ANNUALREPORT
2017

Svenska Petroleum Exploration

Board of Directors' Report

Svenska Petroleum Exploration AB (Svenska) in 2017.

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 the Ivory Coast, 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 gas sales.

GROUP ORGANIZATION

Svenska is an international upstream oil company. Business is conducted through subsidiaries, directly or indirectly. The business is supported through the offices in Stockholm, London and Bissau where the staff are based. Knowledge and competence are spread across the different locations, whereby a project team for a particular asset often consists of staff from more than one office in order to best utilize the full set of skills and competences. Insurance is managed through the wholly owned subsidiary Petroswede Insurance Company DAC (Ireland).

Svenska has six wholly owned subsidiaries in Sweden, the UK and Ireland. Some of these subsidiaries have their own subsidiaries, foreign branch offices or representative offices.

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 oil production from the Baobab field in the Ivory Coast decreased compared to 2016. Svenska's entitlement share of average production in the field was 6,630 (8,172) bbl/day. Compared to last year, the production was 18 per cent lower due to natural field decline in combination with two wells less in production. The decline is typically higher in the early phase after bringing new wells into production, defined as flash production, explaining the slightly higher decline rate than what would be expected long term.

Following the production riser failure in December 2015 and subsequent inspection of the full riser infrastructure, it was decided by the Joint Venture to replace one production riser and one water injection riser. The equipment was manufactured in Newcastle, UK and shipped to Abidjan where the replacement took place during the later part of the year and was successfully completed, incident free and without any downtime.

The new operating contract regarding the FPSO was signed by CNR and Modec early in the year, setting out the principles for the long-term cooperation with focus on operational performance and securing that the vessel is maintained and fit for purpose throughout the licence period.

Thanks to the new seismic 3D data over the CI-40 licence, acquired in 2015, the Joint Venture now has access to an improved image of the Baobab reservoir but also of other prospective resources within the licence perimeter. After extensive technical evaluations, the Kossipo discovery in the southeastern corner of the licence has been significantly upsized and has become a candidate for a tie-back to the Baobab field. The Joint Venture is planning for an additional exploration well to further appraise the volumes in Kossipo.

In Nigeria the licence group in OML 145 has continued to commit only to minimum licence costs as the outlook for developing the Uge asset is still uncertain. During the last year the activity in the Nigerian oil and gas market has picked up on the back of a recovering oil price. More asset deals and corporate transactions have been seen and new major oil discoveries have been announced. Still the lack of progress on the new oil and gas regulatory framework, under the label PIB, continues to frustrate holders of oil licences, like OML 145. The lack of clarity on the future fiscal impact under a new PIB makes progress difficult. In the meantime the licence group is engaging in internal workshops to optimize field development solutions, cost and scheduling.

In Guinea-Bissau, where Svenska is operating Blocks 2, 4A and 5A, the extended and revised licence terms were approved and officially gazetted during the year. Most importantly the licence period has been extended by three years to 20 November 2020. The fiscal terms are also adjusted to reflect the new price environment and the shifted focus to the deeper waters of the western portions of the licences. Svenska's working interest share in the respective licences has been raised from 55.0% to 70.71%, while the paying interest up until start of field development remains unchanged. Svenska has started planning for the drilling of an exploration well to target the worked-up deep water shelf-break prospects in the blocks. The drilling is expected to start towards the end of 2018 or the beginning of 2019. Thanks to the licence extension, exploration drilling and evaluation can be managed within the licence term.

During the year Svenska's attempts to obtain additional acreage was unsuccessful. Despite this setback, Svenska continues to work proactively in selected countries in

Sub-Saharan West Africa and MENA. Svenska's technical team has a proven track-record in working up prospects and finding oil and we strongly believe that Svenska is an attractive partner to host-countries and independent oil companies whereby we will continue pursuing business opportunities as they become available.

The ultimate sole shareholder of Svenska, Sheikh Mohammed Al-Amoudi, was one of a large group of Saudi leading figures detained on November 5, 2017 in Riyadh for reasons that have not been made clear at this time. No further confirmed information in the matter is available at the date of this report. The Company is unable to provide further comments other than to say that Svenska and its subsidiaries are operating on a normal basis and remain unaffected by this development.The average annual price for Brent crude oil increased from USD 53.8 in 2016 to USD 54.0, per barrel. However the price per barrel rose from USD 56.7 in the beginning of 2017 to USD 66.6 at year-end, following a long and consistent drive upwards during the entire length of the second half of 2017. As of 29 January 2018, the price was USD 70.6 per barrel. In 2017, the US dollar weakened against several currencies, including the Swedish krona, with an average annual rate of USD/SEK 8.55. This exchange rate experienced a 10 per cent decrease from the beginning-to-end of 2017.

OPERATING INCOME AND COSTS

Consolidated total net sales during the year were SEK 1,209 (1,466) million. The underlying oil sales were in line with last year where lower production was offset by a higher oil price. The reduction in net sales is fully attributable to lower hedge premium income. Svenska continues to hedge 100 per cent of its projected oil production but in 2017, with small capital commitments and a stabilized price, the hedge strategy was to cover the risk of a significant price drop. Oil hedge premium income was SEK 16 (272) million. Production was 2.4 million barrels of crude oil in 2017, compared with 3.0 million barrels the previous year. The average production was 6,630 (8,172) bbl/day. As already commented the lower production is explained by natural decline in the field. It should be noted that the Baobab field is producing both oil and associated gas. The average production was 7,443 (8,544) boe/day. Operation and exploration costs totalled SEK 279 (320) million in 2017. The total figure is broken down into the following cost items: operating expenses SEK 207 (243) million, royalty costs SEK 23 (12) million, exploration and project expenses SEK 4 (16) million and oil tax operational (the host government's tax share in Production Sharing Contracts) of SEK 45 (49) million. Consolidated depreciation and impairment of oil and gas assets for 2017 amounted to SEK 319 (402) million. Employee payroll costs for 2017 were SEK 79 (68) million. The number of employees was 27 (27) as of December 2017. Net financial items for 2017 were SEK -30 (-83) million. The reduction in net financial items versus last year is mainly explained by a reversal of accrued expenses related to expired licences in Angola, following a final settlement in the country. Revaluation of financial receivables and payables was SEK -13 (32) million and interest expense was SEK-81 (-128) million. Interest income SEK 64 (13) million mainly refers to the reversal of the Angolan reserve, mentioned above. Tax cost for the Group was SEK -49 (-255) million, corresponding to an effective tax rate of 26.1 (148.0) per cent. Last year included a tax adjustment of SEK -129 million referring to tax prior years.

EARNINGS AND CASH FLOW

The Group's operating profit for the 2017 financial year was SEK 389 (256) million. Cash flow from operations before changes in working capital was SEK 584 (388) million.

INVESTMENTS AND FINANCIAL POSITION

Intangible and tangible fixed assets at year-end were SEK 5,138 (5,813) million. Investments in intangible assets were SEK 26 (20) million. Investments in tangible assets were SEK 187 (277) million. Cash and cash equivalents were SEK 234 (270) million as of 31 December 2017.

At year-end, Svenska had drawn SEK 354 (764) million on the Reserves-Based Lending Facility and had an outstanding debt to affiliated companies of SEK 211 (256) million.

PARENT COMPANY

The Parent Company's profit after tax amounted to SEK 563 (929) million. Equity was SEK 3,529 (2,966) million at year end. 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 45 (40) million of Other operating incomerelates to services rendered to subsidiaries. Operational and exploration costs decreased to SEK -2 (-8) million. Other external services amounted to SEK -67 (-54) million. Employee benefits expenses were SEK -79 (-68) million and the average number of employees in the Parent Company during the year was 27 (27), including the branch office in the United Kingdom. Net financial items was SEK -77 (1013) million and consists of dividend from subsidiaries SEK 0 (900) million, currency effects -141 (116), net interest Group companies 24 (14), other financial items 0 (9), other interest income 61 (2) and other interest expenses -21 (-29). The tax for the Parent Company was SEK -144 (-5) million for the year, which corresponds to an effective tax rate of 20.4% (0.6%). The effective tax rate for 2016 is mainly explained by non-taxable income such as dividends from subsidiaries. Regarding risks, uncertainties and future expectations, the Parent Company and the Group tie in.

HEALTH, SAFETY AND ENVIRONMENT

Svenska takes great care to prevent accidents that could impact negatively on people's health and the environment. Continuous improvements of our working culture and our processes are the foundation of our long-term business strategy. The application of common recognized 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 economic conditions in different

areas.

- Possess a well-developed environmental awareness when making technical and economic decisions.
- Try to influence partners and vendors to exceed the minimum legal requirement when environmentally called for. The objective is to be ahead of even the most stringent anticipated requirements.
- Be perceived by other companies, regulatory authorities, environmental organizations and the general public as environmentally aware and responsible.

CORPORATE SOCIAL RESPONSIBILITY

Svenska also works actively within the CSR area and engages in several projects. Svenska continued its cooperation with SOS Children's Villages in 2017. Svenska's support covers the SOS Children's Village in Abobo - Gare in the Ivory Coast, the SOS Hermann Gmeiner Primary & Secondary School in Guinea-Bissau and the SOS Children's Village in Owu-Ijebu, Nigeria. During the year Svenska has provided support to Tostan, an Africa-based charity focused on human rights, sustainable development and positive social transformation in West Africa. Svenska's Sustainability Report 2017 sets out our approach towards sustainability and provides an overview of our intentions to contribute to a sustainable society. The full report is available on Svenska's webbpage (www.svenska.com).

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 through consciously working towards the development of a project-oriented organization. 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. This 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 like civil unrest, war, terror, border disputes and uprisings can also affect Svenska's operations. By the end of 2017, there was no political risk insurance taken for any country where the Group is active. The need for such insurances 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 laws and production agreements with partners can make Svenska financially responsible for such damages. All activities are conducted according to national laws and regulations, and in line with Svenska's environmental policy. Svenska's insurance program has cover against financial exposure in the event of pollution.

Reserve estimations

All oil reserve estimates involve uncertainties that for the most part are beyond Svenska's control. Estimates are mainly based on available geological, geophysical and technical data with varying reliability. If present estimates should be proven smaller, it would have a negative impact on Svenska's long-term financial position and result.

FUTURE EXPECTATIONS

How the oil price will develop in the coming year is always very uncertain. The OPEC production quota implemented last year, and recently extended throughout 2018, impacts positively on price. Moreover the global oil demand remains strong. Continuing oil inventories draw-downs to levels below 5-year average will support the price and together lay a foundation for a price at the current level slowly increasing. Supply disruptions can trigger price spikes but the US shale production will put a ceiling on the price potential as they have effectively come to replace Saudi Arabia as the swing producer in the market. Svenska plans for continued redevelopment in the Baobabfield in 2018 with accompanying capital expenditure. Thanks to solid operating cash flows the capital commitments will be managed with only a moderate increase in indebtedness. The balance sheet will remain strong with excellent debt to capital ratios compared to peer companies.

THE WORK OF THE BOARD

The Board of Directors, which had four members at the end of the year, held four (four) 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 2,905,642,896
Profit for the year 563,210,823
Total 3,468,853,719

The Board proposes that the available profits and unrestricted reserves be distributed as follows:
Carried forward: 3,468,853,719

More detailed disclosures about the company's financial result 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	2017	2016
Revenue from oil & gas		1, 122 571	1,381,635
Other Revenue	3	86 415	84,831
Total	2	**1,208 986**	**1,466,466**
Operational and exploration costs	5,23	-279,312	-319,799
Oil price derivatives		-66,503	-358,600
Other external costs	7, 23	-74,968	-62,316
Employee benefits expenses	6	-79,350	-67,661
Depreciation, write-downs	2, 10,11,12	-311,511	-401,698
Other operating expenses	4	-924	-727
Operating profit	2	**389,418**	**255,665**
Finance income	8	63,834	44,414
Finance costs	8	-93,706	-127,755
Net finance items		**-29,872**	**-83,341**
Profit before tax		**359,546**	**172,324**
Tax on profit for the year	9	-93,870	-254,965
PROFIT FOR THE YEAR		**265,676**	**-82,641**
Other comprehensive income			
Items that are or may be reclassified to profit/loss:			
Exchange differences for the year		-442,348	372,982
Items that will never be reclassified to profit/loss:			
Remeasurements of defined benefit asset		-	-2,699
Taxes relating to items that will not be reclassified		-	487
Total other comprehensive income for the year		**-442,348**	**370,770**
Total comprehensive income		**-176,672**	**288,129**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in SEK thousands	Note	31 Dec 2017	31 Dec 2016
ASSETS			
Intangible assets	2,10,11	1,975,791	2,152,769
Tangible fixed assets	2,10,12	3,162,120	3,660,418
Financial investments	13	306	306
Other non-current receivables	14, 18	5,782	5,120
Deferred tax assets	9	138,194	257,807
Total non-current assets		**5,282,193**	**6,076,420**
Current assets			
Drilling equipment and consumable supplies	15	237,808	257,870
Trade receivables	16	-	104,038
Receivables in Group companies		50,284	50,284
Prepayments and accrued income	17	203,289	262,847
Other receivables		15,796	28,953
Tax receivables		1,137	1,134
Financial Investments	13	-	11,715
Cash and cash equivalents	29	233,816	269,612
Total current assets		**742,130**	**986,453**
TOTAL ASSETS		**6,024,323**	**7,062,873**

EQUITY AND LIABILITIES

31 December

Amounts in SEK thousands	Note	31 Dec 2017	31 Dec 2016
Equity			
Share capital		50,000	50,000
Reserves		692,989	1,135,337
Retained earnings, incl. profit for the year		3,714 410	3,448,734
Total equity		**4,457,399**	**4,634,071**
Liabilities			
Deferred tax liabilities	9	449,466	536,193
Long-term interest-bearing liabilities	30	351,197	1,020,156
Other provisions	19	191,707	273,601
Total non-current liabilities		**992,370**	**1,829,950**
Short-term interest-bearing liabilities	30	214,038	-
Trade payables		8,878	6,477
Other liabilities	20	32,318	24,949
Accruals and deferred income	21	318,071	471,541
Current tax liaibilities		1,249	95,885
Total current liabilities		**574,554**	**598,852**
Total liabilities	**2**	**1,566,924**	**2,428,802**
TOTAL EQUITY AND LIABILITIES		**6,024,323**	**7,062,873**

Information reguarding Group contingencies and pledged assets, see Note 25.

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 2016	**50,000**	**762,285**	**2,282**	**3,531,375**	**4,345,942**
Profit/loss for the year	-	-	-	-82,641	-82,641
Other comprehensive income for the year	-	372,982	-2 ,212	-	370,770
Total comprehensive income for the year	**-**	**372,982**	**-2,212**	**82,641**	**288,129**
Closing equity, 31 Dec 2016	**50,000**	**1,135,267**	**70**	**3,448,734**	**4,634,071**
Profit/loss for the year	-	-	-	265,676	265,676
Other comprehensive income for the year	-	-442,348	-	-	442,348
Total comprehensive income for the year	**-**	**-442,348**	**-**	**265,676**	**-176,672**
Closing equity, 31 Dec 2017	**50,000**	**692, 919**	**70**	**3,714,410**	**4,457,399**

CONSOLIDATED STATEMENT OF CASH FLOWS

1 January - 31 December

Amounts in SEK thousands	Note	2017	2016
Indirect method			
Operating activities			
Profit before tax[1]		359,545	172,324
Adjustment for non-cash items	29	209,070	592,241
Total		**568,615**	**764,565**
Taxes paid		-88,975	-41,859
Total		**479,640**	**722,706**
Cash flow from changes in working capital			
Decrease(+)/increase(-) in inventories		-4,339	43,782
Decrease(+)/increase(-) in operating receivables		145,824	-6,212
Decrease(-)/increase(+) in operating liabilities		-37,320	-360,850
Cash flow from operating activities		**583,805**	**399,426**
Investing activities			
Acquisition of intangible assets	11	-25,618	-20,399
Acquisition of tangible fixed assets	12	-187,240	-277,107
Increase in financial assets		-	-13,276
Disposal financial assets		-	334,197
Cash flow from investing activities		**-212,858**	**23,415**
Financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-395,422	-503,105
Cash flow from financing activities		**-395,422**	**-503,105**
Cash flow for the year		**-24,475**	**-80,264**
Cash & cash equivalents at beginning of year		269,612	334,180
Exchange differences		-11,321	15,696
Cash & cash equivalents at end of year		**233,816**	**269,612**

[1]) The amount includes interest received of SEK 1,532 (4,676) thousand, and interest paid of SEK 61,257 (124,177) 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 are 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 100."
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. The pension obligations are reported as a net betwwen the present value of funded obligations and the fair value of plan assets.

FUNCTIONAL CURRENCY AND REPORTING CURRENCY

The Parent Company's functional currency is the Swedish krona (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 2018 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. The amendment has been adopted by EU. 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 amortized cost. Amortized 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 recognized at fair value, and the option of applying the "Fair Value Option" as in IAS 39 remains in place. Changes in fair value are recognized 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 recognize 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 recognized 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 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 2018 and earlier application is permitted. EU has adopted IFRS 15. The new standard required a review of the Group's revenue recognition and other relevant processes in connection with the transition to the new standard. The assessment is that the "entitlements method" will continue to be applied in the branch and by the group.

IFRS 16 Leases: IFRS 16 eliminates the current dual accounting model for lessees in IAS 17, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model and a lessee is required to recognize assets and liabilities for all leases. Short-term leases, for less than 12 months, and leases of low-value assets are exempt from requirements. In the income statement the depreciation of lease assets is separately recognized from interest on lease liabilities. Lessor accounting remains similar to current practice – i.e. lessors continue to classify leases as finance and operating leases. IFRS 16 is effective from 1 January 2019. A company can choose to apply IFRS 16 before that date but only if it also applies IFRS 15. The amendment is adopted by EU. The Group has carried out the first assessment of the effects on the financial statements. The main effect is that the Group will need to account for its share of assets and liabilities in the commonly rented "FPSO" (a floatingproduction facility) that the parties in the "Joint Operation Agreement" jointly rent. As per 31 of december 2017 the Group's share of the discounted future lease fees amounts to SEK 256, 276 thousand.The final effects is partly due to the Group's discount rates as well as other assessments as per January 1, 2019. The Group also evaluates which transitional rule to apply at the transitionday, which also has effect on the financial statements. The Group also rents its office premises in London and Stockholm which will be be reported in accordance with IFRS 16.

As per 31 of december 2017 the discounted rents is approximately SEK 21,627 thousand.The company also hires cars and as per 31 december 2017 the future discounted lease fees is approximately SEK 210 thousand.

SIGNIFICANT ACCOUNTING POLICIES APPLIED

The Group's significant accounting policies are described below.

AMENDED ACCOUNTING POLICIES

There have been no amendments or new IFRS as of 1 January 2017, that have had a material impact on applied accounting polices in the Group.

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 Svenska Petroleum Exploration AB 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 non-existence 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 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 recognized 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 recognized 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 (recognized separately), the difference is reported as goodwill. If the difference is negative, this is recognized 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.

TRANSACTIONS ELIMINATED ON CONSOLIDATION

Intra-group receivables and liabilities, income and expense, and unrealized gains or losses arising from intra-group transactions are eliminated in full when preparing the consolidated financial statements. Unrealized gains on transactions with associates and jointly controlled entities are eliminated to the extent that corresponds to the Group's interest in the company. Unrealized losses are eliminated in the same way as unrealized 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 recognized in profit or loss. Non-monetary assets and liabilities recognized at historical cost are translated using the exchange rates prevailing at the date of the transaction. Non-monetary assets and liabilities recognized at fair value are translated into 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 recognized 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 recognized 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 recognized 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 recognized.

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. These types of arrangements are usually structured through joint operating agreements (JOA) that regulate entitlements and obligations. In conclusion, the partners of a jointly controlled operation are independent parties, meaning that costs and revenue are distributed between the partners and each party is independently responsible for its share. Produced oil is divided between the parties according to the agreement and each party is separately responsible for the sale of oil. If a party is not able to pursue its financial obligations the other parties are obliged to cover the costs. 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 recognized 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 recognized 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 unrealized gains and losses on financial investments.

Interest expenses, including issue expenses and similar expenses for direct transactions concerning loans, are amortized over the life of the loan using the effective interest method. The present value effect when calculating provisions are reported as a financial cost.

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

TAXES

The Group's income tax consists of current tax and deferred tax. Income taxes are recognized in the income statement, unless the underlying transaction is recognized in other comprehensive income or in equity, in which case the associated tax effect is recognized 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 recognized 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 recognized 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 recognized 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 recognized 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 and 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 recognized in the statement of financial position when the company becomes a party to the instrument's contractual terms. A receivable is recognized 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 recognized in the statement of financial position when invoices are sent. A liability is recognized 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 recognized when invoices are received.

Financial assets are derecognized in the statement of financial position when the rights under the contract have been realized, have expired or the company loses control over them. The same applies to a part of a financial asset. Financial liabilities are derecognized 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 recognized amounts and the company intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Purchases and sales of financial assets are recognized on the trade date (the commitment date), apart from purchases and sales of listed securities, which are recognized 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 change in value.

Classification and Measurement

Non-derivative financial instruments are initially recognized at cost, namely fair value plus transaction costs, apart from financial assets measured at fair value through profit or loss, which are recognized 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 recognized 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 recognized as described below.

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 recognized 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 are recognized 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 amortized cost. Amortized cost is calculated based on the effective interest method used at initial recognition. Accounts receivable are recognized 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 amortized 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 recognized at fair value at the date of the decision. The counter item is retained earnings. At the date of distribution, the Group recognizes 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 capitalizing 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 capitalized as intangible assets, pending determination of commercially recoverable reserves. Directly attributable costs, such as administrative costs, are capitalized 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 capitalized 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 licences. 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 recognized 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
Capitalized 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 recognized 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 recognized.

INVENTORIES

Inventories are recognized 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 most of the pension plans for employees are defined benefit plans, except for the CEO and management team 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 . 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 recognized in other comprehensive income as soon as they occur.

Net interest expense/income on the defined benefit obligation/asset is recognized 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 recognized 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 recognizes 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 recognized 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 recognized 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 recognized 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 recognized 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 100 to the Parent Company.

NOTE 2 – SEGMENT REPORTING

The Group´s operations are divided into operating segments based on the components that Svenska´s executive management reviews regularly. Svenska has identified the executive management as its operating decision maker. The Svenska Group´s operations are organized in such a way as to allow Group management to monitor and review income from the sale of oil and gas, operating profit (EBIT), investments, assets and liabilities of the Group´s different functions areas. The executive management reviews financial performance and decides on resource allocation based on functions areas, which represent the operating segments. Svenska Group´s internal reporting is structured in such a way as to allow the executive management to review the performance and results of the function areas. It is on the basis of this reporting that the Group´s segments have been identified. In order to give complete understanding of the economic environment within the Group operations, the geographical areas are also reported. Intangible assets and oil and gas assets have been allocated to different segment. There are no sales between segments.

	Group	
Total revenues[1]	**2017**	**2016**
Function:		
Production[2]	1,179,107	1,381,778
Exploration[3]	23,706	65,235
Business Development	115	31
Administration	6,058	19,422
Total	**1,208,986**	**1,466,466**
Geographical information[4]:		
The Ivory Coast[2]	1,122,583	1,381,783
Guinea-Bissau	23,703	137
Nigeria[3]	-	65,098
Latvia	4	-
Ireland	20,741	18,322
United Kingdom	51,244	44,693
Sweden	30,520	43,879
Angola	56,524	-
Group transactions	-96,333	-87,446
Total	**1,208,986**	**1,466,466**

[1]) Revenues relates only to external transactions.
[2]) Revenues fron gas and crude oil refer to external customers.
[3]) 2016, Revenue includes a reversal of licence reservs, OML 145, Nigeria
[4]) The table shows the country that the revenue is derived from.

Depreciation, write-downs and abandoment costs, net		
Function:		
Production	-294,658	-400,349
Exploration	-22,195	-
Business Development	-175	-95
Administration	-1,483	-1,254
Total	**-318,511**	**-401,698**

NOTE 2 – CONT.

	Group	
Geographical nformation:	**2017**	**2016**
The Ivory Coast	-294,658	-400,349
Guinea-Bissau	-22,195	-
United Kingdom	-409	-256
Sweden	-1,249	-1,093
Total	**-318,511**	**-401,698**

Operating profit/loss[1]	**2017**	**2016**
Function:		
Production	493,346	279,953
Exploration[2]	-5,541	58,606
Business Development	-52,443	-67,011
Administration	-45,944	-15,883
Total	**389,418**	**255,665**

Geographical information:	**2017**	**2016**
The Ivory Coast	435,817	277,992
Guinea-Bissau	397	-4,943
Nigeria[2]	-4,730	63,192
Latvia	-1,394	-1,290
Ireland	6,740	-6,210
United Kingdom	2,110	844
Sweden	-107,051	-73,920
Angola	57,529	-
Total	**389,418**	**255,665**

[1]) Internal costs are divided between the functions.
[2]) 2016 includes a reversal of licence reservs, OML 145, Nigeria.

Assets	2017	2016
Intangible oil and gas assets:		
Exploration	1,975,042	2,151,569
Other Intangible assets:		
Business Development	286	476
Administration	463	724
Total	**1,975,791**	**2,152,769**

Geographical information	2017	2016
The Ivory Coast	68,352	75,533
Guinea-Bissau	273,551	275,083
Nigeria	1,633,139	1,800,953
Sweden	749	1,200
Total	**1,975,791**	**2,152,769**

Tangible oil and gas assets	2017	2016
Production	3,151,837	3,649,157
Exploration	-	9
Administration	10,283	11,252
Total	**3,162,120**	**3,660,418**

Geographical information:	2017	2016
The Ivory Coast	3,151,837	3,649,157
Nigeria	-	9
United Kingdom	8,929	9,097
Sweden	1,354	2,155
Total	**3,162,120**	**3,660,418**

This year´s investments	2017	2016
Production	187,001	275,073
Exploration	25,618	19,827
Business Development	-	572
Administration	239	2,034

Geographical information:	2017	2016
The Ivory Coast	187,001	275,073
Guinea-Bissau	22,075	19,245
Nigeria	3,543	582
United Kingdom	239	521
Sweden	-	2,085
Total	**212,858**	**297,506**

Liabilities &provisions	2017	2016
Production	1,113,522	1,720,746
Exploration	197,447	239,835
Business Development	70	500
Administration	255,885	467,721
Total	**1,566,924**	**2,428,802**

Geographical information:	2017	2016
The Ivory Coast	1,046,235	1,653,089
Guinea-Bissau	4,461	24,966
Nigeria	192,966	212,963
Latvia	21	35
Ireland	12,883	18,849
United Kingdom	8,786	8,419
Sweden	234,286	279,157
Angola	67,286	231,324
Total	**1,566,924**	**2,428,802**

Income from external customers[1]	2017	2016
Customer[1]	1,122,571	1,381,635

[1]) Income from external customers, consisting of several large international oil companies and one customer in the Ivory Coast. The oil is sold on the international oil market using a broker.

NOTE 3 – OTHER OPERATING INCOME	Group	
	2017	2016
Consideration SPEAS	-	1,945
Consideration Angola	-	15,242
Reversal of reserv, licence 244 OML	-	65,098
Reversal of reserv, licence Block 3/85, 3/91 Angola	56,524	-
Reversal of reserv, Guinea Bissau	23,358	-
Insurance change of reserv	4,208	-
Other operating income	1,145	1,682
Exchange gains	1,180	864
Total	**86,415**	**84,831**

NOTE 4 – OTHER OPERATING EXPENSES	Group	
	2017	2016
Exchange losses	-924	-727
Total	**-924**	**-727**

NOTE 5 – OPERATIONAL AND EXPLORATION COSTS	Group	
	2017	2016
Operating expenses	-207,181	-242,646
Royalty	-22,518	-11,952
Oil tax, operational	-45,144	-49,570
Exploration and project expenses	-4,469	-15,631
Total	**-279,312**	**-319,799**

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 tradition in the industry 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 risen.

NOTE 6 – EMPLOYEE BENEFIT EXPENSES

Information on employee benefit expenses in the Parent Company can be found in Note 6 for the Group.

	2017		2016	
Average number of employees	**Employees**	**whereof male**	**Employees**	**whereof male**
Parent				
Sweden	16	11	17	12
United Kingdom	11	7	10	7
Total, Group	**27**	**18**	**27**	**19**

NOTE 6 – CONT.

	2017	2016
Executive management, Group and parent company	**9**	**9**

Gender distribution, executive management (female representation in %)		
Parent		
Board	0%	0%
Other senior executives	0%	0%
Total, Group		
Board	0%	0%
Other senior executives	0%	0%

	2017		2016	
Salaries and other benefits	**Senior executives**	**Other employees**	**Senior executives**	**Other employees**
Parent				
Sweden	13,217	11,150	10,649	12,845
-of which bonuses to senior executives	2,636		1,947	-
United Kingdom	20,415	8,480	13,580	10,693
-of which bonuses to senior executives	5,708		4,361	-
Group total	**33,632**	**19,630**	**24,229**	**23,538**

	2017		2016	
Other personnel costs, pension	**Senior executives**	**Other employees**	**Senior executives**	**Other employees**
Parent				
Pension costs	3,019	4,178	3,213	2,115
Group total	**3,019**	**4,178**	**3,213**	**2,115**
Other personnel costs				
Parent	227	3,918	346	2,989
Group total	**227**	**3,918**	**346**	**2,989**
Subtotal	**36,878**	**27,726**	**27,788**	**28,642**
Social security contributions, total		**14,746**		**11,231**
Personnel costs, total		**79,350**		**67,661**

NOTE 6 – CONT.

Mr. Fredrik Öhrn, CEO of SPE AB (and Petroswede AB) received during 2017 a fixed salary of SEK 4,408 (3,623) thousand, a bonus of SEK 1,496 (1,038) thousand and other benefits of SEK 128 (102) thousand. His pension costs for the year amounted to SEK 1,484 (1,061) thousand.

The CEO of SPE AB (and Petroswede AB) has a formally agreed period of notice from the Company's side. 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 at a lower percentage.

Fees paid to directors	2017	2016
Mohammed Al-Amoudi	**500**	**500**
Jason Milazzo	375	375
Richard Öhman	200	200
Jamal Mohammed A. Ba-Amer	200	200
Total	**1,275**	**1,275**

NOTE 7 – Auditors' fees and other remuneration

	Group	
Fees to auditors during the year	**2017**	**2016**
KPMG		
Annual audit	450	723
Other audit services	123	83
Tax advisory services	143	138
Other services	138	16
Other auditors	-	
Annual audit	282	15
Other audit services	508	118
Tax advisory services	44	189
Other services	193	531
Total	**1,881**	**1,813**

NOTE 8 – Finance income and costs

	Group	
	2017	**2016**
Interest income on bank deposits	63,136	3,582
Net exchange differences	-	31,915
Other financial income	698	8,917
Finance income	**63,834**	**44,414**
Net exchange differences	-12,769	-
Interest expense on financial liabilities measured at amortized cost	-92,244	-123,515
Present value adjustment of provisions (Note 18)	11,319	-4,240
Other financial costs	-12	-
Finance costs	**-93,706**	**-127,755**

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

NOTE 9 – Taxes

Specification of tax income	2017	2016
Tax expense(-) income (+)for the period	-43,135	-56,656
Adjustment of tax in respect of prior years	-874	-129,019
Current tax expense	**-44,009**	**-185,675**
Deferred tax from temporary differences	-49,861	-69,290
Deferred tax	**-49,861**	**-69,290**
Total recognized tax expense(-)income (+) for Group	**-93,870**	**-254,965**

Reconciliation of effective tax		
Group		
Profit/loss before tax	**359,543**	**172,324**
Tax at Swedish enacted tax rate 22% (22%)	-79,099	-37,911
Non-deductible expenses	-4,092	-149
Non-taxable income	83,400	4,131
Tax effect, petroleum tax Ivory Coast	-12,255	-62,592
Tax effect, adjustment of tax reserv Angola	10,162	-
Effect of different tax rates for foreign subsidiaries	-19	-1,523
Tax effect sale of subsidiaries[1]	10	3,701
Exchange effects[2]	-97,740	-31,889
Other items	6,638	286
Tax attributable to prior years[3]	-874	-129,019
Recognized tax expense (-) income (+)	**-93,870**	**-254,965**

[1]) ”Tax effect sale of subsidiaries” last year refers to the capital gain reported in the parent company concerning the sale of Svenska Petroleum Exploration AS and SPE Angola AB.

[2]) "Exchanges differences" refers to exchange effects in entities reporting in another currency then the legal currency.

[3]) Previous years reserve for "tax attributle to prior years" has been completely regulated in 2017.

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, there may be a host government agreement allowing use of part of the Group's share of the produced oil as 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 has been 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.

Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities relate to the following items.

Group 17-12-31	Deferred tax asset	Deferred tax liability	Net
Exploration costs	-	-171,358	-171,358
Oil and gas assets	-	-260,453	-260,453
Loss carryforward	138,194	-	138,194
Other long-term receivables	-	-1,273	-1,273
Provision for abandonment	-	-16,382	-16,382
Total	**138,194**	**-449,466**	**-311,272**

Group 16-12-31	Deferred tax asset	Deferred tax liability	Net
Exploration costs	-	-192,787	-192,787
Oil and gas assets	-	-329,034	-329,034
Loss carryforward	257,807	-	257,807
Other long-term receivables	-	-1,127	-1,127
Provision for abandonment	-	-13,245	-13,245
Total	**257,807**	**-536,193**	**-278,386**

NOTE 9 – CONT.

Not recognized deferred tax

The Group has no deductible temporary differences and taxable loss reliefs for which deferred tax assets have not been recognized in profit and loss statement and balance sheet.

Changes in deferred tax on temporary differences and loss carryforward

Group 31 Dec 2017	Amount at beginning of year	Disclosed in income statement	Other changes	Amount at end of year
Exploration costs	-192,787	3,213	18,217	-171,357
Oil and gas assets	-329,034	71,252	-2,671	-260,453
Other long-term receivables	-1,127	-146	-	-1,273
Loss carryforward	257,807	-119,613	-	138,194
Provision for abandonment	-13,245	-4,566	1,429	-16,382
Total	**-278,386**	**-49,861**	**16,975**	**-311,272**

Group 31 Dec 2016	Amount at beginning of year	Disclosed in income statement	Other changes	Amount at end of year
Exploration costs	-177,005	-	-15,782	-192,787
Oil and gas assets	-269,091	-53,235	-6,709	-329,034
Other long-term receivables	-1,562	435	-	-1,127
Loss carryforward	261,830	-4,023	-	257,807
Provision for abandonment	-4,005	-12,471	3,231	-13,245
Total	**-189,833**	**-69,294**	**-19,259**	**-278,386**

Other changes of SEK -16,763 (-19,855) thousand refers to exchange rate effects.

NOTE 10 – DEPRECIATION, WRITE-DOWNS AND ABANDONMENT COSTS	Group	
	2017	**2016**
Depreciation, write-downs & reversal of write-downs		
Exploration costs		
Guinea-Bissau, Esperanca 4A, 5A[1]	22,195	-
This year's total total write-downs	**22,195**	**-**
This year's depreciations, other intangibles	451	353
Depreciation		
Oil and gas assets		
The Ivory Coast	294,658	400,352
This year's total depreciations oil and gas assets	**294,658**	**400,352**
Depreciation		
Equipment	1,207	993
This year's total depreciation and write-downs	**318,511**	**401,698**

[1]) The decision of the write-down is due to a specific identified surplus value upon acquisition of the licence which is now valued at 0. The decision of a write- down is not a commercial assessment of the entire licence.

NOTE 11 – INTANGIBLE ASSETS

	Group	
Exploration costs	**31 Dec 2017**	**31 Dec 2016**
Opening costs	2,884,922	2,803,808
Exchange differences	-224,010	196,118
Disposals[1]	-	-135,404
Additions	25,618	20,399
Closing accumulated cost	**2,686,530**	**2,884,921**
Opening impairment	-732,152	-826,613
Exchange differences	44,059	-40,590
Disposals[1]	-	135,404
Impairment for the year[2]	-22,195	-
Reversal write-downs	-451	-353
Closing accumulated impairment and end depreciation	**-710,739**	**-732,152**
Carrying amount at end of period	**1,975,791**	**2,152,769**

Carrying amount per field	**Operator**	**Participating interest %**	**31 Dec 2017**	**31 Dec 2016**
OML 145, Nigeria	Exxonmobil	21.05%	1,633,139	1,800,953
Guinea-Bissau, Blocks 2, 4A and 5A	Svenska	70.71%	273,551	275,083
The Ivory Coast, CI-40 Kossipo	CNR	27.39%	68,352	75,533
Other intangibles	-	-	749	983
Total			**1,975,791**	**2,152,552**

Purchases include the value of exploration costs which are capitalized as pending assessment of commercially recoverable reserves. For estimated resources per field, see Note 12.

[1]) Last year`s disposals relate to capatilized and fully written down values for licence CI-24 Ivory coast.

[2]) Impairment for the year relates to Guinea-Bissau. For more detailed information on impairments see Note 10.

NOTE 12 – TANGIBLE FIXED ASSETS

	Group		
	Oil and gas assets	Equipment[3]	Total
Opening cost, 1 Jan 2015	**6,028,849**	**22,821**	**6,051,670**
Exchange differences	510,199	-	510,199
Investments	275,073	2,034	277,107
Disposals[1]	-234,070	-11	-234,081
Reclassification[2]	-255,806	201	-255,605
Closing accumulated cost, 31 Dec 2016	**6,324,246**	**25,045**	**6,349,290**
Exchange differences	-579,924	-	-579,924
Purchases	187,001	239	187,240
Disposals[3]	-327,725	-	-327,725
Closing accumulated cost, 31 Dec 2017	**5,603,597**	**25,284**	**5,628,881**
Opening depreciation, 1 Jan 2016	**-2,139,326**	**-12,626**	**-2,151,952**
Exchange differences	-187,365	9	-187,368
Depreciation for the year	-400,352	-993	-401,333
Disposals	49,591	11	49,602
Reclassification	2,364	-185	2,179
Closing accumulated depreciation, 31 Dec 2016	**-2,675,088**	**-13,784**	**-2 688 872**
Exchange differences	238,841	-	238,841
Depreciation for the year	-294,658	-1,207	-295,865
Disposals[4]	279,144	-	279,144
Reclassification	-	-9	-9
Closing accumulated depreciation, 31 Dec 2017	**-2,451,761**	**-15,000**	**-2,466,761**
Carrying amount, 31 Dec 2016	**3,649,157**	**11,261**	**3,660,418**
Carrying amount, 31 Dec 2017	**3,151,836**	**10,284**	**3,162,120**

Oil and gas assets Carrying amount per field	Operator	Participating interest %	31 Dec 2017	31 Dec 2016
The Ivory Coast, CI-40 Baobab	CNR	27.39 %	3,151,836	3,649,157
Total			**3,151,836**	**3,649,157**

Equipment Carrying amount at end of period	31 Dec 2017	31 Dec 2016
Svenska Petroleum Exploration AB	10,284	11,261
Total	**10,284**	**11,261**

[1]) The disposal is mainly due to updated abandoment cost estimates of SEK 184,476 thousand and scrapped and disposed equipment referring to phase 3 and earlier phases of SEK 49,594 thousand.
[2]) Reclassification to drilling and equipment is due to the cancellation of phase 4, SEK 257,162 thosand
[3]) Refers to expired licence (Block 3/91 Angola) and change of abandoment calculations the Ivory Coast.
[4]) Refers to expired licence (Block 3/91 Angola).
[5]) Equipment refers to Svenska Petroleum Exploration AB.

NOTE 12 – CONT.

Resources and reserves, Svenska share	2017* Oil (mmbo)	2017* Gas (bcf)	2017* Total (mmboe)***	2016** Oil (mmbo)	2016** Gas (bcf)	2016** Total (mmboe)***
Reserves (2P)						
Ivory Coast, CI-40 Baobab	32.1	15.4	34.8	34.7	15.8	37.5
Resources (2C)						
Guinea Bissau, Block 2 Sinapa East	7.6	8.5	9.1	5.9	6.6	7.1
Ivory Coast, CI-40 Kossipo South	8.3	6.6	9.5	7.6	5.1	8.5
Ivory Coast, CI-40 Baobab fas 5	12.0	6.7	13.2	14.9	4.4	15.7
Ivory Coast, CI-40 future Phases	28.9	18.8	32.2	28.9	8.7	30.4
Nigeria, OML 145 Uge	58.7	51.6	67.9	58.7	51.6	67.9
Total Resources (2 C)	115.5	92.2	131.9	116.0	76.4	129.6

* Source: 2P Svenska, Ivory Coast 2C Svenska, other fields Operators estimate
** Source: 2P PDC auditors, Ivory Coast 2C Svenska, other fields Operators estimate
*** Total Boe is calculated by using a conversion factor of 5,615 mscf/boe.

NOTE 13 – FINANCIAL INVESTMENTS

	Group	
Financial investments held as non-current assets	**31 Dec 2017**	**31 Dec 2016**
Opening cost	306	306
Purchases	-	-
Closing accumulated cost	**306**	**306**
Financial investments held as current assets		
Put option	-	11,715
Closing accumulated cost	**-**	**11,715**

The Group is exposed to various financial risks and the most substantial is fluctuations in the Brent Oil price. In order to protect the Group from this exposure, the Group has hedged with put options, currently 100% of estimated production for 2018 is hedged at $53.25 per barrels. Financial assets are valued at fair value and reported in the profit and loss statement. As of 31 decemember 2017 the fair value was negative and are reported as a liability (Note 20).

NOTE 14 – OTHER NON-CURRENT RECEIVABLES	Group	
	31 Dec 2017	31 Dec 2016
Pension fund (see Note 18)	5,782	5,120
Total	**5,782**	**5,120**

NOTE 15 – DRILLING EQUIPMENT AND CONSUMABLE SUPPLIES	Group	
	31 Dec 2017	31 Dec 2016
Drilling equipment and consumable supplies	237,808	257,870
Total	**237,808**	**257,870**

The equipment and supplies mainly relates to CI-40 Baobab and the drilling campaign that will commence during first half of 2018.

NOTE 16 – TRADE RECEIVABLES	Group	
	31 Dec 2017	31 Dec 2016
Trade receivables	-	104,038
Trade receivables - net	**-**	**104,038**

The lifting schedule for this year resulted in no issued invoices during December.

NOTE 17 – PREPAYMENTS AND ACCRUED INCOME	Group	
	31 Dec 2017	31 Dec 2016
Prepaid rent	2,076	2,820
Prepaid insurance costs	10	1,108
Accrued income	76,221	115
Prepaid project costs	96,542	113,309
Prepaid finance costs	18,248	32,904
Underlift	-	97,521
Other costs	10,192	15,070
Total	**203,289**	**262,847**

NOTE 18 – PENSIONS

Employees in Sweden are covered by defined-benefit pension plans, which means 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 is closed. 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. All salaried employees in Sweden are covered by insurance with Alecta (ITP 1 and ITP 2). All payments are funded by the employer. ITP 1 is classified as a defined contribution plan. According to the Swedish Financial reporting Board's statement UFR 10, classification of ITP 2 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 2017 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 Group's share of the total pension contributions for ITP 2, Alecta amounts to 0.0024 (0.00254) per cent. The Group's share of total actives in ITP 2, Alecta amounts to 0.00279 (0.00270) per cent.

For more information regarding collective consolidation level and other actuarial calculations please see the Alecta web page.

NOTE 18 – CONT.

	Group	
The amounts in the statement of financial position for defined benefit obligation have been calculated as follows:	**31 Dec 2017**	**31 Dec 2016**
Present value of funded obligations	16,715	17,471
Fair value of plan assets	22,497	22,591
Funded plan	**5,782**	**5,120**
Surplus (plus) or deficit (minus)		
Net amount recognized in statement of financial position		
The net amount is recognized in the following items in the statement of financial position:		
Other non-current receivables (see Note 14)	5,781	5,120

The amounts included in comprehensive income for the year are as follows:	**2017**	**2016**
Interest income	662	235
Net amount reported in comprehensive income	**662**	**235**
The net amount is recognized on the following lines in the comprehensive income for the year.		
Finance income	1,100	780
Finance cost	-438	-545
Amounts included in other comprehensive income		
Remeasurements:		
Actuarial gains (plus) and loss (minus)	-	1,709
Return on plan assets	-	503
Net amount reported in other comprehensive income	**-**	**2,212**

NOTE 18 – CONT.

Movement in the present value of the defined-benefit obligation	Group 31 Dec 2017	31 Dec 2016
Opening balance:	17,471	17,154
Interest expense reported in the profit and loss statement	438	545
Benefit payments	-1,194	-1,233
Acturial Gain (-) and loss (+) due to changes in financial assumptions	-	1,709
Gain (-) and loss (+) due to experience assumptions	-	-704
Closing balance	**16,715**	**17,471**

Membership statistics

Vested defferred's 49% (52%)

Retirees 51% (48%)

Movement in present value of plan assets	31 Dec 2017	31 Dec 2016
Opening balance:	22,591	24,251
Interest income reported in the profit and loss statement	1,099	780
Benefit from employers	-1,193	-1,233
Return on plan assets	-	-1,207
Closing balance	**22,497**	**22,591**

Plan assets distribution	31 Dec 2017	31 Dec 2016
Equity instruments	6,974	6,868
Debt securities	12,823	13,396
Properties	2,700	2,327
Total	**22,497**	**22,591**

NOTE 18 – CONT.

Significant actuarial assumptions (expressed as weighted average)	2017	2016
Discount rate	2.60%	2.60%
Future salary increase*	-	-
Employee turnover*	-	-
Pension increase	-	-
Price inflation	0.00%	0.00%

The discount rate is based on corporate bonds that match the duration of the plan (15.4 years).
An increase/decrease in the discount rate of 0.5% has no material impact on the obligation.

* The pension plan is closed to new entrants and includes only funds relating to previous year's work. Therefore there is no effect from salary increase or staff turnover.

Consolidated amounts for the Group	2017-12-31	2016-12-31
Total cost of defined contribution plans and ITP 2	7,197	5,328
Total	7,197	**5,328**

Other information
Weighted average duration of the defined benefit obligation is 15.4 years.
The Group estimates that approximately SEK 1,302 thousand will be paid in 2018 to the defined benefit plans and SEK 431 thousand for the benefit paid plans reported as defined contribution plans.

NOTE 19 – OTHER PROVISIONS	Group	
	31 Dec 2017	31 Dec 2016
Provisions for abandonment costs		
Opening balance	255,480	412,575
Present value adjustment (Note 8)	11,319	13,669
Provisions, this year	-	-
Updated abandoment cost estimate	-52,274	-193,906
Regulated abandoment cost, Angola	-12,026	-
Exchange differences	-23,140	23,142
Carrying amount at the end of the period	**179,359**	**255,480**
Provisions per field		
Oombo, Angola	-	12,026
Baobab, the Ivory Coast	179,359	243,454
Total	**179,359**	**255,480**
Other provisions		
Actuarial provision	**12,348**	**18,121**
Total, Group	**191,707**	**273,601**

The abandonment provision relates to expenses to shut down an oil field at the end of its life.
The end for the Group's oilfield (Baobab) is expected to incur in 2038. Regarding Oombo, the licence has expired and abandoment costs do not need to be paid. According to the operator's estimate, the funds are already set aside and sufficient to cover the costs. Changed assumptions are due to changed calculation of abandoment costs.

NOTE 20 – OTHER LIABILITIES	Group	
	31 Dec 2017	31 Dec 2016
Licence liabilities	1,428	21,269
Derivatives	26,223	-
Emloyee Taxes and Social security liabilities	4,339	2,197
Other items	328	1,483
Total	**32,318**	**24,949**

NOTE 21 – ACCRUALS AND DEFERRED INCOME	Group	
	31 Dec 2017	31 Dec 2016
Accrued personnel expenses	16,954	15,177
Accrued project expenses	294,408	446,808
Overlift	970	-
Financial Items	-	3,020
Other items	5,739	6,536
Total	**318,071**	**471,541**

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 the Group's management's responsibility to manage risks according to the policy adopted by the Board. The Group has a centralized 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 centralization 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 fluctuation. The foreign exchange exposure comprises transaction as well as translation risks.

- 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 2017 was divided into the following currencies:

	USD
Sales	131,250
Operating expenses	-83,230
Net	48,020
Hedged	0

The Group's transaction exposure for 2016 was divided into the following currencies:

	USD
Sales	161,302
Operating expenses	-129,867
Net	31,435
Hedged	0

Translation exposure

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

Group	2017		2016		2014	
Currency	Amount	%	Amount	%	Amount	%
USD	461,977	85.0	479,240	94.0	675,319	1.32

At 31 December, the Group did not have any hedging of net investments in foreign Group companies.
The ambition is to minimize the translation risk wherever possible and economically 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, except related parties, 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 and minimize the negative effects as far as possible. Consequently, the ability to use put options in particular as a hedging instrument is continually evaluated. To eliminate some of the risk in a fluctuating oil price the Group decided by 2014 to start purchasing put options.

Credit and counterparty risk
Credit and counterparty risk is the risk that a 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 multinational 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. 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. The Group is working continually with financing and liquidity as the business often has major investments and in addition has an oil price risk, see above. 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 (2,4 million barrels) in 2017, 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 -67 million.
-A general increase of 1 percent in the value of the SEK against other currencies would have reduced the Group's profit before tax by SEK -4 million.
-A general increase of 1 percent in the value of the interest rate would have reduced the Group's profit before tax by SEK -3 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 esssentially very low-yielding, very short-term investments and are reported at fair value through the profit and loss statement.

NOTE 22 – CONT.

Carrying amounts of financial assets and liabilities by category, 2017
Group

	Loans and receivables	Fiancial assets/ liabilities at fair value	Other liabilities	Total carrying amount	Fair value
Financial assets not recognized at fair value					
Trade receivables	-	-	-	-	-
Other receivables	15,796	-	-	15,796	15,796
Cash and cash equivalents	233,816	-	-	233,816	233,816
Other	306			306	306
Total	**249,918**	**-**	**-**	**249,918**	**249,918**
Financial liabilities not recognized at fair value					
Trade payables	-	-	8,878	8,878	8,878
Other liabilities	-	-	32,318	32,318	32,318
Overlift			970	970	970
Bank loans	-	-	566,235	566,235	26,223
Total	**-**	**-**	**608,401**	**608,401**	**68,389**
Financial liabilities recognized at fair value:					
Derivatives	-	26,223	-	26,223	26,223
Total	**-**	**26,223**	**608,401**	**634,624**	**634,624**

The derivative is classified at fair value through profit and loss beause it is followed up on the basis of fair value and measured regularly . The fair value of the derivative is based on qvotations from the bank. The calculation is based on Black & Scholes model on a estimated option price. Similar contrcts s are traded in an active market, whereby the fair value, level 2 is considered to be an appropriate measurement level, according to the fair value levels applied in accordance with IFRS accounting principles.

Carrying amounts of financial assets and liabilities by category, 2016
Group

	Loans and receivables	Financial assets at fair value reported in the profit and loss statement	Other liabilities	Total carrying amount	Fair value
Financial assets not recognized at fair value					
Trade receivables	104,038	-	-	104,038	104,038
Other receivables	28,953	-	-	28,953	28,953
Cash and cash equivalents	269,612	-	-	269,612	269,612
Underlift	97,521	-	-	97,521	97,521
Other	306			306	306
Total	**500,430**	**-**	**-**	**500,430**	**500,430**
Financial assets recognized at fair value					
Financial investments, derivatives	-	11,715	-	-	-
Total	**-**	**11,715**		**-**	**-**
Financial liabilities not recognized at fair value					
Trade payables	-	-	6,477	6,477	6,477
Other liabilities	-	-	24,949	24,949	24,949
Bank loans	-	-	1,020,156	1,020,156	1,020,156
Financial liabilities, derivatives	-	-	-		
Total	**-**	**-**	**1,051,582**	**1,051,582**	**1,051,582**

The derivative is classified at fair value through profit and loss beause 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. The calculation is based on Black & Scholes model with an estimated option price. Similar contracts are traded in an active market, whereby the fair value, level 2 is considered to be an appropriate measurement level, ccording to the fair value levels applied in accordance with IFRS accounting principles.

NOTE 23 – OPERATING LEASES

Leases where the Company is the lessee	Group	
Non-cancellable lease payments:	**2017**	**2016**
Minimum lease payments	11,071	7,490
Contingent rents	40,004	154,143
Total lease costs	**51,075**	**161,633**
Agreed future minimum lease payments under non-cancellable lease payments fall due as follows:		
Within one year	48,205	149,833
Between one and five years	131,039	23,314
Total	**179,244**	**173,147**

The Group leases office premises in the UK 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 expires the 31st December 2021, with a an option to renew.

NOTE 24 – INVESTMENT OBLIGATION

	Group	
At the reporting date, contracted investments not yet recognized in the financial statements were as follows:	**31 Dec 2017**	**31 Dec 2016**
Oil and gas assets	660,000	198,413
Total	**660,000**	**198,413**

Contracted investments relate to the Groups share of tangible investments in the licences where an investment decision has been made or a budget has been approved in the licence.

NOTE 25 – PLEDGED ASSETS AND CONTINGENCIES

	Group	
Pledged assets	**31 Dec 2017**	**31 Dec 2016**
Shares in subsidiaries	1,052,393	2,738,652
Total	**1,052,393**	**2,738,652**
Contingencies	**315**	**317**

	Parent	
Pledged assets and contingencies	**31 Dec 2017**	**31 Dec 2016**
Shares in subsidiaries	535,072	535,072
Contingencies	315	317

Contingencies at 31 December comprise just one contingent liability with the Swedish pension plan (pension guarantee).

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 120).
During the year the parent company has received a shareholder loan from Midroc Finans AB, controlled by a company owned by Shejk Mohammed H.Al-Amoudi (see below table)

Other related parties
Petroswede AB and Petroswede Group are 100% controlled by companies owned by Sheik Mohammed H. Al-Almoudi. 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.

Sale of services to related parties:
Corral Petroleum Holdings AB 0 (490) thousands-office rent

Purchases of services from related parties relate to:
Midroc Real Estate AB SEK 4,060 (4,395) thousand - office lease and office maintence services
Hackholmssund konferens SEK AB 625 (825) thousand-hotel and conference costs
Preem Finans AB SEK 13 (17) thousand - fuel and transport services

Related party claim:
Petroswede AB SEK (Parent company) 50,284 (50,284) thousand-Group receivables

Related party liability:
Midroc Finans AB SEK 211,250 (256,000) thousand, loan including accrued interest of SEK 20,584 (28,071) thousand.
Hackholmssund Konferans AB SEK 0 (166) thousand-accounts payable
Midroc Real Estate AB SEK 0 (719) thousand-accounts payable

Contribution:
MHA foundation (Mohammed H. Alamoudi foundation) SEK 1,500 (0) thousand-contribution

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	Accrued interest at 31 December	Contribution
Other related parties	2017	-	4,698	50,284	211,560	20,584	1,500
Other related parties	2016	490	5,236	50,284	256,886	28,071	-

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 27 – SPECIFICATION OF SHARES
Please see Note 120 for the Parent company.

NOTE 28 – CRITICAL 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 from oilfields 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 (see note 12), the choice of discount rate and the future oil price. Reserves are estimated regularly by the Company and 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. When preparing these financial statements the following price scenario has been used:

	USD / bbl
2017 and forward	70.0

Impairment testing is based on a calculation of the value in use. The discount rate applied is 10% (10%). 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 2018 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 a direct effect on the Group's results. The balance sheet may also be affected, for example in case of impairment testing.

NOTE 29 – ADDITIONAL CASH FLOW ANALYSIS DISCLOSURES

Group	2017	2016
Adjustments for non-cash items		
Depreciation and impairments	318,511	401,698
Oil tax[1]	-40,482	-56,378
Other provisions	-10,196	18,428
Unrealized value put option	38,256	288,761
Unrealized exchange differences	40,898	4,830
Licence reserve reversal, Nigeria	-	-65,098
Reversal of accrued expenses related to expired licences in Angola	-137,917	-
Total	**209,070**	**592,241**

Cash and cash equivalents
The following components are included in cash and cash equivalents:

Cash and bank balances	233,816	269,612
Total	**233,816**	**269,612**

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

Reconciliation from financing activities Group	Reserves -Based Lending Facility	Liabilities related parties
Opening balance 2016	**764,156**	**256,000**
Cashflows	-350,669	-44,750
Exchange differences	-59,502	-
Closing balance 2017	**353,985**	**211,250**

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	2017	2016
Long-term interest-bearing liabilities		
Long-term bank loans (Reserves-Based Lending Facility)	139,947	764,156
Long-term loan (Shareholder related loan)	211,250	256,000
Total	**351,197**	**1,020,156**
Short-term interest-bearing liabilities		
Short-term bank loans (Reserves-Based Lending Facility)	214,037	-
Total	**214,037**	**-**

Terms and repayment periods

During 2014, a credit agreement was signed (Reserve-Based Lending Facility) 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 calculating cash flows from producing oil fields and other economic assumptions agreed with the banking syndicate. The intention, in the first instance is to use this facility to finance Svenska's further development of its producing asset in the Ivory Coast. The facility is secured by a pledge of certain Group companies and certain bank accounts for companies whose shares are pledged. The loan is based on floating interest rate (LIBOR) and a margin of 5.0 %. The related party loan is based on a fixed rate of 9%. (See also Note 25 for collateral and pledges).

The Group had at the year end utilized 354 MSEK equivalent to USD 43 million of the Reserves-Based Lending Facility.

NOTE 30 – CONT.

Terms and repayment periods, see table below.

Group

	Currency	Nom. int. rate	Mature date	2017 Nominal amount	2017 Carrying amount	2016 Nominal amount	2016 Carrying amount
RBL	USD	6.35%	2019	43,000	43,000	84,000	84,000
Shareholder-related loan	SEK	9.00%	*	211,250	211,250	256,000	256,000

* Subordinated Claim

Maturity of financial liabilities - undiscounted cash flows
Group

	Currency	Nominal amount	0-1 year	1-5 years	> 5 years
RBL	USD	43,000	26,000	17,000	-
RBL	Converted to SEK	353,984	214,037	139,947	-
Shareholder-related loan	SEK	211,250	-	-	211,250

Parent Company	2017	2016
Long-term liabilities		
Shareholder-related party loan	211,250	256,000

Terms and repayment periods, see table below.

Parent Company

	Currency	Nom. int. rate	Mature date	2017 Nominal amount	2017 Carrying amount	2016 Nominal amount	2016 Carrying amount
Shareholder-related loan	SEK	9.00%	*	211,250	211,250	256,000	256,000

* Subordinated Claim

NOTE 31 – EVENTS AFTER THE END OF THE FINANCIAL YEAR

No events of significance have occurred after the end of the financial year.

PARENT COMPANY INCOME STATEMENT

1 January - 31 December

Amounts in SEK thousands

	Note	2017	2016
Net sales	101	1,081	2,049
Sales of subsidiaries	121	-	16,821
Other operating income	102	102,277	39,677
Total operating income		**103,358**	**58,547**
Operating expenses			
Operational and exploration costs	104	-2,327	-7,874
Other external costs	106, 117	-66,681	-54,117
Employee benefits expenses	105	-79,350	-67,661
Depreciation, write-downs and abandonment costs	101, 109	-1,659	-1,349
Other operating expenses	103	-752	-622
Total operating expenses		**-150,769**	**-131,623**
Operating profit/loss		**-47,411**	**-73,076**
Profit/loss from financial investments			
Result from Group companies	107	-	900,000
Result from other financial assets	107	-	-
Other interest and similar income	107	121,236	174,034
Other interest and similar expense	107	-197,948	-61,172
Profit/loss after financial items		**-124,123**	**939,786**
Appropriations			
Group contribution, received		832,549	166,844
Group contribution, distributed		-1,253	-172,201
Profit before tax		**707,173**	**934,429**
Tax	108	-143,962	-5,219
Profit/loss for the year		**563,211**	**929,210**

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	31 Dec 2017	31 Dec 2016
ASSETS			
Fixed assets			
Intangible assets	110	749	1,200
Tangible fixed assets	111	10,283	11,250
Investments in Group companies	120	1,777,016	556,066
Financial investments	112	306	306
Deferred tax assets	108	105,106	257,807
Total non-current assets		**1,893,460**	**826,629**
Receivables, Group companies		1,876,363	3,375,549
Prepayments and accrued income	113	13,870	18,900
Other receivables		601	30,642
Tax receivables		147	244
Cash and cash equivalents		62,475	196,021
Total current assets		**1,953,456**	**3,621,356**
TOTAL ASSETS		**3,846,916**	**4,447,985**

EQUITY AND LIABILITIES

1 January - 31 December

Amounts in SEK thousands	Note	31 Dec 2017	31 Dec 2016
Restricted equity			
Share capital, (500,000 shares at SEK 100/each)		50,000	50,000
Reserves		10,011	10,011
Total restricted equity		**60,011**	**60,011**
Non-restricted equity			
Retained earnings		2,905,642	1,976,432
Profit/loss for the year		563,211	929,210
Total unrestricted equity		**3,468,853**	**2,905,642**
Total equity		**3,528,864**	**2,965,653**
Liabilities			
Long-term interest-bearing liabilities	122	211,250	256,000
Other provisions	114	-	12,291
Total non-current liabilities		**211,250**	**268,291**
Trade payables		5,131	6,006
Other liabilities	115	4,659	3,282
Liabilities, Group companies		9,834	964,755
Accruals and deferred income	116	87,178	239,998
Total current liabilities		**106,802**	**1,214,041**
TOTAL EQUITY AND LIABILITIES		**3,846,916**	**4,447,985**

CASH FLOW STATEMENT - PARENT COMPANY

1 January - 31 December

Amounts in SEK thousands	Note	2017	2016
Indirect method			
Operating activities			
Profit/loss after financial items[1]		-124,123	939,786
Adjustment for non-cash items	121	-115,451	-924,916
Total		**-239,574**	**14,870**
Taxes paid		**-1,326**	**-401**
Cash flow from operating activities before changes in working capital		**-240,900**	**14,469**
Cash flow from changes in working capital			
Decrease (+) / increase (-) in operating receivables		286,278	124,722
Decrease (+) / increase (-) in operating liabilities		-133,970	759,772
Cash flow from operating activities		**-88,592**	**898,963**
Investing activities			
Acquisition of intangible assets	110	-	-572
Acquisition of tangible assets	111	-241	-2,022
Sale of subsidiary	120	37	1,579
Decrease in financial assets		-	335,945
Cash flow from investing activities		**-204**	**334,930**
Financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-44,750	-1,213,902
Cash flow		**-44,750**	**-1,213,902**
Cash flow for the year		**-133,546**	**19,991**
Cash and cash equivalents at beginning of year		196,021	176,030
Cash and cash equivalents at end of year		**62,475**	**196,021**

[1]) The amount includes interest received SEK 1,030 (2,261) thousand and interest paid SEK 20,676 (90,243) thousand. Additional information is available in Note 29 for the Group Cash Flow Statement

NOTE 100 - 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.

PENSIONS

The Group applies IAS 19, employee benefits, while the Parent Company applies the simplified RFR 2. Pension obligations in the parent company are placed in a separate pension fund managed by Folksam. The fair value of the assets are greater than the present value of the obligation and in consequense to RFR 2, no assets are reported. The pension plan is closed for new entrants There are also defined contribution plans in the Parent company.

For more information please see Note 18.

GROUP CONTRIBUTIONS

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

SUBSIDIARIES

Investments in subsidiaries are recognized 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 recognized 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 recognized 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 recognized 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 recognized immediately. The portion not exceeding the fair value of acquired identifiable non-monetary assets is recognized 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 recognized directly in the income statement.

GROUP INFORMATION

Petroswede Europe AB (Corp. ID 556199-7320) with registered office in Stockholm, establishes the consolidated financial statements for the smallest Group consolidation which includes Svenska Petroleum Exploration AB.

NOTE 101 – ALLOCATION OF REVENUE

	Parent	
Net sales	**2017**	**2016**
Oil licences services	1,081	2,049
Total	**1,081**	**2,049**

NOTE 102 – OTHER OPERATING INCOME

	Parent	
	2017	**2016**
Other operating income, Group	44,929	39,097
Return of reserve for licences in Angola	56,524	-
Exchange gains	824	580
Total	**102,277**	**39,677**

NOTE 103 – OTHER OPERATING EXPENSES

	Parent	
	2017	**2016**
Exchange losses	-752	-622
Total	**-752**	**-622**

NOTE 104 – OPERATIONAL AND EXPLORATION COSTS

	Parent	
	2017	**2016**
Exploration and project expenses	-2,327	-7,874
Total	**-2,327**	**-7,874**

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 tradition in the industry 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 risen.

NOTE 105 – EMPLOYEE BENEFIT EXPENSES

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

NOTE 106 – OTHER EXTERNAL COSTS

	Parent	
Auditor's fees and other remuneration	**2017**	**2016**
KPMG		
Annual audit	450	500
Other audit services	13	202
Tax advisory services	92	138
Other services	137	16
Total	**692**	**856**

NOTE 107 – FINANCE INCOME AND COSTS

	Parent	
	2017	**2016**
Income from shares in Group companies		
Dividend	-	900,000
Total	**-**	**900,000**
Interest income and similar items		
Exchange gains, Group	2,949	117,649
Exchange gains, other	26,056	28,614
Interest income, Group	31,186	16,593
Other interest income	60,625	2,261
Other financial income	420	8,917
Total	**121,236**	**174,034**
Financial income, total	**121,236**	**1,074,034**
Interest expense and similar items		
Exchange losses, Group	-166,818	-6,540
Exchange losses, other	-3,586	-23,264
Interest expense, Group	-6,855	-2,485
Other interest expense	-20,688	-28,883
Other financial expense	-1	-
Total	**-197,948**	**-61,172**
Finance net	**-76,712**	**1,012,862**

NOTE 108 – TAXES

Specification of tax expense	Parent 2017	2016
Specification of taxes		
Tax for the period	-799	-975
Tax previous years	9,538	-221
Current tax	**8,739**	**-1,196**
Deferred tax from temporary differences	-152,701	-4,023
Deferred tax	**-152,701**	**-4,023**
Total recognized tax for parent company	**-143,962**	**-5,219**

Reconciliation of effective tax - Parent		
Profit/loss before tax	**707,173**	**934,429**
Tax at Swedish enacted tax rate 22% (prev year 22%)	-155,578	-205,574
Non-deductible expenses	-1,414	-150
Non-taxable income	547	-
Foreign taxes, UK	-799	-975
Dividends (non-taxable)	-	198 000
Special payroll tax on paid direct pensions	3,734	-
Tax effect Angola attributable to previous years	10,162	-
Tax effect sold companies	10	3 701
Tax previous years	-624	-221
Recognized tax	**-143,962**	**-5 219**
Effective tax	**20.4%**	**0.6%**

Deferred tax assets	31 Dec 2017	31 Dec 2016
Tax loss, loss carryforward	105,106	257,807
Total	**105,106**	**257,807**

Tax effect of selling companies 2016 refers to capital gain recognized in the parent company of the sale of Svenska Exploration AS and SPE Angola AB. Tax effect Angola 2017 is a reversal of a tax reserve referring to Angola licences.

NOTE 109 – DEPRECIATION, WRITE-DOWNS AND ABANDONMENT COSTS

Depreciation	Parent 2017	2016
Equipment	-1,659	-1,349
This year's total depreciations	**-1,659**	**-1,349**

NOTE 110 – INTANGIBLE ASSETS

Depreciation	Parent 31 Dec 2017	Parent 31 Dec 2016
Opening costs	1,730	1,158
Purchases	-	572
Closing accumulated cost	**1,730**	**1,730**
Opening depreciation	-530	-176
Depreciation for the year	-453	-354
Closing accumulated impairment	**-981**	**-530**
Carrying amount at end of period	**749**	**1,200**

NOTE 111 – TANGIBLE FIXED ASSETS

Parent	Oil and gas assets	Tenant	Equipment	Total
Restated opening balance, 1 Jan 2016	**8,305**	**8,249**	**14,569**	**31,123**
Purchases	-	-	2,022	2,022
Closing accumulated cost, 31 Dec 2016	**8,305**	**8,249**	**16,591**	**33,145**
Purchases	-	-	239	239
Relinquish licence	-8,305	-	-	-8,305
Closing accumulated cost, 31 Dec 2017	**0**	**8,249**	**16,830**	**25,079**
Opening depreciation, 1 Jan 2016	**-8,305**	**8,249**	**-12,606**	**-20,911**
Depreciation	-	-	-984	-984
Closing accumulated depreciation, 31 Dec 2016	**-8,305**	**-**	**-13,590**	**-21,895**
Depreciation for the year	-	-	-1,208	-1,208
Currency translation differences	-	-	2	2
Relinquish licence	8,305	-	-	8,305
Closing accumulated depreciation, 31 Dec 2017	**-**	**-**	**-14,796**	**-14,796**
Carrying amount, 31 Dec 2016	**-**	**8,249**	**3,001**	**11,250**
Carrying amount, 31 Dec 2017	**-**	**8,249**	**2,034**	**10,283**

NOTE 112 – OTHER SECURITIES HELD AS NON-CURRENT ASSETS

	Parent	
	31 Dec 2017	31 Dec 2016
Opening costs	306	306
Closing accumulated cost	**306**	**306**

NOTE 113 – PREPAYMENTS AND ACCRUED INCOME

	Parent	
	31 Dec 2017	31 Dec 2016
Prepaid project costs	1,379	629
Prepaid rent	2,031	2,820
Prepaid incurance costs	10	1,108
Prepaid tax Angola	-	3,565
Prepaid consulting costs	6,700	6,392
Other costs	3,750	4,386
Total repayments and accrued income	**13,870**	**18,900**

NOTE 114 – OTHER PROVISIONS

	Parent	
	2017-12-31	2016-12-31
Provisions for abandonment costs		
Opening balance	**12,291**	**11,285**
Restatement		
Adjusted opening balance	12,291	11,285
Returning of Angola license	-11,122	-
Exchange differences	-1,169	1,006
Carrying amount at the end of the period	**-**	**12,291**
Provisions per field		
Oombo, Angola	-	12,291
Total	**-**	**12,291**

Abandonment provision relates to expenses to shutting down an oil field at the end of its life.
Regarding Oombo, the licence has expired and the provision for recovery costs is returned.

NOTE 115 – OTHER LIABILITIES

	Parent	
	31 Dec 2017	31 Dec 2016
Personnel expenses	4,339	2,197
VAT	320	1,007
Other liabilities	-	78
Total	**4,659**	**3,282**

NOT 116 – ACCRUALS AND DEFERRED INCOME

	Parent	
	31 Dec 2017	31 Dec 2016
Accrued personnel expenses	16,954	15,177
Overlift	-	49
Accrued project expenses	65,858	218,793
Other	4,366	5,979
Total	**87,178**	**239,998**

NOTE 117 – OPERATIONAL LEASING
Leases where the Company is the lessee

	Parent	
	2017	2016
Minimum lease payments	11,071	7,490
Contingent rents	4,817	5,417
Total lease costs	**15,888**	**12,907**
Agreed future minimum lease payments under non-cancellable lease payments fall due as follows:		
Within one year	14,054	13,975
Between one and five years	28,493	23,314
Total	**42,547**	**37,289**

NOTE 118 – PLEDGED ASSETS AND CONTINGENCIES
For information regarding the pledged assets and contingent liabilities, see Note 25 for the Group.

NOTE 119 – RELATED PARTIES TRANSACTIONS
For information regarding related party relationships, see Note 26 for the Group.

NOTE 120 INVESTMENTS IN GROUP COMPANIES

Specification of change in shares in subsidiaries relating to Svenska Petroleum Exploration AB	31 Dec 2017	31 Dec 2016
Carrying amounts		
Opening cost value	676,866	676,866
Shareholder contributions	1,221,000	-
Sale of subsidiaries	-50	-
Closing cost value	**1,897,816**	**676,866**
Accumulated impairment		
Opening write-down	-120,800	-120,800
Closed accumulated write-down	**-120,800**	**-120,800**
Closing carrying amount	**1,777,016**	**556,066**

The parent company's holdings of shares in Group companies 2017-12-31

Directly and indirectly owned	Reg. no.	Registered office	Number of shares	Equity (%)	Carrying amount
Oljeprospektering AB	556126-4671	Stockholm	50,000	100	1,893
Petroswede Insurance Company Ltd	266707	Dublin, Ireland	750,000	100	18,851
Svenska Petroleum Exploration U.K. Ltd (dormant)	1191501	London, UK	3	100	
SPE Nigeria AB	556594-2512	Stockholm	1,000	100	1,221,100
Svenska Nigerian Holdings Ltd	36352	Bermuda			
Svenska Nigerian Investment LLC	6790	Nevis			
Svenska Nigeria Exploration & Production Ltd	618208	Nigeria			
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			
SPE West Africa BV NL	807556506	Haag, Holland			
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					**1,777,016**

NOTE 121 – ADDITIONAL CASH FLOW ANALYSIS DISCLOSURES

Parent	2017	2016
Adjustments for non-cash items		
Depreciation and impairments	1,659	1,338
Unpaid interest	-	-8,917
Dividends from shares, subsidiaries	-	-900,000
Interest income	-	-516
Sale of subsidiaries, net effect on cash flow	13	-16,821
Reversal of accrued expenses related to expired licences in Angola	-117,123	-
Total	**-115,451**	**-924,916**

Cash and cash equivalents
The following components are included in cash and cash equivalents

	2017	2016
Cash and bank balances	62,475	196,021
Total	62,475	**196,021**

NOTE 122 – STATEMENT OF CHANGES IN EQUITY

Parent

Ammount in SEK thousands	Share capital	Legal reseve	Retained earnings	Total equity
Opening equity, 1 Jan 2016	**50,000**	**10,011**	**1,976,432**	**2,036,443**
Profit for the year	-	-	929,210	929,210
Closing equity, 31 Dec 2016	**50,000**	**10,011**	**2,905,642**	**2,965,653**
Profit for the year	-	-	563,211	563,211
Closing equity, 31 Dec 2017	**50,000**	**10,011**	**3,468,853**	**3,528,864**

Share capital of 500.000 shares with a value of 100 SEK/per share
Profit for the year is consistent with comprehensive income for the year

NOTE 123 – LONG-TERM INTEREST BEARING LIABILITIES

For information regarding long-term interest bearing liabilities, see Note 30 for the Group.

NOTE 124 – EVENTS AFTER THE END OF THE FINANCIAL YEAR

No events of significance have occurred after the end of the financial year