFITS

The Group has a number of different pension plans for its employees. In Sweden and Norway, the pension plans for employees are defined benefit plans, except for the CEO and management group of SPE AB, who have a defined contribution plan. The pension arrangements for the branch in the UK are defined contribution plans.

Defined contribution plans are plans under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further contributions. The Group's profit (loss) is charged with expenses as the benefits are earned. With defined benefit plans, employees and former employees receive benefits on the basis of salary upon retirement and the number of years' service. The Group bears the risk that the defined benefits are paid.

The defined benefit plans are funded. This means the assets have been placed in a separate pension fund, managed by Folksam. These managed assets can only be used to pay benefits in accordance with the pension agreement.

The net present value of the obligations and the fair value of plan assets are reported as a long-term financial receivable or pension provision in the statement of financial position.

Pension costs and pension obligations for defined benefit pension plans are calculated using the projected unit credit method. This method allocates the cost of pensions as the employees render services to the company and thereby increase their entitlement to future benefits. The Company's obligation is calculated annually by independent actuaries. The pension obligation is measured as the present value of estimated future cash outflows. The discount rate is determined by reference to the interest rates for corporate bonds of a term consistent with the average term of the obligations and the currency. The main actuarial assumptions are described in Note 18.

Revaluation effects consist of actuarial gains and losses and the difference between the actual return on plan assets and the amount included in net interest income. Actuarial gains and losses arise either because the actual outcome differs from the previous assumptions (experience adjustments) or as a result of changed assumptions. The revaluation effects

are recognised in other comprehensive income as soon as they occur.

Net interest expense/income on the defined benefit obligation/asset is recognised in profit/loss for the year under net financial items. Net interest income is based on the interest arising on discounting of the net obligation, i.e., interest on the obligation and the plan assets. Other components are recognised in operating profit/loss.

PROVISIONS

Abandonment costs

At the end of the productive life of an oil field, costs associated with the removal and abandonment of the oil and gas facilities arise. The Group recognises the full discounted estimated costs of abandonment as a provision and a non-current asset when the obligation to rectify environmental damage arises. Where discounting is used, the increase in the provision over time is recognised as a finance cost. The non-current asset is depreciated according to the Group's accounting policies for oil and gas assets.

Other provisions

A provision is recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

CONTINGENT LIABILITIES

A contingent liability is recognised when a possible obligation arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, or when there is an obligation which is not recognised as a liability or provision because it is not probable that an outflow of resources will be required to settle the obligation.

ACCOUNTING POLICIES – PARENT COMPANY

The Parent Company's annual financial statements have been prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. The Swedish Financial Reporting Board's statements for listed companies are also applied. RFR 2 requires the Parent Company, as a legal entity, to prepare its annual financial statements in compliance with all the IFRS and IFRIC interpretations adopted by the EU, to the extent possible within the framework of the Swedish Annual Accounts Act and the Swedish pension obligations Vesting Act, and taking into account the relationship between tax expense/income and accounting profit. The recommendation states which exceptions from and additions to IFRS shall be observed.

Cases where the Parent Company applies different accounting policies than the Group are stated separately in Note 1 to the Parent Company.

NOTE 2 – SEGMENT REPORTING

The Group's operations are divided into operating segments based on which components Svenska's chief operating decision-maker reviews regularly. The Group has identified Group management as its chief operating decision-maker. Svenska Group's operations are organised so that Group management (CODM) is able to monitor and review income from the sale of oil and gas, operating profit (EBIT), investments, assets and liabilities for the Group's different geological areas. As Group management reviews financial performance and decides on resource allocation based on geographical areas (countries), the geographical areas represent the operating segments. Consequently, Svenska Group's internal reporting is structured so as to allow Group management to review the performance and results of the geographical areas. It is on the basis of this reporting that the Group's segments have been identified.

Intangible assets and oil and gas assets have been allocated to the different segments. Unallocated and group-wide assets are reported as group-wide. There are no internal segment sales.

	Group	
Net sales	**2014**	**2013**
-Norway	1,190	2,610
-Angola *)	-	774
-The Ivory Coast *)	650,272	1 036 023
-Nigeria	7	-
-The Republic of the Congo	771	-
-Other	-	1,594
Total	**652,240**	**1,041,001**

*) Sale of crude oil to external customers. Segment reporting of net sales is based on the geografic location of the actual sale.

Operating profit/loss		
-Norway	-333,123	-467 780
-Angola	-1,168,218	-37,798
-The Ivory Coast	333,149	509,476
-Guinea -Bissau	2,345	-19,257
-Nigeria	-2,525	-3,258
-The Republic of the Congo	862	-111,766
-Group-wide	-90,976	-36 711
Total	**-1,258,486**	**-167,094**

Depreciation, write-downs and abandonment costs, net		
-Norway[1]	-172,792	-316,674
-Angola[2]	-1,076,742	-
-The Ivory Coast	-77,332	-109,617
-The Republic of Congo	-	-111,222
-Group-wide	-1 237	-1,338
Total	**-1,328,103**	**-538,851**

[1]) The amount includes a write-down of Kvitvola (PL 553), amounting to 166.6 million, Fulla (PL 362), amounting to 3.2 million, and seismic equipment, amounting to 2.0 million.
[2]) Impairment of licences Block 8 and Block 23 in Angola.

The recoverable amount is assessed to zero: recoverable amount is calculated at the recoverable amount of the discount rate as described in note 28. Discount rate has not changed over the years or assessment occasions.

NOTE 2 – CONT.

Assets	Group 2014	Group 2013
Intangible oil and gas assets		
-Norway	1,156,052	731,675
-Angola	-	893,646
-The Ivory Coast	64,861	54,039
-Guinea- Bissau	230,343	199,924
-Nigeria	1,817,759	1,497,902
Tangible oil and gas assets		
-The Ivory Coast	2,197,857	1,609,681
Non-allocated assets	11,583	1,165,378
Total	**5,478,455**	**6,152,245**

This year's investments	2014	2013
-Norway	613,190	196,186
-Angola	183,096	88,345
-The Ivory Coast	318,213	218,143
-Guinea- Bissau	27,036	30,615
-Nigeria	17,335	15,780
-The Republic of the Congo	-	50,095
-Group-wide	644	797
Total	**1,159,514**	**599,961**

Liabilities & provisions	2014	2013
-Norway	1,333,345	533,420
-Angola	-	197,822
-The Ivory Coast	629,898	720,308
-Guinea -Bissau	23,022	26,538
-Nigeria	320,573	255 419
-The Republic of the Congo	-	155
-Group-wide	1,031,182	288,907
Total	**3,338,020**	**2,022,569**

Income from external customers[1]	2014	2013
-Customer 1	650,272	1,036,023
-Customer 2	-	774
-Other income	1,190	4,204
Total	**651,462**	**1,041,001**

[1]) Income from external customers, consisting of two large international oil companies.
Customer 1 is attributable to the Ivory Coast; percentage share of the Group's revenue is 99% (99%). The customer's registered office is outside the country. Customer 2 is attributable to Angola, where the subsidiary has been sold.

NOTE 3 – OTHER OPERATING INCOME	Group	
	2014	2013
Unrealised revaluation of oil stocks	-75,401	1,678
Gain on sale of subsidiaries	95,054	-
Exchange gains	10,609	10,256
Total	**30,262**	**11,934**

NOTE 4 – OTHER OPERATING EXPENSES	Group	
	2014	2013
Exchange losses	-9,708	-7,496
Total	**-9,708**	**-7,496**

NOTE 5 – OPERATIONAL AND EXPLORATION COSTS	Group	
	2014	2013
Operating expenses	-96,766	-211,569
Royalties	-29,211	-48,409
Oil tax, operational	-36,569	-159,044
Exploration and project expenses	-247,345	-82,871
Total	**-409,891**	**-501,893**

Management of certain operational and exploration costs
Some costs may arise early on in the business process due to clauses in production sharing contracts. There may, for example, be royalty clauses, special agreements on payment of general taxes and agreements on bearing some of another party's costs which, by industry tradition, are paid by deducting oil from the Group's share of the produced oil. These costs are accounted for in the same way as other costs as they reduce the profit that would otherwise have arisen.

NOTE 6 – EMPLOYEE BENEFIT EXPENSES
Information on employee benefit expenses in the Parent Company can be found in Note 6 for the Group.

	2014		2013	
Average number of employees	**Employees**	**whereof male**	**Employees**	**whereof male**
Parent				
Sweden	18	11	17	9
United Kingdom	10	6	10	7
Subsidiaries				
Norway	13	10	11	9
Total, Group	**41**	**27**	**38**	**25**

NOTE 6 – CONT.

	2014	2013
Executive management, Group and parent company	**13**	**12**

Gender distribution, executive management (Female representation in %)

Parent		
Board	0%	0%
Other senior executives	14%	14%
Total, Group		
Board	0%	0%
Other senior executives	14%	14%

	2014		2013	
Salaries and other benefits	**Senior executives**	**Other employees**	**Senior executives**	**Other employees**
Parent				
Sweden	10,767	10,072	9,632	8,226
-of which bonuses to senior executives	1,594	-	1,767	-
United Kingdom	16,085	9,744	4,175	7,707
-of which bonuses to senior executives	6,144	-	591	-
Subsidiaries				
Norway	3,259	20,852	1,192	12,700
-of which bonuses to senior executives	435	-	222	-
Group total	**30,111**	**40,668**	**14,999**	**28,633**

	2014		2013	
Other personnel costs, pension	**Senior executives**	**Other employees**	**Senior executives**	**Other employees**
Parent				
Pension costs	3,169	3,213	3,407	2,784
Subsidiaries				
Pension costs	14	-1,584	209	4 976
IAS 19 effects	-	-	-	-6,163
Group total	**3,183**	**1,629**	**3,616**	**1,597**
Other personnel costs				
Parent	842	1,965	956	3,239
Subsidiaries	52	1,606	209	3,105
Group adjustments	-	-	-	150
Group total	**894**	**3,571**	**1,165**	**6,494**
Subtotal	**34,188**	**45,868**	**19,780**	**36,724**
Social security contributions, total	**-**	**16,058**	**-**	**10,426**
Personnel costs, total	**-**	**96,114**	**-**	**66,930**

NOTE 6 – CONT.

During 2014, Mr. Fredrik Öhrn, CEO of SPE AB (and Petroswede AB) received a fixed salary of SEK 3,042 (2,772) thousand, a bonus of SEK 730 (899) thousand and other benefits of SEK 57 (122) thousand. His pension costs for the year amounted to SEK 1,045 (1,201) thousand.

An agreement was reached with the CEO of SPE AB (and Petroswede AB) establishing a 12-month notice period on the part of the Company. Pension premiums amount to 30% of pensionable salary with regard to retirement pension and survivors' pension. Pensionable salary means the basic salary plus an average of the variable pay over the last three years. Other senior executives (not Board members) have a similar type of pension agreement, but with a lower percentage rate.

Fees paid to directors	2014	2013
Mohammed Al-Amoudi	500	-
Jason Milazzo	375	-
Richard Öhman	200	-
Lennart Alvin	200	150
Jamal Mohammed A. Ba-Amer	200	-
Robert Rossetter	-	-
Total	**1,475**	**150**

Robert Rossetter has a consultancy agreement with the Parent Company for a payment of 20 (20) KUSD per year. This agreement ended at the end of 2014.

NOTE 7 – Auditors' fees and other remuneration

	Group	
Fees to auditors during the year	**2014**	**2013**
KPMG		
Annual audit	1,400	1,430
Other audit services	45	28
Tax advisory services	1,344	799
Other services	73	1,337
Other auditors		
Annual audit	6	18
Other audit services	-	-
Tax advisory services	-	272
Other services	-	67
Total	**2,868**	**3,951**

NOTE 8 – Finance income and costs

		Group
	2014	**2013**
Interest income on bank deposits	9,010	9,232
Finance income	**9,010**	**9,232**
Divestment shares in subsidiaries	-	-112
Interest expense, Group companies	-11,843	-20,022
Net exchange differences	-278,862	-6 420
Interest expense on financial liabilities measured at amortised cost	-64,904	-40,707
Present value adjustment of provisions (Note 18)	-7,336	-11,397
Other financial costs	-3,354	-
Finance costs	**-366,299**	**-78,658**

All interest rates relate to items that are not measured at fair value.

NOTE 9 – Taxes

Specification of tax expense	2014	2013
Tax income for the period	544,314	58,650
Adjustment of tax in respect of prior years	-6,982	-238,729
Current tax expense	**537,332**	**-180,079**
Deferred tax from temporary differences	-192,358	219,222
Deferred tax expense	**-192,358**	**219,222**
Total recognised tax expense for Group	**344 974**	**39 143**
Reconciliation of effective tax		
Group		
Profit/loss before tax	-1,615,775	-236 521
Tax at Swedish enacted tax rate 22% (22%)	355,471	52 035
Non-deductible expenses	-257,393	-564
Non-taxable income	140	123
Tax effect, petroleum tax Ivory Coast	61,561	-48,967
Tax effect, petroleum tax Norway	192,754	265,781
Effect of different tax rates for foreign Group companies	179	-405
Other items	-756	9 869
Tax attributable to prior years	-6,982	-238,729
Recognised tax expense	**344,974**	**39,143**
Effective tax	**21.4%**	**16.5%**

Last year "tax attributable to prior years" included a cost of 253 MSEK referring to Ivory Coast. This cost arose due to historical errors in the calcuation of deductible cost in the Baobab licence, and was corrected and repaid during 2013 and 2014. Non-deductible expenses mainly refers to a capital loss in connection with the sale of SPE Angola AB. At the end of 2013, SPE CI AB received a decision from the Swedish Tax Agency regarding the company's method of calculating foreign taxes in respect of financial year 2011. The company appealed to the Administrative Court and was granted deferred payment of the additional tax. The amount is 64 MSEK inclusive of interest. The amount has not been provided for and is not included in contingent liabilities as the company questions the reasoning behind the Tax Agency's decision and it is probable that the Administrative Court will rule in favour of the company. The Administrative Court has not yet made its final decision. At the end of 2014, the Tax Agency issued a decision to SPE CI AB in respect of financial year 2013 and the company's method of calculating foreign taxes. According to the decision, the paid foreign taxes, which have not yet been set off against payable Swedish tax, shall be reduced by SEK 69 million, from SEK 79 million to SEK 10 million. Even if the Tax Agency's decision stands, the Group result will not be affected until the paid foreign taxes have been used for credit, and unless the Swedish tax exceeds the foreign taxes paid. The company is considering appealing the decision depending on the outcome of the year 2011 case.

NOTE 9 – CONT.

Management of general taxes specific to the industry
Under certain contractual clauses, some general taxes may be paid early on in the business process. For example, an agreement may be in place with the host country whereby part of the Group's share of the produced oil may be used for payment of general taxes. This type of agreement is traditional in the industry. These taxes are accounted for in the same way as other taxes, even though the method of tax payment differs.

In one case, a higher corporate tax was negotiated in production sharing contracts for the extraction of crude oil. The amount of tax varies with the level of production. The portion of the corporate tax that exceeds the country's standard corporate income tax is classified as an operational cost, even though it is legally viewed as a general tax. This tax is attributable to production in the Ivory Coast.

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities relate to the following items.

Group 2014-12-31	Deferred tax asset	Deferred tax liability	Net
Exploration costs	-	-991,605	-991,605
Oil and gas assets	-	-200,975	-200,975
Loss carryforward	166,177	-	166,177
Other long-term receivables (pension fund)	-	-873	-873
Provision for abandonment	-	-2,983	-2,983
Total	**166,177**	**-1,196,436**	**-1,030,259**

Group 2013-12-31	Deferred tax asset	Deferred tax liability	Net
Exploration costs	-	-641,554	-641,554
Oil and gas assets	-	-218,144	-218,144
Loss carryforward	52,475	-	52,475
Other long-term receivables (pension fund)	-	-1,020	-1,020
Provision for abandonment	-	-3,124	-3,124
Total	**52,475**	**-863,842**	**-811,367**

NOTE 9 – CONT.

Unrecognised deferred tax

Deductible temporary differences and taxable loss reliefs for which deferred tax assets have not been recognised in the profit and loss statement and balance sheet.

	Group	
	2014	**2013**
Tax effect, loss carryforward	-	-
Tax effect (tax credits)	35,977	154,791
Total	**35,977**	**154,791**

Deductible temporary differences relate to foreign tax credits (which can be saved for up to five years). Deferred tax assets have not been recognised for these tax credits, as it is not probable that the Group will be able to offset them against future taxable profits.

Changes in deferred tax on temporary differences and loss carryforward

Group 2014-12-31	Amount at beginning of year	Disclosed in income statement	Other changes	Amount at end of year
Exploration costs	-641 554	-323 449	-26,605	-991,605
Oil and gas assets	-221,268	15,094	2,216	-203,958
Other long-term receivables	-1,020	147	-	-873
Loss carryforward	52 475	115,850	-2,148	166,177
Total	**-811,367**	**-192,358**	**-26,537**	**-1,030,259**

Other changes of SEK -2,349 thousand relate to exchange rate effects.

Group 2013-12-31	Amount at beginning of year	Disclosed in income statement	Other changes	Amount at end of year
Exploration costs	-833,712	144,298	47,860	-641,554
Oil and gas assets	-245,647	24,296	83	-221,268
Other long-term provisions	802	-802	-	-
Other long-term receivables	-549	-1,045	574	-1,020
Provision for abandonment	-	52,475	-	52,475
Total	**-1,079,106**	**219,222**	**48,517**	**-811,367**

Other changes of -24,389 TSEK relate to exchange rate effects.
Other changes of -2,148 TSEK refers too adjustments of loss carryforward.

NOTE 10 – DEPRECIATION, WRITE-DOWNS AND ABANDONMENT COSTS	Group	
	2014	2013
Write-downs		
Exploration costs		
Angola, block 8	280,018	-
Angola, block 23	796,724	-
Norway, Fulla (PL 362)	3,167	251,469
Norway, Husvaer (PL 521)	-	64,444
Norway, (PL 553)	166,776	-
Norway, (PL 549S, PL573)	1,914	-
Congo, Marine IV	-	111,222
This year's total total write downs	**1,248,599**	**427,135**
Depreciation		
Oil and gas assets		
The Ivory Coast	77,332	109,617
This year's total depreciations oil and gas assets	**77,332**	**109,617**
Depreciation		
Equipment	2,172	2,099
This year’s total depreciation and write-downs	**1,328,103**	**538,851**

NOTE 11 – INTANGIBLE ASSETS

Exploration costs	Group 2014-12-31	2013-12-31
Opening costs	4,107,620	3,817,751
Exchange differences	334,190	-86,326
Reclassification	1,872	107,051
Disposals[1]	-1,106,064	-111 222
Additions	839,652	380,366
Closing accumulated cost	**4,177,270**	**4,107,620**
Opening impairment	-730,434	-425,390
Exchange differences	-33,416	10,869
Reclassification	-1,871	-
Disposals[1]	1,106,064	111,222
Impairment for the year[2]	-1,248,598	-427,135
Closing accumulated impairment	**-908,255**	**-730,434**
Carrying amount at end of period	**3,269,015**	**3,377,186**

Carrying amount per field	Operator	Participating interest %	2014-12-31	2013-12-31
Block 442, Norway	Centrica	40.00%	174,295	132,151
Block 272, Norway	Statoil	25.00%	448,344	304,879
Block 512, Norway[3]	Det Norske	25.00%	-	1,312
Block 549S, Norway[3]	Det Norske	25.00%	-	936
Block 553, Norway	Det Norske	35.00%	-	1,615
Block 554, Norway	Total	20.00%	500,483	259,606
Block 573S, Norway[3]	Det Norske	25.00%	-	978
Block 583, Norway	Tullow Oil	25.00%	12,565	12,518
Block 689, Norway	Dong	25.00%	18,060	16,388
Block 690, Norway	Spike	30.00%	2,307	1,293
OMl 145, Nigeria, previously referred to as OPL 214	Exxon Mobile	20.00%	1,817,758	1,497,901
Guinea -Bissau, Block 2, 4A och 5A	Svenska	55.00%	230,343	199 924
Block 8 och 23, Angola	Maersk Oil	30.00%	-	893,646
The Ivory Coast, CI-40 Kossipo	CNR	27.39%	64,860	54,039
Total			**3,269,015**	**3,377,186**

Purchases include the value of exploration costs that have been capitalised pending an assessment of commercially recoverable reserves.

[1]) Disposals mainly relate to block 8 & 23, Angola of SEK 1,077 thousand.
[2]) Net impairment losses relate mainly to block 8 & 23, Angola of SEK 1,077 thousand. For more detailed information on impairments, see Note 10.
[3]) Returned in 2014. For further information see Note 2.

NOTE 12 – TANGIBLE FIXED ASSETS

	Group		
	Oil and gas assets	Equipment	Total
Opening cost, 1 Jan. 2013	**2,967 016**	**29,734**	**2,996,750**
Exchange differences	-2,489	-835	-3 324
Purchases	218,144	1,451	219,595
Reclassification	-53,853	-	-53,853
Closing accumulated cost, 31 Dec. 2013	**3,128,818**	**30,350**	**3,159,168**
Exchange differences	605,912	-78	605,834
Purchases	318,213	1,649	319,862
Closing accumulated cost, 31 Dec. 2014	**4,052,943**	**31,921**	**4,084,864**
Opening depreciation, 1 Jan. 2013	**-1,410,394**	**-16,856**	**-1,427,250**
Exchange differences	876	669	1,545
Depreciation for the year	-109,619	-709	-110,328
Disposals	-	-1,339	-1,339
Closing accumulated depreciation, 31 Dec. 2013	**-1,519,137**	**-18,235**	**-1,537,372**
Exchange differences	-258,616	70	-258,546
Depreciation for the year	-77,333	-2,173	-79,506
Closing accumulated depreciation, 31 Dec. 2014	**-1,855,086**	**-20,338**	**-1,875,424**
Carrying amount, 31 Dec. 2013	**1,609,681**	**12,115**	**1,621,796**
Carrying amount, 31 Dec. 2014	**2,197,857**	**11,583**	**2,209,440**

Oil and gas assets Carrying amount per field	2014-12-31	2013-12-31
The Ivory Coast	2,197,857	1,609,681
Total	**2,197,857**	**1,609,681**

Equipment Carrying amount at end of period	2014-12-31	2013-12-31
Svenska Petroleum Exploration AB	10,471	11,064
Svenska Petroleum Exploration AS	1,112	1,051
Total	**11,583**	**12,115**

NOTE 13 – OTHER SECURITIES HELD AS NON-CURRENT ASSETS	Group	
	2014-12-31	2013-12-31
Opening cost	120,237	131,528
Purchases	189,218	119,931
Sales and disposals	-119,931	-131,222
Closing accumulated cost	**189,524**	**120,237**

The Group is exposed to a variety of financial risks, of which the most significant are the changes in oil price. To reduce this exposure, the Company elected in 2014 to purchase a put option to secure a certain portion of future cash flows.

NOTE 14 – OTHER NON-CURRENT RECEIVABLES	Group	
	2014-12-31	2013-12-31
Pension fund (see Note 18)	5,315	4,635
Prepaid lease payments	74	58
Total	**5,389**	**4,693**

NOTE 15 – INVENTORIES	Group	
	2014-12-31	2013-12-31
Drilling equipment and consumable supplies	207,036	108,995
Total	**207,036**	**108,995**

NOTE 16 – TRADE RECEIVABLES	Group	
	2014-12-31	2013-12-31
Trade receivables	137,435	460
Trade receivables - net	**137,435**	**460**

Trade receivables are non-interest bearing and are due within 30 days. At the reporting date, there were no past-due trade receivables.

NOTE 17 – PREPAYMENTS AND ACCRUED INCOME

	Group	
	2014-12-31	2013-12-31
Prepaid rent	2,704	2,493
Prepaid insurance costs	30,880	582
Prepaid project costs	110,876	97,712
Prepaid finance costs	51,922	5,988
Underlift	0	33,330
Other costs	9,142	25,174
Total	**205,524**	**165,279**

NOTE 18 – PENSIONS

Employees in Sweden are covered by defined-benefit pension plans, which mean that they are guaranteed a pension equal to a certain percentage of their salary. Pension obligations for some of the employees are accounted for in the statement of financial position using the book reserve method and are funded through KP Stifelse. These are mainly old-age pension obligations. The plan assets are measured at market value. Employers may choose to invest their pension fund in various portfolios with different risk levels. The Group has chosen an investment portfolio with an asset allocation that is between low and high risk. For salaried employees in Sweden, the ITP 2 plan's defined-benefit retirement and family pension (or family pension) obligations are covered by insurance with Alecta. According to the Swedish Financial reporting Board's statement UFR 3, classification of ITP plans Financed by insurance in Alecta, this is a multi-employer defined benefit pension plan. The Company did not have access to sufficient information for the 2014 fiscal year to report its proportionate share of the plan's obligations, plan assets and costs, which meant that it was not possible to report the plan as a defined-benefit plan. Consequently, the ITP 2 pension plan insured through Alecta is reported as a defined-contribution plan. The premium for the defined-benefit retirement and family pension is individually calculated and is dependent on factors such as salary, previously earned pension and expected remaining service.

The collective consolidation level is the market value of Alecta's assets as a percentage of its insurance obligations calculated by reference to Alecta's actuarial methods and assumptions. This is not consistent with IAS 19. The collective consolidation level may normally vary between 125% and 155%. If Alecta's collective consolidation level falls below 125% or exceeds 155%, measures must be taken to create the right conditions for the level to return to the normal range. If the consolidation level is too low, an appropriate measure could be to increase the agreed price for new and renewed insurance. If the consolidation level is too high, premium reductions could be introduced. At the end of 2014, Alecta's surplus, in the form of a collective consolidation level, was 144% (148%).
The groups share of the total pension contributions for ITP 2, Alecta amounts to 0,00395 per cent. The Groups share of total actives in ITP 2 , Alecta amounts to
to 0,00309 per cent.

Premiums to Alecta are determined using assumptions about interest rates, longevity, operating costs and dividend tax and are calculated so that the payment of a constant premium until the retirement date is sufficient to ensure that the entire target benefits, based on the insured party's current pensionable salary, will be earned.
There is no defined framework in place for the treatment of any arising deficit, but losses will initially be covered by Alecta's collective consolidation capital, and will therefore not result in increased costs through higher agreed premiums. There is also a lack of rules on the distribution of any surplus or deficit in the event of the discontinuance of the plan or the company's withdrawal from the plan.

NOTE 18 – CONT.

The amounts in the statement of financial position for defined benefit obligation have been calculated as follows:	Group 2014-12-31	2013-12-31
Present value of funded obligations	20,966	19,889
Fair value of plan assets	24,932	24,524
Funded plan	**3,966**	**4,635**
Surplus (plus) or deficit (minus)		
Net amount recognised in statement of financial position		
The net amount is recognised in the following items in the statement of financial position:		
Other non-current receivables (see Note 14)	3,966	4,635

The amounts included in comprehensive income for the year are as follows:	2014	2013
Interest income	171	53
Net amount reported in comprehensive income	**171**	**53**
The net amount is recognised on the following lines in the comprehensive income for the year.		
Finance income	863	737
Finance cost	-692	-684
Amounts included in other comprehensive income		
Remeasurements:		
Actuarial gains (plus) and loss (minus)	-2,689	1,460
Return on plan assets	1,849	1,110
Net amount reported in other comprehensive income	**-840**	**2,570**

The movement in the present value of the defined-benefit obligation	2014-12-31	2013-12-31
Opening balance:	19,889	22,965
Interest expense reported in the profit and loss statement	692	684
Benefit payments	-2,304	-2,300
Remeasurements:		
Acturial Gain (-) and loss (+) due to changes in demographic assumptions	29	789
Acturial Gain (-) and loss (+) due to changes in financial assumptions	3,520	-1,864
Gain (-) and loss (+) due to experience assumptions	-860	-385
Closing balance	**20,966**	**19,889**

The obligations for 2014 include a positive tax of SEK 774 (905) thousand.

The income statement for 2014 includes a positive tax of SEK 19 (5) thousand.

Membership statistics

Vested deferreds 63% (61%)

Retirees 37% (39%)

NOTE 18 – CONT.

Movement in present value of plan assets	2014-12-31	2013-12-31
Opening balance:	24,524	24,977
Interest income reported in the profit and loss statement	863	737
Benefit from employers	-2,304	-2,300
Return on plan assets	1,849	1,110
Closing balance	**24,932**	**24,524**

Plan assets distribution	2014-12-31	2013-12-31
Equity instruments	7,978	7,774
Debt securities	14,959	14,690
Properties	1,995	2,060
Total	**24,932**	**24,524**

Significant actuarial assumptions (expressed as weighted average)	2014	2013
Discount rate	2.40%	3.70%
Future salary increase*	-	-
Employee turnover*	-	-
Pension increase	-	-
Price inflation	1.50%	2.00%

The discount rate is based on corporate bonds that match the duration of the plan (16.7 years).
A 0.5% increase in the discount rate lowers liability by approximately 7%.
A 0.5% decrease in the discount rate raises liability by approximately 8%.

* The pension plan is closed to new entrants and includes only funds relating to previous years' work. For this reason, there is no effect from salary increase or staff turnover.

Other information
The weighted average duration of the defined benefit obligation is 16.7 years.
The Group estimates that in 2014, approximately SEK 1,357 thousand will be paid to the defined benefit plans and SEK 606 thousand for the benefit paid plans reported as defined contribution plans.

NORWAY
Employees in Norway are covered by defined benefit plans, which mean that employees are guaranteed a pension equal to a certain percentage salary. Pension obligations towards certain employees are secured through accounting in the statement of financial position and funded via an insurance company (Folketrygden). The pension plans mainly relate to old-age pension. The assets in the pension fund are valued at market value. The pension obligation is calculated yearly on the year-end date in accordance with IAS 19.

	Group	
The amounts in the statement of financial position for defined benefit obligation have been calculated as follows:	**2014-12-31**	**2013-12-31**
Present value of obligation	1,753	10,927
Fair value of plan assets	3,102	6,969
Funded status	**1,349**	**-3,958**
Surplus (+) and deficit (-)		
Net amount recognised in the financial position		
The net amount is recognised on the following line in the statement of financial position:		
Other long-term assets (see Note 14)	**1,349**	**-**
Provisions for pensions	**-**	**3,958**

NOTE 18 – CONT.

The amounts included in comprehensive income statement for the year are as follows:	2014	2013
Current service costs	2,793	-1,023
Interest expense	-137	-119
Net amount reported in comprehensive income for the year	**2,656**	**-1,142**
Total	**2,656**	**-1,142**
The net amount is recognised on the following lines in the Comprehensive income for the year.		
Employee benefits	2,656	-1,142
Amounts included in other comprehensive income		
Remeasurements:		
Actuarial gain (+) and loss (-)	246	-629
Net amount reported in comprehensive income for the year	**2,902**	**-1,771**

The movement in the present value of the defined benefit obligation:	2014-12-31	2013-12-31
Opening balance:	10,927	10,108
Current service cost	416	1,023
Interest expense reported in the profit and loss statement	364	224
Tax	-319	-292
Past service cost and regulation	-7,847	-
Remeasurements:		
Actuarial Gain (-) and loss (+) due to changes in demographic assumptions	83	2,020
Actuarial Gain (-) and loss (+) due to changes in financial assumptions	-	-1,455
Gain (-) and loss (+) due to experience assumptions	-1,871	-701
Closing balance	**1,753**	**10,927**

The movement in the present value of plan assets:	2014-12-31	2013-12-31
Opening balance:	6,969	6,074
Interest income reported in the profit and loss statement	209	105
Regulation	-4,690	-
Contributions from employers	2,574	2,415
Social security contributions	-319	-833
Remeasurements:		
Gains (-) and loss (+) due to experience assumptions	-1,487	-677
Administrative costs	-154	-115
Closing balance	**3,102**	**6,969**

NOTE 18 – CONT.

Significant actuarial assumptions (expressed as weighted-average)	2014	2013
Discount rate	2.70%	3.30%
Future salary increase*	3.25%	3.75%
Future pension increase	0.10%	0.60%
Social security contributions	3.0%	3.50%

A 0.5% increase in the discount rate reduces liability by approximately 12%
A 0.5% decrease in the discount rate raises liability by approximately 14%

Other information
* The pension plan is closed and all members except one have switched to a defined contribution plan. This has reduced debt by approximately SEK 7.8 million and reduced assets by SEK 4.6 million. Storebrand manages the accumulated pension assets.

The present value of liabilities distributed among the members is as follows:
Active members 100%. The weighted average maturity of the obligation to 9 years.

Consolidated amounts for the group	2014-12-31	2013-12-31
Total cost of defined benefit plans	-	1,195
Total cost of defined contribution plans	4,812	5,214
Total pension cost	**4,812**	**6,409**

NOTE 19 – OTHER PROVISIONS	Group	
	2014-12-31	2013-12-31
Provisions for abandonment costs		
Opening balance	110,743	45,385
Present value adjustment (Note 8)	7,336	11,397
Provisions, this year	-	53,951
Exchange differences	21,870	10
Carrying amount at the end of the period	**139,949**	**110,743**
Provisions per field		
Oombo, Angola	10,289	8,793
Baobab, the Ivory Coast	129,660	101,950
Total	**139,949**	**110,743**
Other provisions		
Actuarial provision	**3,515**	**2,929**
Total, Group	**143,464**	**113,672**

The abandonment provision relates to expenses to for shutting an oil field at the end of its life. The life of the Group's oil field (Baobab) is expected to end in 2038. The licence for the Oombo oil field has expired, and the obligation to handle the abandoment is expected to be assumed by the remaining licensees.

NOTE 20 – OTHER LIABILITIES	Group	
	2014-12-31	2013-12-31
Project items	121,641	86,177
Short-term portion of derivative	13,359	-
Other items	19,430	5,135
Total	**154,430**	**91,312**

Project items of SEK 121.6 (86.2) million related to accrued expenses from operator.
The non-current portion of derivatives is recognised as other long-term liabilities.

NOTE 21 – ACCRUALS AND DEFERRED INCOME	Group	
	2014-12-31	2013-12-31
Accrued personnel expenses	17,259	12,728
Accrued project expenses	512,023	402,537
Overlift	1,886	-
Other items	168,154	32,308
Total	**699,322**	**447,573**

NOTE 22 – FINANCIAL RISKS AND POLICIES

The Group is exposed to a number of financial risks, the most important of which are described below. It is Group management's responsibility to manage risks according to the policy adopted by the Board. The Group has a centralised finance function which has the primary task of identifying, limiting and managing financial risks in a cost-efficient manner. The Group actively pursues liquidity planning, to continuously evaluate the need for liquidity. The main objective of this centralisation is to ensure good internal cost control as well as administrative and financial economies of scale.

Currency risk

The Group's business is international and, as such, it is exposed to currency risk in terms of exchange rate fluctuations. The foreign exchange exposure comprises transaction as well as translation risk.

- The transaction risk, i.e. the risk that the commercial cash flows (revenues, expenses, investments, etc.) will be negatively affected by exchange rate fluctuations.
- Translation risk, i.e. the risk that earnings in the Group will be negatively affected by the translation of foreign entities' assets and liabilities into the Group's reporting currency. It is the opinion of the Board that the present strong financial position justifies the policy of not hedging foreign exchange rates.

Transaction exposure

The Group's transaction exposure for 2014 was divided into the following currencies:

	USD
Sales	95,579
Operating expenses	41,808
Net	137,387
hedged	0

The Group's transaction exposure for 2013 was divided into the following currencies:

	USD
Sales	159,732
Operating expenses	-107,261
Net	52,471
hedged	0

Translation exposure

Net foreign assets as a percentage of total equity, divided among the following currencies:

Group	2014		2013		2012	
Currency	Amount	%	Amount	%	Amount	%
USD	675,319	1.32	589,898	92	504,766	77
NOK	263,248	6.7	133,707	3	142,766	5

The Group has no hedges of net investments in foreign subsidiaries as of 31 December 2014.
The aim is to minimise translation risk wherever possible and financially viable.

NOTE 22 – CONT.

Interest rate risk
Interest rate risk is the risk that changes in market interest rates will have a negative effect on the Group's earnings. All interest-bearing assets and liabilities have a fixed-interest term of less than 12 months. The current assessment is that the Group's present financial position justifies the absence of longer fixed-interest terms.

Oil price risk
The Group's revenues, and hence its earnings, are highly dependent on oil prices. Historically, oil prices have fluctuated sharply – a trend which is expected to continue – and are affected by a number of factors beyond the Group's control. The Group's policy is to harness the positive effects of fluctuating oil prices while actively minimising the negative effects as far as possible. Consequently, the ability to use put options in particular as a hedging instrument is continuously evaluated.

The Group did not have any outstanding hedging instruments at the end of 2014.

Credit and counterparty risk
Credit and counterparty risk is the risk that counterparty in a financial transaction will be unable to discharge its obligations, which in turn will have a negative effect on the Group's earnings. The Group's commercial credit risk is limited, as there is no significant customer concentration and the counterparties are reputable and transparent multi-national companies. Financial credit risk is mitigated by only accepting counterparties with a high credit rating and through diversification.

The Group did not have any past due trade receivables at 31 December 2014. No provision for impairment has been made, as the carrying amount is estimated to be the same as the fair value.

Funding and liquidity risk
Funding and liquidity risk is the risk that costs will rise and funding options will be insufficient when loans are renewed or applied for, and the risk that payment obligations will not be met due to insufficient liquidity. At the end of 2013, the Group had substantial cash reserves, including financial investments. Discussions are in progress regarding additional credit facilities to safeguard the Group's capacity for increasing oil reserves in the coming years. The Group also utilises the opportunity for the Norwegian operations to raise loans, with the expected tax refund as collateral. Financial liabilities and trade payables are short-term and due within 30 days, and their fair value is assumed to be reasonable fair value estimation.

Insurance
Insurance is considered to be a premature financing of future risks. The Group has an insurance coverage that is in line with industry practice and mainly covers production facilities and liability exposure in connection with exploration and exploitation of oil and gas. The Group's insurance coverage and its strong financial position mean that it is considered able to manage minor risks as well as risks of major disasters.

Capital management
Capital is defined as total equity. The equity requirement for an oil company is substantial and is related to the large volume of investment and the risk inherent in the different exploration projects carried out during the year. It is the Board's judgment that the equity of the Group is sufficient for the scope of its activities.

There were no changes to the Group's capital management during the year.

Neither the Parent Company nor its subsidiaries are subject to external capital requirements.

Sensitivity analysis
In order to manage interest rate and currency risks, the Group aims to reduce the impact of short-term fluctuations on its results. In the long term, however, permanent changes in exchange rates, oil prices and interest rates will have an impact on the consolidated results. Based on volumes of crude oil sold (approx. 1 million barrels) in 2014, it is estimated that:
-A decrease of USD 10 in the price of oil would have reduced the Group's profit before tax by SEK 1 million.
-A general increase of 1 per cent in the value of the SEK against other currencies would have reduced the Group's profit before tax by SEK 0.5 million. -A general increase of 1 per cent in the value of the interest rate would have reduced the Group's profit before tax by SEK 7 million.

Measurement of fair value
The following description is a summary of the main methods and assumptions used in determining the fair value of the financial instruments in the tables below.

Trade receivables, other receivables, cash and cash equivalents, trade payables and other liabilities
The nominal value, less any estimated credits to trade receivables and payables, is deemed to reflect their fair value.

Financial investments
Financial investments are essentially very low-yielding, very short-term investments. Consequently, cost is considered to be equal to fair value.

NOTE 22 – CONT.

Carrying amounts of financial assets and liabilities by category, 2014
Group

	Loans and receivables	Financial assets at fair value	Other liabilities	Total carrying amount	Fair value
Financial assets not recognised at fair value					
Trade receivables	137,435	-	-	137,435	137,435
Other receivables	166,893	-	-	166,893	166,893
Cash and cash equivalents	340,935	-	-	340,935	340,935
Total	**645,263**	**-**	**-**	**645,263**	**645,263**
Financial assets recognised at fair value					
Other non-current receivables	5,389	-	-	5,389	5,389
Financial investments, derivatives	-	189,524	-	189,524	189,524
Total	**5,389**	**189,524**	**-**	**194,913**	**194,913**
Financial liabilities not recognised at fair value					
Trade payables	-	-	197,043	197,043	197,043
Other liabilities	-	-	154,430	154,430	154,430
Bank loans	-	-	1,117,389	1,117,389	1,117,389
Financial liabilities, derivatives	-	-	43,671	43,671	43,671
Total	**-**	**-**	**1,512,533**	**1,512,533**	**1,512,533**

The derivative is classified at fair value through profit or loss because it is followed up on the basis of fair value and measured regularly. The fair value of the derivative is based on quotations from the bank. Similar contracts are traded in an active market, whereby the fair value, level 2, is considered to be an appropriate measurement level.

Carrying amounts of financial assets and liabilities by category, 2013
Group

	Loans and receivables	Financial assets at fair value	Other liabilities	Total carrying amount	Fair value
Financial assets not recognised at fair value					
Trade receivables	460	-	-	460	460
Other receivables	262,691	-	-	262,691	262,691
Cash and cash equivalents	139,738	-	-	139,738	139,738
Total	**402,889**	**-**	**-**	**402,889**	**402,889**
Financial assets recognised at fair value					
Financial investments	306	119,931	-	120,237	120,237
Other non-current receivables	4,693	-	-	4,693	4,693
Total	**407,888**	**119,931**	**-**	**527,819**	**527,819**
Financial liabilities not recognised at fair value					
Trade payables	-	-	61,748	61,748	61,748
Other liabilities	-	-	91,312	91,312	91,312
Total	**-**	**-**	**153,060**	**153,060**	**153,060**

NOTE 23 – OPERATING LEASES

Leases where the Company is the lessee

	Group	
Non-cancellable lease payments:	**2014**	**2013**
Minimum lease payments	10,509	10,149
Contingent rents	137,334	144,190
Total lease costs	**147,843**	**154,339**
Agreed future minimum lease payments under non-cancellable lease payments fall due as follows:		
Within one year	140,773	148,630
Between one and five years	14,141	29,407
Total	**154,914**	**178,037**

The Group leases office premises in the UK, Norway and Sweden and a floating, production storage and offload vessel (FPSO) in the Ivory Coast under operating leases. The contingent rents have been defined by contract. The lease agreement for the FPSO runs out in 1 years, with a renewal option.

NOTE 24 – INVESTMENT OBLIGATION

	Group	
At the reporting date, contracted investments not yet recognised in the financial statements were as follows:	**2014-12-31**	**2013-12-31**
Oil and gas assets	1,993,805	1,762,198
Total	**1,993,805**	**1,762,198**

Contracted investments relate to investments during the remaining life of the fields. Abandonment expenses are expected to be incurred 2038 for Baobab. Year 2014 includes development of Baobab Phase 3. Investment obligations relate to contracted cost in jointly controlled operations. Standard agreements in the business reveal that a licence partner has commitments to inject funds for operating expenses.

NOTE 25 – PLEDGED ASSETS AND CONTINGENCIES

	Group	
Pledged assets	**2014-12-31**	**2013-12-31**
Shares in subsidiaries	3,956,073	-
Bank accounts	37	-
Tax assets	574,860	-
Licences	1,172,700	-
Total	**5,703,670**	**-**
Contingencies	**341**	**398**

	Parent	
Pledged assets and contingencies	**2014-12-31**	**2013-12-31**
Shares in subsidiaries	535,072	-
Contingent liabilitis	341	459

Contingencies at 31 December comprise just one contingent liability associated with the Swedish pension plan (pension guarantee). The Parent Company guarantees the subsidiary SPEAS commitments in Norway according to current licence agreements

NOTE 26 – RELATED PARTIES

Related party relationships
Related party relationships where control exists:

Group
The Group is under the control of Moroncha Holdings Ltd. (Cyprus).

Parent Company
In addition to the related party relationships described for the Group, the Parent Company has control of the subsidiary Svenska Petroleum Exploration AB and its directly and indirectly owned subsidiaries (Note 27).

Other related parties
Svenska Petroleum Exploration AB and Svenska Petroleum Group are 100% controlled by companies owned by Sheik Mohammed H. Al-Amoudi. Corral Petroleum Holdings AB is a wholly-owned subsidiary of Moroncha Holdings Ltd. (Cyprus). A fellow subsidiary with Petroswede AB, Corral Petroleum Holdings AB, owns 100% of Preem Group.

Purchases of services from related parties relate to:
Midroc Real Estate AB SEK 4,315 (3,455) thousand - office lease and office maintence services
Constellation Holdings LLC SEK 0 (16,359) thousand - consultancy services
Preem Finans AB SEK 17 (19) thousand - fuel and transport services

Related party transactions

Group	Year	Sale of goods to related parties	Purchase of services from related parties	Due from related parties on 31 December	Due to related parties on 31 December
Other related parties	2014	-	4,332	-	-
Other related parties	2013	-	19,833	-	-

Transactions with related parties are priced on commercial terms.

Remuneration of key management personnel
The total remuneration of the CEO and the Board is shown in Note 6.

NOTE 28 – CRITIC AL ACCOUNTING ESTIMATES

Some of the critical accounting estimates used in applying the Group's accounting policies are described below.

Impairment testing

In calculating the recoverable amount of oil fields when testing fixed assets for impairment, or reversal of impairment, a number of estimates and assumptions about future conditions have been made. These estimates and assumptions mainly concern the life of the fields, commercial reserves, the choice of discount rate and the future oil price. Commercial reserves are estimated regularly in the Company's operations. The reserves are also calculated by a third party once a year. The price of oil is defined on the basis of an estimated level of consensus among market analysts.

Impairment testing is based on a calculation of the value in use. The discount rate applied is 7.5% (7.5%) for assets on the Norwegian continental shelf and 10% (10%) for assets in the rest of the world. The projected cash flows are estimated on an investment-by-investment basis. The cash flows are calculated for the life of each field. Because of the long project cycles in the industry, the life may extend to 2040 in some cases.

Major changes in the underlying conditions for these assumptions and estimates during 2015 may have a material effect on the value of the assets.

Effect of changes in the basis of calculation

Changes in the basis of the calculations regarding costs and commercial reserves that affect the unit-of-production calculations for depreciation and abandonment will have an immediate effect on the Group's results.

NOTE 29 – ADDITIONAL CASH FLOW ANALYSIS DISCLOSURES

Group	2014	2013
Adjustments for non-cash items		
Depreciation and impairments	1,328,103	538,851
Oil tax[1]	-41,556	-180,732
Other provisions	16,098	11,746
Other adjustments	-136,886	20,023
Unrealised exchange differences	214,284	5,941
Unpaid interest	11,843	-
Total	**1,391,886**	**395,829**
Cash and cash equivalents		
The following components are included in cash and cash equivalents:		
Cash and bank balances	340,935	139,738
Total	**340,935**	**139,738**

[1]) Oil tax is a general tax that is treated in the cash flow as an operational settlement.

Group	2014	2013
Sale of subsidiaries		
Other receivables	105	-
Cash and cash equivalents	68	-
Total assets	**173**	**-**
Selling price:	95,477	-
Deducted: Purchase price receivable in 2015	-94,477	
Deducted: Cash and cash equivalents in the divested businesses	-68	-
Effects on cash and cash equivalents	932	-

NOTE 30 – LONG-TERM INTEREST-BEARING LIABILITIES

The following is a presentation of the Company's contractual terms regarding interest-bearing liabilities. For more information about the Company's exposure to interest rate risk and foreign currency risk, please refer to Note 22.

Group	2014	2013
Non-current liabilities		
Long-term bank loan (Reserve-Based Lending Facility)	648,371	-
Current liabilities		
Short-term bank loans (Exploration Financing Facility)	469,014	-

Terms and repayment periods

During the year a credit agreement (Reserve-Based Lending Facility) was signed with a limit of USD 200 million, which was subsequently syndicated out to a total of seven international banks with a maturity of 5 years. The loan is based on calculation of cash flows from producing oil fields and other financial assumptions as agreed with the banking syndicate. The intention is primarily to use this facility to finance Svenska's further development of its producing assets in the Ivory Coast. The facility is secured by a pledge of certain Group companies and certain bank accounts for those companies whose shares are pledged. (See also Note 25 for collateral and pledges). At year-end the Group had used SEK 648 million, equal to USD 83 million of the Reserve-Based Lending Facility.

The Group also has a credit facility (Exploration Financing Facility) maturing in December 2015 and with an option to renew that will be used to finance the tax portion of the Norwegian exploration costs. During the year the loan volume increased from NOK 300 million to NOK 500 million. The facility may only be used to fund exploration costs eligible that qualify for restitution in Norway. The facility is secured by collateral in the form of licenses and a tax asset in Norway.
(See also Note 25 for collateral and pledges).

Parent Company	2014	2013
Non-current liabilities		
Long-term bank loan (Reserve-Based Lending Facility)	648,371	-

Terms and repayment periods, see table below.

	Currency	Nom. int. rate	Maturity	Nom. amount	Carrying amount
EFF (Exploration Financing Facility)	NOK	6.70%	2015	446,000	446,000
RBL (Reserv-Based Lending Facility)	USD	3.08%	2019	83,000	83,000

Maturity of financial liabilities – undiscounted cash flows

	Currency	Nom. amount, original currency	1–3 months	3 months–1 year
EFF (Exploration Financing Facility)	NOK	446,000		446,000
RBL (Reserv-Based Lending Facility)	USD	83,000	83,000	

PARENT COMPANY INCOME STATEMENT

1 January - 31 December

Amounts in SEK thousands

	Note	2014	2013
Net sales	2	7,955	1,293
Other operating income	3	66,873	64,774
Total operating income		**74,828**	**66,067**
Operating expenses			
Operational and exploration costs	5	-20,400	-10,111
Other external costs	7, 23	-70,708	-70,676
Employee benefits expenses	6	-68,038	-48,276
Depreciation, write-downs and abandonment costs	2, 10	-1,237	-1,339
Other operating expenses	4	-1,801	-4,299
Total operating expenses		**-162,184**	**-134,701**
Operating profit/loss		**-87,356**	**-68,634**
Profit/loss from financial investments			
Result from Group companies	8	1,800,000	150,000
Result from other financial assets	8	-1,168,757	256
Other interest and similar income	8	187,210	28,128
Other interest and similar expense	8	-414,044	-71,902
Profit/loss after financial items		**317,053**	**37,848**
Appropriations			
Group contribution, received		-	41,070
Group contribution, distributed		-212,798	-150,000
Profit before tax		**104,255**	**-71,082**
Tax	9	111,338	58,117
Profit/loss for the year		**215,593**	**-12,965**

Profit for the year is consistent with comprehensive income for the year.

PARENT COMPANY BALANCE SHEET

1 January - 31 December

Amounts in SEK thousands	Note	2014-12-31	2013-12-31
ASSETS			
Fixed assets			
Tangible fixed assets	12	10,470	11,064
Investments in Group companies	27	923,756	714,946
Financial investments	13	306	120,237
Deferred tax assets	9	166,177	50,328
Total non-current assets		**1,100,709**	**896,575**
Trade receivables	16	-	260
Receivables, Group companies		3,572,339	2,799,486
Prepayments and accrued income	17	65,914	32,199
Other receivables		114,410	17,149
Tax receivables		1,128	32,317
Cash and cash equivalents	29	146,884	82,557
Total current assets		**3,900,675**	**2,963,968**
TOTAL ASSETS		**5,001,384**	**3,860,543**

EQUITY AND LIABILITIES

1 January - 31 December

Amounts in SEK thousands	Note	2014-12-31	2013-12-31
Restricted equity			
Share capital, (500,000 shares, à SEK 100/each)		50,000	50,000
Reserves		10,011	10,011
Total restricted equity		**60,011**	**60,011**
Non-restricted equity			
Retained earnings		1,520,419	1 273 762
Profit/loss for the year		215,593	-12 965
Total unrestricted equity		**1,736,012**	**1,260,797**
Total equity		**1,796,023**	**1,320,808**
Liabilities			
Non-current liabilities, Group companies		-	247,779
Long-term interest-bearing liabilities to credit institutions	30	648,371	-
Other provisions	19	10,554	8,793
Total non-current liabilities		**658,925**	**256,572**
Trade payables		17,865	4,339
Other liabilities	20	862	4,188
Liabilities, Group companies		2,319,923	2,145,813
Accruals and deferred income	21	207,786	128,823
Total current liabilities		**2,546,436**	**2,283,163**
TOTAL EQUITY AND LIABILITIES		**5,001,384**	**3,860,543**
Shares in subsidiaries	**25**	**535,072**	**Inga**
Contingent liabilities	**25**	**341**	**398**

STATEMENT OF CHANGES IN EQUITY - PARENT COMPANY

Amounts in SEK thousands	Share capital	Legal reserve	Retained earnings	Total equity
Opening equity, 1 Jan. 2013	**50,000**	**10,011**	**1,273,762**	**1,333,773**
Profit for the year			-12,965	-12,965
Closing equity, 31 Dec. 2013	**50,000**	**10,011**	**1,260,797**	**1,320,808**
Profit for the year			215,593	215,593
Shareholder contribution			259,622	259,622
Closing equity, 31 Dec. 2014	**50,000**	**10 011**	**1,736,012**	**1,796,023**

Profit for the year is consistent with comprehensive income for the year.

CASH FLOW STATEMENT - PARENT COMPANY

1 January - 31 December

Amounts in SEK thousands	2014	2013
Indirect method		
Operating activities		
Profit/loss after financial items	317,053	37,848
Adjustment for non-cash items[1]	-562,989	-76,372
Total	**-245,936**	**-38,524**
Taxes paid	**26,677**	**-45,649**
Cash flow from operating activities before changes in working capital	**-219,259**	**-84,173**
Cash flow from changes in working capital		
Decrease (+) / increase (-) in operating receivables	-272,977	20,095
Decrease (+) / increase (-) in operating liabilities	50,475	13,951
Cash flow from operating activities	**-441,761**	**-50,127**
Investing activities		
Shareholder contribution, distributed	-	-101,995
Acquisition of tangible fixed asssets	-643	-796
New issue of subsidiaries	-208,910	-
Sale of subsidiaries	1,000	-
Increase in financial assets	-	-119,931
Decrease in financial assets	119,931	131,222
Cash flow from investing activities	**-88,622**	**-91,500**
Financing activities		
Proceeds from bowworing	590,794	205,682
Cash flow	**590,794**	**205,682**
Cash flow for the year	**60,411**	**64,055**
Cash and cash equivalents at beginning of year	82,557	26,693
Exchange differences	3,916	-8,191
Cash and cash equivalents at end of year	**146,884**	**82,557**

[1]) The amount includes interest received of SEK 1,060 thousand and interest paid of SEK 8,317 thousand
For supplementary information to the consolidated cash flow statement, see Note 29.

NOTE 1 - ACCOUNTING POLICIES – PARENT COMPANY

The Parent Company's annual financial statements have been prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. The Swedish Financial Reporting Board's statements for listed companies are also applied. RFR 2 requires the Parent Company, as a legal entity, to prepare its annual financial statements in compliance with all the IFRS and IFRIC interpretations adopted by the EU, to the extent possible within the framework of the Swedish Annual Accounts Act and the Swedish Pension Obligations Vesting Act, and taking into account the relationship between tax expense/income and accounting profit. The recommendation states which exceptions from and additions to IFRS shall be observed. The accounting policies for the Group, described in Note 1, have been applied consistently in the Parent Company's financial statements with exceptions described below.

CLASSIFICATION AND PRESENTATION

The Parent Company prepares an income statement and a statement of comprehensive income, while the Group combines these two reports into a statement of comprehensive income. In addition, the Parent Company uses the titles balance sheet entries and cash flow statement for its reports, while the Group uses the terms statement of financial position and statement of cash flows. The presentation of the income statement and balance sheet for the Parent Company is in accordance with the Swedish Annual Accounts Act, while the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows. The main differences between the consolidated financial statements and the Parent Company's income statement and balance sheet are in the accounting for finance income and costs, and non-current assets and equity.

OPERATING SEGMENT REPORTING

Information is provided with net sales by geographical segment (in accordance with the Annual Accounts Act).

PENSIONS

The Group applies IAS 19, employee benefits, while the Parent Company applies the principles of the Annual Accounts Act and the Accounting Standards Board.

GROUP CONTRIBUTIONS

Svenska Petroleum Exploration AB apply the alternative rule in RFR 2 and recognises both received and paid Group as an appropriation.

SUBSIDIARIES

Investments in subsidiaries are recognised in the Parent Company using the cost model. This means that transaction costs are included in the carrying amount for holdings in subsidiaries. In the consolidated accounts, transaction costs are recognised directly in the income statement when they arise.

Contingent consideration is measured according to the probability that the purchase price will be paid. Any changes to the provision or receivable will increase or reduce the cost. In the consolidated accounts, contingent consideration is measured at fair value, with value changes recognised in profit or loss.

Bargain purchases that correspond to expected future losses and expenses are reversed during the expected periods in which the losses and expenses arise. Bargain purchases arising from other causes are recognised as a provision to the extent that they do not exceed the fair value of acquired identifiable non-monetary assets. The portion exceeding this value is recognised immediately. The portion not exceeding the fair value of acquired identifiable non-monetary assets is recognised as income on a systematic basis over the remaining weighted average useful life of the acquired identifiable assets that are depreciable. In the consolidated accounts, bargain purchases are recognised directly in the the income statement.

NOTE 2 – SEGMENT REPORTING

	Parent	
Net sales	**2014**	**2013**
-Angola	-	774
-Other	7,955	519
Total	**7,955**	**1,293**
Depreciation, write-downs and abandonment costs, net		
-Angola	-	-
-Other	-1,237	-1,339
Total	**-1,237**	**-1,339**

NOTE 3 – OTHER OPERATING INCOME

	Parent	
	2014	**2013**
Other operating income, Group	65,154	62,280
Exchange gains	1,719	2,494
Total	**66,873**	**64,774**

NOTE 4 – OTHER OPERATING EXPENSES

	Parent	
	2014	**2013**
Exchange losses	-1,801	-4,299
Total	**-1,801**	**-4,299**

NOTE 5 – OPERATIONAL AND EXPLORATION COSTS

	Parent	
	2014	**2013**
Royalty	-20,400	-10,094
Exploration and project expenses	-	-17
Total	**-20,400**	**-10,111**

Management of certain operational and exploration costs
Some costs may arise early on in the business process due to clauses in production sharing contracts. There may, for example, be royalty clauses, special agreements on payment of general taxes and agreements on bearing some of another party's costs which, by industry tradition, are paid by deducting oil from the Group's share of the produced oil. These costs are accounted for in the same way as other costs as they reduce the profit that would otherwise have arisen.

NOTE 6 – EMPLOYEE BENEFIT EXPENSES

Information regarding costs and benefits of the Parent Company; see Note 6 for the group.

NOTE 7 – OTHER EXTERNAL COSTS

	Parent	
Auditor's fees and other remuneration	**2014**	**2013**
KPMG		
Annual audit	571	642
Other audit services	45	-
Tax advisory services	628	227
Other services	6	1,140
Total	**1,250**	**2,009**

NOTE 8 – FINANCE INCOME AND COSTS

	Parent	
	2014	**2013**
Income from shares in Group companies		
Dividend	1,800,000	150,000
Total	**1,800,000**	**150,000**
Income from other investments held as fixed assets		
Net exchange differences	-	264
Disposal of dormant companies	-1,168,757	-8
Total	**-1,168,757**	**256**
Interest income and similar items		
Exchange gains, Group	171,758	18,117
Exchange gains, other	4,235	2,470
Interest income, Group	7,397	4,999
Other interest income	3,318	1,431
Other financial income	502	1,112
Total	**187,210**	**28,129**
Financial Income, total	**818,453**	**178,385**
Interest expense and similar items		
Exchange losses, Group	-4,095	-5,001
Exchange losses, other	-338,779	-11,900
Interest expense, Group	-16,821	-24,881
Other interest expense	-15,550	-4,303
Other financial expense	-38,799	-25,817
Total	**-414,044**	**-71,902**
Finance net	**404,409**	**106,483**

NOTE 9 – TAXES		Parent
Specification of tax expense	**2014**	**2013**
Tax of profit for the year		
Foreign tax, Angola	-4,073	3,764
Foreign tax, UK	-439	-474
Deferred tax	115,850	50,328
Tax attributable to prior years	-	4,499
Total	**111,338**	**58,117**
Effective tax	**-106.8%**	**81.8%**

Deferred tax assets	**2014-12-31**	**2013-12-31**
Tax loss, loss carryforward	166,177	50,328
Total	**166,177**	**50,328**

Deductible temporary differences relate to foreign tax credits (which can be stored up to five years). Deferred tax assets have not been recognised for these tax credits, since it is not probable that the Group will be able to offset them against future taxable profits.

NOTE 10 – DEPRECIATION, WRITE-DOWNS		Parent
Depreciation	**2014**	**2013**
Write-downs		
Equipment	1,237	1,339
This year's total write-downs	**1,237**	**1,339**

NOTE 12 – TANGIBLE FIXED ASSETS

	Parent			
	Oil and gas assets	Tenant	Equipment	Total
Opening balance, 1 Jan. 2013	**8,305**	**8,231**	**12,655**	**29,191**
Purchases	-	-	796	796
Closing accumulated cost, 31 Dec. 2013	**8,305**	**8,231**	**13,451**	**29,987**
Purchases	-	-	643	643
Closing accumulated cost, 31 Dec. 2014	**8,305**	**8,231**	**14,094**	**30,630**
Opening depreciation, 1 Jan. 2013	**-8,305**	**-**	**-9,279**	**-17,584**
Depreciations for the year	-	-	-1,339	-1,339
Closing accumulated depreciation, 31 Dec. 2013	**-8,305**	**0**	**-10,618**	**-18,923**
Depreciation for the year	-	-	-1,237	-1,237
Closing accumulated depreciation, 31 Dec. 2014	**-8 305**	**0**	**-11,855**	**-20,160**
Carrying amount, 31 Dec. 2013	**0**	**8,231**	**2,833**	**11,064**
Carrying amount, 31 Dec. 2014	**0**	**8,231**	**2,239**	**10,470**

NOTE 13 – OTHER SECURITIES HELD AS NON-CURRENT ASSETS

	Parent	
	2014-12-31	2013-12-31
Opening costs	120,237	131,528
Investments	-	119,931
Sales and disposals	-119,931	-131,222
Closing accumulated cost	**306**	**120,237**

NOTE 16 – TRADE RECEIVABLES

	Parent	
	2014-12-31	2013-12-31
Trade receivables	-	260
Trade receivables, net	**-**	**260**

Trade receivables are non-interest bearing and are due within 30 days. At the reporting date, there were no past due trade receivables.

NOTE 17 – PREPAYMENTS AND ACCRUED INCOME	Parent	
	2014-12-31	2013-12-31
Prepaid rent	2,319	2,090
Prepaid incurance costs	102	452
Prepaid finance costs	51,922	5,988
Prepaid tax, Angola	3,565	2,970
Prepaid consulting costs	-	16,271
Other costs	8,006	4,428
Total	**65,914**	**32,199**

NOTE 19 – OTHER PROVISIONS	Parent	
	2014-12-31	2013-12-31
Provisions for abandonment costs		
Opening balance	8,793	8,803
Exchange differences	1,761	-10
Carrying amount at the end of the period	**10,554**	**8,793**
Provisions per field		
Oombo, Angola	10,554	8,793
Total	**10,554**	**8,793**

Abandonment provision relates to expenses for shutting down an oil field at the end of its life. The licence for the Oombo oil field has expired, and the obligation to handle the abandonment is expected to end formally when the license agreement has been signed.

NOTE 20 – OTHER LIABILITIES	Parent	
	2014-12-31	2013-12-31
Personnel expenses	633	533
VAT	200	3,655
Other liabilities	29	-
Total	**862**	**4,188**

NOTE 21 – ACCRUALS AND DEFERRED INCOME

	Parent	
	2014-12-31	2013-12-31
Accrued personnel expenses	10,239	8,135
Oil tax, Angola	7,868	6,555
Overlift	42	35
Accrued project expenses	138,463	95,302
Other	51,175	18,796
Total	**207,786**	**128,823**

NOTE 23 – OPERATIONAL LEASING

Leases where the Company is the lessee

	Parent	
	2014	2013
Minimum lease payments	7,311	6,930
Contingent rents	1,613	1,401
Total lease costs	**8,924**	**8,331**
Agreed future minimum lease payments under non-cancellable lease payments fall due as follows:		
Within one year	9,838	6,930
Between one and five years	14,141	27,720
Total	**23,979**	**34,650**

NOTE 25 – PLEDGED ASSETS AND CONTINGENCIES

For information regarding the pledged assets and contingent liabilities, see Note 25 for the Group.

NOTE 27 – INVESTMENTS IN GROUP COMPANIES

Specification of change in shares in subsidiaries relating to Svenska Petroleum Exploration AB	2014-12-31	2013-12-31
Carrying amounts		
Opening cost value	835,746	733,801
New issue	208,860	101,995
Acquisition of subsidiaries	50	-
Shareholder contributions	1,263,884	-
Sale of subsidiaries	-1,263,984	-50
Closing cost value	**1,044,556**	**835,746**
Accumulated impairment		
Opening write-down	-120,800	-120,800
Write-downs for the year	-	-
Closed accumulated write-down	**-120,800**	**-120,800**
Closing carrying amount	**923,756**	**714,946**

NOTE 27 – CONT.

The Parent Company's holdings of shares in Group companies, 31 December 2014

Directly and indirectly owned	Reg. no.	Registered office	Number of shares	Equity (%)	Carrying amount
SPE Ventures AB	556996-8117	Stockholm	50,000	100 %	50
Oljeprospektering AB	556126-4671	Oslo, Norway	50,000	100 %	1,893
Svenska Petroleum Exploration AS	910229958	Dublin, Ireland	750,000	100 %	367,590
Petroswede Insurance Company Ltd	266707	London, UK	750,000	100 %	18,851
Svenska Petroleum Exploration U.K. Ltd (dormant)	1191501	Stockholm	3	100 %	-
Svenska Petroleum Exploration Congo AB	556710-9441	Stockholm	1,000	100 %	100
SPE Nigeria AB	556594-2512	Stockholm	1,000	100 %	100
Svenska Nigerian Holdings Ltd	36352	Bermuda	1,000	100 %	
Svenska Nigerian Investment LLC	6790	Nevis			
Svenska Nigeria Exploration & Production Ltd	618208	Nigeria			
Svenska Nigerian Holdings II Ltd	37093	Bermuda			
Svenska Nigerian Investments 2 LLC	4065788	Delaware			
Svenska Nigeria (Deepwater 1) Limited	639349	Nigeria			
SPE Guinea-Bissau AB	556710-9458	Stockholm	1,000	100 %	100
Svenska of Guinea-Bissau Ltd	37097	Bermuda			
Svenska of Guinea-Bissau LLC	5938	Nevis			
SPE West Africa BV NL	807556506	The Hague, Netherlands			
Svenska Petroleum Exploration CI Holding AB	556688-3541	Stockholm	1,000	100 %	535,072
Svenska Petroleum Exploration CI AB	556665-4884	Stockholm			
Svenska Petroleum Exploration CI Finance AB	556635-2935	Stockholm			
Total					**923,756**

Indirect ownership is *marked in italics*. All holdings are wholly owned.

NOTE 29 – ADDITIONAL CASH FLOW ANALYSIS DISCLOSURES

Parent	2014	2013
Adjustments for non-cash items		
Depreciation and impairments	1,237	1,339
Other provisions	1,761	-6,556
Unpaid interest	11,843	-
Dividends from shares, subsidiaries	-1,800,000	-150,000
Sale of subsidiaries, net effect on cash flow	1,168,508	-8
Unrealised exchange differences etc.	53,662	-3,687
Total	**-562,989**	**-76,372**
Cash and cash equivalents		
The following components are included in cash and cash equivalents		
Cash and bank balances	146,884	82,557
Total	**146,884**	**82,557**