



Interim Report for the  
**fourth quarter**  
**and 12 months**  
ended 31 December 2011

Selena Oil & Gas Holding AB

company registration number 556643-6613



## HIGHLIGHTS

### Fourth quarter and 12M 2011

- Q4 2011 production of 32.7 Mbbl up 46.0% as compared to Q4 2010 (Q4 2010: 22.4 Mbbl)
- 12M 2011 EBITDA loss of 842 TSEK (12M 2010: a gain of 877 TSEK)
- Operating loss in 12M 2011 of 6,520 TSEK; partially relates to low level of production of scalable organization and one-off charges related to the Company's completion of business combination, listing and set-up of functions required from a listed company
- 12M 2011 Net result a loss of 7,972 TSEK (12M 2010: loss of 2,699 TSEK), including a net finance expenses of 1,878 TSEK
- Technical conditions for connection to Gazprom pipeline and conditional permission to connect to gas pipeline in 2014 received by SOGH
- Transaction for acquisition of KRT-OilGasTrans, a group of companies in Perm region, closed on 30 December 2011. As the result of transaction SOGH's 2P reserves increased by 18.7 Mmboe and now amount to 41.3 Mmboe

	12M 2011	12M 2010	Q4 2011	Q4 2010
Production, Mbbl	120.6	93.1	32.7	22.4
Production, bopd	330	260	355	244
Revenue TSEK	44,567	23,327	9,203	6,047
EBITDA TSEK	(842)	877	(948)	596
EBITDA margin (%)	(1.9)%	3.8%	(10.3)%	9.9%
Operating loss TSEK	(6,520)	(3,514)	(2,189)	(493)
Net result TSEK	(7,972)	(2,699)	(2,337)	(501)

### Abbreviations

<b>EBITDA</b>	Earnings Before Interest, Tax, Depreciation and Amortisation
<b>EUR</b>	Euro
<b>RUR</b>	Russian rouble
<b>SEK</b>	Swedish krona
<b>USD</b>	US dollar
<b>TSEK</b>	Thousand SEK
<b>TUSD</b>	Thousand USD
<b>TRUB</b>	Thousand RUB

### Oil related terms and measurements

<b>boe</b>	Barrels of oil equivalents
<b>boepd</b>	Barrels of oil equivalents per day
<b>bopd</b>	Barrels of oil per day
<b>Mbbl</b>	Thousand barrels (in Latin mille)
<b>Mmbbl</b>	Million barrels
<b>Mmboe</b>	Million barrels of oil equivalents
<b>Mboe</b>	Thousand barrels of oil equivalents
<b>Mboepd</b>	Thousand barrels of oil equivalents per day
<b>Mbopd</b>	Thousand barrels of oil per day

## BACKGROUND INFORMATION

Selena Oil & Gas Holding AB (publ) ("SOGH", "Parent" or the "Company", and together with its subsidiaries the "Group") is an independent Swedish oil and gas holding company with proved and producing assets based in the Russian Federation. The Group is engaged in the production and transportation of oil in the Volga-Ural region of the Russian Federation, including in Perm and Udmurtia. The Volga-Ural region has a well-developed infrastructure as well as a high concentration of heavy industry. Several major oil and gas pipelines pass through the region. The Volga-Ural region is located in the European part of Russia.

The Group was formed by entrepreneurs Mr. Oleg Popov, Mr. Indrek Rahumaa, Mr. Jurgen Lamp, Mr. Vyacheslav Pershukov and Mr. John Bonfield in H2 2010 with the purpose to consolidate various oil and gas assets in the Volga-Ural region of the Russian Federation, more specifically in Perm and Udmurtia regions.

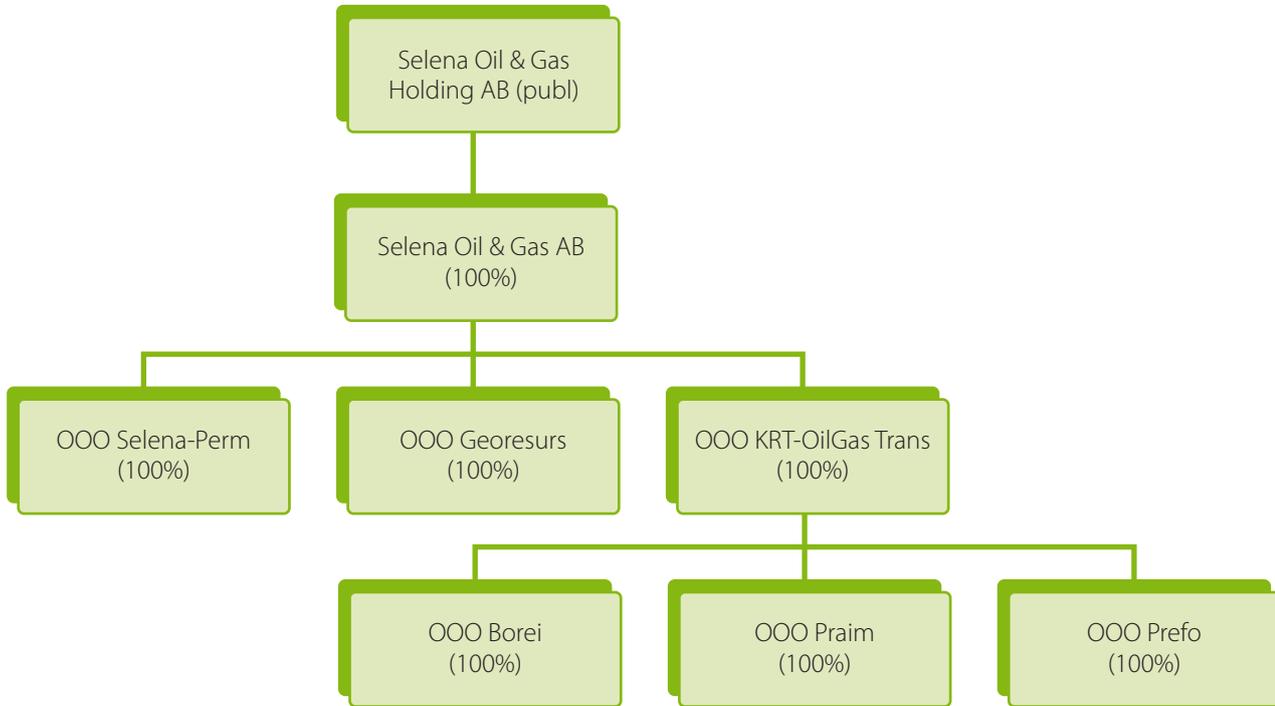
The Group acquired its first energy assets in November 2010 when the agreement was signed for the contribution in kind of OOO Selena-Perm and OOO Selena-Neft to the capital of Selena Oil & Gas AB. OOO Selena-Perm and OOO Selena-Neft were merged in January 2011 with OOO Selena-Perm as the surviving entity. Subsequently, Selena Oil & Gas AB through the reverse acquisition acquired a NASDAQ OMX First North listed company Emitter Holding AB (publ), subsequently renamed to Selena Oil & Gas Holding AB (publ), currently a public company and a legal parent company of the Group. The operations of the subsidiary OOO Selena-Perm involve the exploration and extraction of oil. The history of OOO Selena-Perm dates back to 1997, and it started oil production in 2001.



# GROUP STRUCTURE

## Group structure

As of the date of this report, the structure of the Group is presented below:



The Group consists of Selena Oil & Gas Holding AB (publ) (previously Emitter Holding AB, further SOGH) and three 100% subsidiaries: Selena Oil & Gas AB, registered in Sweden, and OOO Selena-Perm, OOO Georesurs, OOO KRT-OilGasTrans with its subsidiaries OOO Borei, OOO Prait and OOO Prefo, all registered in the Russian Federation.



## BASIS FOR PREPARATION OF THE INTERIM REPORT

This interim report has been made pursuant to the requirements of IAS 34 Interim Financial Reporting of the International Accounting Standards and the International Financial Reporting Standards (IFRS) adopted by the European Union. The same accounting methods were used in the preparation of interim reports as in the Annual Report for the financial year which ended on 31 December 2010.

This interim report shows results in thousands of SEK (TSEK). Exchange rates used for the conversion of subsidiary financial information are:

	RUB/USD	USD/SEK	SEK/RUB
Average 12M 2011	29.39	6.49	0.2208
Closing rate 31.12.2011	32.20	6.91	0.2146

This Interim Report has been not been audited.

The financials of the Parent company are prepared in accordance with accounting principles generally accepted in Sweden, applying RFR 2 issued by the Swedish Financial Reporting Board and the Annual Accounts Act (1995: 1554). RFR 2 requires the Parent company to use similar accounting principles as for the Group, i.e. IFRS to the extent allowed by RFR 2. The Parent company's accounting principles do not in any material respect deviate from the Group's principles.

### Comparable information for 12M 2010

According to the International Financial Reporting Standards, the transaction between Selena Oil & Gas AB and Selena Oil & Gas Holding AB (publ) (previously Emitter Holding AB, further SOGH) on 6 May 2011 constitutes reverse acquisition transaction. A reverse acquisition is a business combination in which the legal acquirer (i.e., the entity that issues the securities) becomes the acquiree for accounting purposes and the legal acquiree becomes the acquirer for accounting purposes. According the IFRS the consolidated financial statements of the combined entity following a reverse acquisition are the financial statements of the legal acquirer (Selena Oil & Gas Holding AB) but they are prepared using reverse acquisition accounting, i.e., a continuation of the financial statements of Selena Oil & Gas AB. However, the accounting acquirer's Selena Oil & Gas Holding AB (publ) legal capital is adjusted to reflect the legal capital of the accounting acquiree.

Acquirer for accounting purposes Selena Oil & Gas AB was established on 7 July 2010 and had no substantial operations in 2010. Selena Oil & Gas AB acquired 100% of the shares in OOO Selena-Perm and OOO Selena-Neft (merged into OOO Selena-Perm in Q1 2011) on 26 November 2010. As the result, Selena Oil & Gas AB is consolidating the financial results of its Russian subsidiaries starting from 31 December 2010; therefore, the statement of comprehensive income for 2010 presented in 2010 financial statements reflects the results of operations of Selena Oil & Gas AB as a stand-alone entity for period from 7 July 2010 to 31 December 2010.

For the purposes to provide the comparative information for 2010, the management has prepared the combined financial information presented in this report including OOO Selena-Perm and OOO Selena-Neft financial performance and results for 12M 2010.



### **Komarikhinskoye field acquisition**

On 24 February 2011 OOO Selena-Perm participated in an auction for and won the licence for the exploration, development and production on the Komarikhinskoye field for 8,534 TSEK (1,320 TUSD). The subsoil licence no ПЭМ 15133 HЭ was issued on 30 March 2011 and will be valid until 2031. Komarikhinskoye field is located 45 km north from Visokovskoye field (which is already developed by the Group) and it will be relatively easy and feasible to integrate it with the production and logistics system of Visokovskoye. According to DeGolyer & MacNaughton competent person report the field's 2P reserves amount to 0.6 Mmbbl of oil and 2.0 Mmboe of gas. There is no production from the field currently.

### **OOO Georesurs acquisition**

On 17 April 2011 SOG acquired a Russian company OOO Georesurs for a total purchase consideration of 3,491 TSEK (540 TUSD). OOO Georesurs has no operations at this point but holds exploration licences for 3 blocks in the Perm region of the Russian Federation – Anelko-Patrakovski, Patravosko-Timenski and Chikalinski blocks. According to DeGolyer & MacNaughton in total these 3 blocks have 90.3 Mmboe of resources. As these resources are located in the same region, and Chikalinski specifically is located close to Visokovskoye field owned by OOO Selena-Perm, the management sees a good opportunity in exploring and developing these assets in the future.

### **Reverse takeover of Emitter Holding AB and approval for trading on NASDAQ OMX First North**

On 6 May 2011 the shareholders of Emitter Holding AB (publ) resolved to issue 4,031,250,038 new shares of Emitter Holding AB in exchange for the contribution in kind of Selena Oil & Gas AB shares. The name of Emitter Holding AB (publ) was changed to Selena Oil & Gas Holding AB (publ) in Q2 2011. Consequently, shareholders of Selena Oil & Gas AB currently control approximately 97.5% of Selena Oil & Gas Holding AB (publ). The objective of the transaction was for Selena Oil & Gas AB with its new legal parent company Selena Oil & Gas Holding AB (publ) to become a NASDAQ OMX Stockholm First North listed company. Selena Oil & Gas Holding AB (publ) received approval for trading of its shares on NASDAQ OMX First North, Stockholm list on June 21st. A company description was prepared in accordance with the First North rules and is available on the company's website [www.selenaoil.com](http://www.selenaoil.com). Selena Oil & Gas Holding's share is now traded under the symbol "SOGH".

### **DeGolyer & MacNaughton report**

In the beginning of 2011 the Group commissioned a geological audit by an international oil engineering and consulting firm DeGolyer & MacNaughton for all of the fields owned by the Group, including the Komarikhinskoye Field and exploration blocks acquired in March 2011. The Competent Person report on reserves, prospective resources and

sensitivity report by the status as of 31 December 2010 was published on 30 June 2011. According to the reports, the Group's 2P reserves amounted to 22.6 Mmbbl, 3P reserves amounted to 31.8 Mmbbl and prospective resources were equal to 90.3 Mmboe. The estimated Net Present Value of the company's 3P reserves is in the range of 82.4 MUSD (base case) to 114.6 MUSD (sensitivity case) according to the reports. All of SOGH's assets are located close to each other in the Udmurtia and Perm regions in Russia.

The Competent Person reports are available on [www.selenaoil.com](http://www.selenaoil.com).

### **EGM resolutions**

Extraordinary General Meeting of Selena Oil & Gas Holding AB (publ) on 9 June 2011 authorized the Board of Directors to resolve on a new issue/issues of not more than 25 million shares and with or without the deviation from the shareholders' preferential rights.

### **AGM resolutions**

Annual General Meeting of Selena Oil & Gas Holding AB (publ) was held on 30 June 2011. At the AGM the board members Indrek Rahumaa, Staffan Torstensson, Oleg Popov, Vyacheslav Pershukov, Jürgen Lamp and Karl Bleschert were re-elected. Furthermore, the Director's fee was set at SEK 125,000 per year for the members of the Board of Directors and SEK 150,000 per year for the Chairman of the Board of Directors.

The AGM also authorized the Board of Directors to resolve on a new issue/issues of not more than 50 million shares and with or without the deviation from the shareholders' preferential rights, prior to the next AGM. The purpose is to provide the Board with flexibility in its work to secure that Selena Oil & Gas Holding AB, in a suitable way, can be provided with capital for the financing of the business, undertake acquisitions of companies as well as to enable a broadening of the ownership base of the company.

Furthermore, among other decisions, the meeting resolved to allocate the result of the company for 2010 by carrying forward the negative result and that no dividend to the shareholders should be distributed for the financial year 2010.

### **New share issue**

On 15 July 2011 the Board of Directors of Selena Oil & Gas Holding AB (publ) decided to issue 1,600,000 new shares at a price of SEK 5 per share. The issue was directed towards two private investors, raising SEK 8 million in total. The share issue was registered in August 2011.

The proceeds from the issue have been used to increase production from existing wells, i.e. complete well workovers, improve existing oil logistics, prepare the engineering project for further drilling works on Visokovskoye field, coordinate the technical conditions with Gazprom for access to Gazprom pipeline, and for other general corporate purposes.

With reference to the timing and the small size of the issue, the issue was made at a discount to market price. The Board of Directors believed that the timely receipt of the issue proceeds will enable the Group to keep the momentum in ramping up production from existing wells and will enable a timely preparation for the next years' capital expenditure program in relation to further drilling of oil wells in Visokovskoye field and preparation of the gas project.

The issue was subscribed by Mr. Paul Waern, an experienced oil engineer and Mr. Jaan Vilval, who is a private investor (and former member of the subsidiary Selena Oil & Gas AB's Board of Directors). Mr. Waern has 30 years of experience in the oil and gas sector and is today member of the Board of Directors of PA Resources. The addition of Mr. Waern as an investor in Selena will add significant industry expertise to the Company. Mr. Waern will be working as a technical advisor to the Company, focusing on increasing the production and evaluating new acquisition prospects. In addition to the subscription for shares in the Company, OÜ United Energy Holding, representing the major shareholders of the Group, has undertaken to, without consideration, issue call options or propose that the shareholders' meeting of the Company decides to issue warrants to Mr. Waern that will give him the right to acquire 234,000 additional shares in the Company at SEK 8 per share over the next three years.

### **Successful Completion of Tax audit of OOO Selena-Perm**

In H1 2011 the Group's subsidiary OOO Selena-Perm was subject to corporate income tax, value added tax and mineral extraction tax audit by the Russian Federal Tax Service. The years covered by the audit included period 2007 – 2009. As the result of the audit the calculated tax shortfall and penalty for the period was an insignificant amount. The periods now are closed for further tax investigations.

### **EGM resolutions**

At the EGM SOGH held on 19 September 2011 it was resolved that the board of directors shall consist of five members, that Jürgen Lamp and Oleg Popov shall no longer be members of the board of directors and to elect Paul Waern as member of the board of directors for the period until the end of the next annual general meeting.

The board of directors hereafter consists of Indrek Rahumaa, Staffan Torstensson, Vyacheslav Pershukov, Karl Bleschert and Paul Waern.

The EGM also resolved that a Nomination Committee shall be established and approved the proposed instructions for the Nomination Committee.

### **SOGH moves to First North Premier**

As of 21 September 2011 Selena Oil and Gas Holding AB (publ) shares are traded on First North Premier.

### **SOGH receives technical conditions for connection to GAZPROM pipeline**

In Q4 2011 SOGH received technical conditions from GAZPROM for connecting of its largest Visokovskoye gas field to GAZPROM pipelines. This is a result of a process started in 2010 when SOGH applied to GAZPROM to obtain technical conditions for connection to GAZPROM gas pipelines.

According to the received technical conditions the connection may be made to either Yamburg–Povolzhe or SRTO-URAL gas pipelines, subject to SOGH fulfilling the technical requirements for preparing its gas to GAZPROM standards. SOGH has time up until the end of 2014 to comply with those issued technical conditions.

Furthermore, GAZPROM's local structures have already defined the point of connection to the pipelines for SOGH and the location of gas treatment plant, which SOGH intends to construct. As the pipelines pass directly through the Visokovskoye field owned by SOGH, the connection points were assigned on the field, 1 km from the planned location of the gas treatment plant, meaning minimum capital expenditure into pipeline building.

In order to comply with the technical conditions issued by GAZPROM, the next step for SOGH is to engineer and construct a gas treatment plant enabling it to deliver gas at a required quality to GAZPROM pipeline. Currently SOGH is in negotiations with several engineering companies and gas treatment plant producers to find the optimal technical and economic solution. After the provider is chosen, the documentation and engineering is expected to be completed by the end of Q4 2012 provided sufficient funding is available. The construction is planned to begin in Q1 2013 and the facility and the production of gas is expected to come online in 2014 subject to required project financing.

According to DeGolyer & MacNaughton the peak annual sales gas production from the Visokovskoye field may reach 164 million cubic meters per year. Furthermore, additional 45 million cubic meters of sales gas annually may be produced from Komarikhinskoye field, also owned by SOGH and located 45 km from the assigned GAZPROM connection point.

### **Closing of transaction for acquisition of OOO KRT-OilGasTrans**

On 30 December 2011 SOGH closed the transaction for acquisition of OOO KRT OilGasTrans (KRT-OGT). As the result of the transaction SOGH has acquired OOO KRT-OGT together with its three subsidiaries, all located in the Perm region of the Russian Federation and all shareholder loans against the target companies from Mr. Yuri Gusev, Mr. Konstantin Truhin and ZAO KRT-Invest. KRT-OGT currently has no production and revenue; however, the management anticipates start of the production in 2012 provided sufficient financing. KRT-OGT

reserves based on DeGolyer & MacNaughton Competent Person assessment are:

- Total 1P reserves equal to 8.5 Mmboe (million barrels of oil equivalent)
- Total 2P reserves equal to 18.7 Mmboe
- Total 3P reserves equal to 35.1 Mmboe
- Prospective resources equal to 17.5 Mmboe

The total purchase price for the 100% of KRT-OGT is 73.2 million SEK and was fully settled in shares of SOGH in the amount of 9.15 million shares. Ms. Elena Popova, one of the major shareholders in SOGH, agreed to provide the necessary amount of shares to the sellers on behalf of SOGH and is entitled to receive the same amount of new shares in SOGH. The new shares to be issued to Ms. Elena Popova will be valued at 8 SEK per share and issued under the authorisation granted to SOGH's Board of Directors in Q1 2012. According to the agreement with the sellers, a lock-up period restricting sale of 5.34 million shares ends on 15th February 2012 and lock-up period for the remaining 3.81 million shares ends on 13th June 2012.

Based on the purchase price the 2P valuation multiple for the transaction is 0.57 USD per barrel of 2P reserve. After the completion of the acquisition total 1P reserves of SOGH amount to 19.6 Mmboe, 2P reserves – 41.3 Mmboe, 3P reserves – 66.9 Mmboe and prospective resources amount to 107.8 Mmboe.

### Update of long-term strategy

SOGH has also updated its overall long term strategy and set three mid-term objectives. These mid-term objectives include increasing the oil production from existing reserves, launching production on the newly acquired KRT-OGT fields and continuing the process towards becoming a gas producer. For the realization of this strategy SOGH previously estimated total capital investments for 2012 in the amount of 21.2 million USD. However, in January 2012 SOGH has revised its capital expenditure plans to 9.4 million USD. The achievement of the plans is heavily dependent on the access to financing. Provided the capital investment plan for 2012 is fully and timely funded the incremental peak production related to the investment could reach 980 barrels of oil per day in 2013. SOGH intends to finance the capital expenditure plan through a new issue of shares and/or debt facilities. In case the full amount of required capital expenditure for 2012 will not be funded, the expansion plans will be revised respectively, based on the management's assessment of the investment opportunities available considering the given amount of funding.



## GROUP'S CORE ASSETS

SOGH holds licences for six oil fields (Azinskoye, Dubrovinskoye, Borkmosskoye, Fedortsevskoye, Kulighinskoye and Ilikovskoye), two oil and gas fields (Visokovskoye and Komarikhinskoye) and five licences for prospective resources (Anelka-Patrakovski, Patrakovsko-Timenski, Chikalinski, Tayozhniy and Tokarevski). SOGH also owns a Transneft Access Point, a direct access facility permitting the Group to deliver oil directly to a major oil pipeline. SOGH furthermore owns 19 active wells and the necessary infrastructure for operating its assets, including railroads, storage facilities etc. SOGH is also actively exploring opportunities to acquire additional oil and gas fields in the Russian Federation.

Selena's 2011 production was approximately 330 barrels of oil per day. SOGH currently earns its revenue from sales of crude oil. Over the coming years, SOGH's revenue structure is expected to change to also include sales of natural gas and revenue from oil trading activities, primarily sale of crude oil from other producers in the region to the pipeline through SOGH's Transneft Access Point.

**Visokovskoye** oil and gas field is the largest field owned by SOGH. In 2011, the field produced 68.8 Mbbls of oil. The Visokovskoye field has gas reserves, but currently does not produce natural gas. The field is located very favourably in the direct vicinity of the Gazprom pipeline with excess capacity in a region with many industrial consumers of natural gas and a clear deficit of gas supply. It therefore offers considerable potential to expand SOGH's operations with respect to natural gas. In 2011 SOGH received Gazprom's technical conditions outlining the requirements for SOGH fields to be connected to Gazprom pipeline.

**Azinskoye** oil field is in the mature stage of its lifecycle and the oil field produced 43.9 Mbbls of oil in 2011. **Dubrovinskoye** oil field produced 7.9 Mbbls in 2011.

**Komarikhinskoye** gas field was acquired by OOO Selena-Perm in Q1 2011 in the course of a public auction. The field is located only 45 km

from Visokovskoye field and 4 km from nearest Gazprom pipeline.

Furthermore, after the acquisition of OOO Georesurs, the Group holds the exploration licences for 3 blocks in the Perm region – **Anelko-Patrakovski**, **Patrakovsko-Timenski** and **Chikalinski** blocks.

In December 2011 SOGH acquired KRT-OilGasTrans and as the result acquired 4 oil fields and two license areas in Perm region. None of the fields were producing in 2011. **Borkmosskoye** oil field is located close to the Komarikhinskoye and Visokovskoye oil and gas fields. **Fedortsevskoye** oil field is located in the Northern part of the Perm region and **Kulighinskoye** oil field is also located not far from the Visokovskoye field. **Ilikovskoye** oil field is located in the Southern part of Perm region. **Tokarevskiy** licence area is located close to the Ilikovskoye field and requires further geological research. **Tayozhniy** licence area is located close to Visokovskoye field and area has proved gas reserves according to DeGolyer and MacNaughton preliminary audit.

The synergy between fields acquired in 2011 and other operations of SOGH lies in the possibility to integrate the infrastructure with the Visokovskoye field and Transneft Access Point owned by SOGH.

SOGH owns and operates a Transneft Access Point allowing SOGH to sell crude oil produced by SOGH directly to the pipeline operated by OAO Transneft (the state-owned operator of oil pipelines in the Russian Federation responsible for transporting over 90% of all oil produced in Russia). The access point has a transit capacity of 6 Mbbl/day. Direct delivery of oil to OAO Transneft through the access point allows SOGH to sell oil at a higher price compared to local competitors who do not own similar access facilities. The access point may also be used for oil trading, through buying oil from the local producers and selling it at a higher price.

SOGH has built or acquired and operates a full logistical infrastructure to efficiently transport and sell oil produced by it, including railway links, terminals, storage facilities and trucks.



### Production update and status

Production volume in Q4 2011 increase by 46.0% as compared to the respective period in 2010 and amounted to 32.7 Mbbl. The Group's production was 355 bopd in Q4 2011.

The increase is explained by the initiatives started by the new management after the formation of the Group in the end of 2010 and continued in 2011. Those activities included well renovations and acid treatments. None of the activities to date involved further drilling. Significant increases of oil production is not expected from the existing well-fund.

### Improvement of the logistics system

Another initiative by the new management is the reduction of the transportation costs of oil. Currently Russian produced trucks and railway transportation is used to deliver the oil from the fields to the Transneft Access Point. After careful analysis the Group decided to renew its truck fleet and in the Q3 2011 ordered the first two Volvo trucks, which were delivered in Q4 2011. The group estimates that this will enable to reduce the transportation costs significantly while increasing transportation capacity.

### Revenue and results

The Group's sales amounted to 44,567 TSEK in 12M 2011 representing a growth of 91.1% as compared to combined sales of the respective period in 2010. The volumes of own oil sold increased by 21.4% and average oil price in 2011 amounted to 270 SEK/bbl (41.6 USD/bbl) which was a significant increase as compared to the respective period in 2010. The Group is not subject to significant seasonality or cyclicity of the business.

EBITDA loss amounted to 842 TSEK in 12M 2011 as compared to a gain of 877 TSEK combined EBITDA in the respective period in 2010. EBITDA loss is explained by low current production volumes of the Group. The

management anticipates the scalability of the operations while maintaining the fixed overhead levels relatively unchanged.

Net result for 12M 2011 a loss of 7,972 TSEK and was heavily impacted by foreign currency exchange loss as well as charges related to business combination completion, listing and setup of functions required from a listed company. Net finance loss amounted to 1,878 TSEK in 12M 2011.

### Investments

Investment into OOO KRT-OGT acquisition amounted to 73,208 TSEK and was completed on 30 December 2011.

In 2011 investments into fixed assets amounted to 9,671 TSEK. SOGH also continued expansion of the license base and acquired the licence for the Komarikhinskoye Field for the total consideration of 8,534 TSEK and made an investment to acquire OOO Georesurs for 3,491 TSEK with the objective to obtain license rights owned by OOO Georesurs.

Other investments related to well re-works on Visokovskoye and Dubrovinskoye oil field and expansion of the truck fleet.

### Financial position and liquidity

Total assets of the Group amounted to 138,883 TSEK and increased by 152.0% as compared to the position as of 31 December 2010. The acquisitions of OOO KRT-OGT and OOO Georesurs were the main drivers behind the growth.

Cash and cash equivalent balance decreased from 13,590 TSEK to 1,027 TSEK mainly as the result of investments made and partial repayment of borrowings. Furthermore, the cash and cash equivalent balance also decreased as the result of charges related to listing and Competent Person report filing.

The Group's equity attributable to the equity holders of the Company amounted to 95,918 TSEK as of 31 December 2011.

Total loans and borrowings amounted to 21,702 TSEK and increased



## COMMENTS ON THE RESULTS OF Q4 2011 AND 12M 2011

slightly as compared to the balance as of 31 December 2010.

For further details of the borrowings please refer to note 4 and note 6 of this report.

### Employees

As of 31 December 2011 the Group employed 89 employees (2010: 100 employees).

### Comments on the Parent

The legal parent of the Group from 6 May 2011 is Selena Oil & Gas Holding AB (publ) (previously – Emitter Holding AB). The name of the Parent company was changed in Q2 2011.

Based on the decision of EGM from 6 May 2011 the shares of Emitter International AB, the 100% subsidiary of Emitter Holding AB, were to be

distributed to the previous shareholders of Emitter Holding AB with a record date of 10 May 2011. The distribution of the shares of Emitter International AB was completed on 13 June 2011. The value of the distribution amounted to 2,200 TSEK and resulted into a one-off loss from a write down related to impairment of investment value of 6,431 TSEK in April 2011, prior to Selena transaction.

After the distribution the shares of Emitter International AB are not registered with Euroclear and the share register is held by Emitter International AB.

The business of the Parent company is now investment in and management of oil and gas assets.

The net assets of the Parent company amounted to 327,762 TSEK as of 31 December 2011. Net loss of 8,818 TSEK for 12M 2011 includes Emitter business related impairment write down of 6,431 TSEK.



## GROUP'S INCOME STATEMENT

### Consolidated Statement of Comprehensive Income for 12M 2011 and Q4 2011

<i>In thousand SEK</i>	<i>Note</i>	<b>2011</b>	<b>2010 Combined</b>	<b>Q4 2011</b>	<b>Q4 2010 Combined</b>
Sales revenue		44,567	23,327	9,203	6,047
Cost of goods sold		(40,387)	(20,891)	(8,228)	(4,744)
<b>Gross profit</b>		<b>4,180</b>	<b>2,436</b>	<b>975</b>	<b>1,303</b>
Selling, general and administrative expenses		(10,700)	(5,950)	(3,164)	(1,796)
<b>Operating loss</b>		<b>(6,520)</b>	<b>(3,514)</b>	<b>(2,189)</b>	<b>(493)</b>
Net finance (expense) / income		(1,878)	(345)	(97)	(271)
Other (expenses) / income		274	836	(40)	174
<b>Profit before income tax</b>		<b>(8,124)</b>	<b>(3,023)</b>	<b>(2,326)</b>	<b>(590)</b>
Income tax		152	324	(11)	89
<b>Net income / (loss)</b>		<b>(7,972)</b>	<b>(2,699)</b>	<b>(2,337)</b>	<b>(501)</b>
<b>Other comprehensive income</b>					
Currency translation		(934)	206	163	2,130
<b>Total comprehensive income / (loss), net of tax</b>		<b>(8,906)</b>	<b>(2,493)</b>	<b>(2,174)</b>	<b>1,629</b>
<b>Earnings per share</b>					
Basic earnings per share (SEK)	5	(0,19)	n/a	(0,05)	n/a
Diluted earnings per share (SEK)	5	(0,19)	n/a	(0,05)	n/a

## GROUP'S FINANCIAL POSITION

### Consolidated Statement of Financial Position as of 31 December 2011

<i>In thousand SEK</i>	<i>Note</i>	<b>31 December 2011</b>	<b>31 December 2010</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		38,819	36,461
Intangible assets		83,658	13
Deferred tax asset		1,987	1,942
Other non-current assets		0	0
<b>Total non-current assets</b>		<b>124,464</b>	<b>38,416</b>
<b>Current assets</b>			
Inventories		837	674
Accounts receivable and prepayments		11,535	671
Loans issued		1,020	1,763
Cash and cash equivalents		1,027	13,590
<b>Total current assets</b>		<b>14,419</b>	<b>16,698</b>
<b>TOTAL ASSETS</b>		<b>138,883</b>	<b>55,114</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		58,093	100,000
Other equity		30,263	(92,849)
Translation reserve		(7,836)	(6,902)
Retained earnings		15,398	24,201
<b>Equity attributable to equity holders of the company</b>	<b>3</b>	<b>95,918</b>	<b>24,450</b>
<b>Non-current liabilities</b>			
Loans and borrowings	4	1,541	16,431
Asset retirement obligations		3,366	3,244
<b>Total non-current liabilities</b>		<b>4,907</b>	<b>19,675</b>
<b>Current liabilities</b>			
Loans and borrowings	4	20,161	3,310
Accounts payable and accruals		12,612	5,212
Current income tax payable	5	5	0
Taxes payable		5,280	2,467
<b>Total current liabilities</b>		<b>38,058</b>	<b>10,989</b>
<b>Total liabilities</b>		<b>42,965</b>	<b>30,664</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>138,883</b>	<b>55,114</b>

## GROUP'S CASH FLOW STATEMENT

### Consolidated Statement of Cash Flows for 12M 2011

<i>In thousand SEK</i>	2011	2010 COMBINED
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	(8,124)	(3,023)
Adjustments for:		
Depreciation, depletion and amortization	5,374	3,347
Provision for impairment of trade and other receivables	(52)	355
Finance income	(215)	(48)
Finance costs	1,258	473
Other finance (income) / expense	446	(108)
Gain from loan forgiveness	0	(749)
Gain on disposal of assets	(464)	1
Net foreign exchange (gain) / loss	0	422
<b>Operating cash flow before changes in working capital</b>	<b>(1,777)</b>	<b>670</b>
<b>Changes in working capital:</b>		
Change in accounts receivable	(7,526)	285
Change in inventories	(163)	1,024
Change in accounts payable and accruals	7,017	2,261
Change in taxes payable	2,934	5
Income tax paid	0	(32)
<b>Net cash generated by operating activities</b>	<b>485</b>	<b>4,213</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	159	495
Issuance of loans	(8,428)	(1,238)
Repayment of loans	8,252	40
Proceeds from sale of property, plant and equipment	0	80
Purchase of property, plant and equipment	(8,764)	(1,949)
Purchase of intangible assets	(10,225)	0
<b>Net cash used in investing activities</b>	<b>(19,006)</b>	<b>(2,572)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	16,642	16,272
Repayment of borrowings	(18,025)	(3,280)
Repayment of interest	(817)	(1,116)
Share issue and contribution from shareholders	8,000	62
<b>Net cash used in financing activities</b>	<b>5,800</b>	<b>11,938</b>
<b>Currency translation effect</b>	<b>158</b>	<b>(3)</b>
<b>Net change in cash and cash equivalents</b>	<b>(12,563)</b>	<b>13,576</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>13,590</b>	<b>14</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>1,027</b>	<b>13,590</b>

## GROUP'S CHANGES IN EQUITY

### Consolidated Statement of Changes in Equity

<i>In thousand SEK</i>	Share capital	Other Equity	Currency translation	Retained earnings	Total
<b>As of 31 December 2009 (combined)</b>	<b>6,632</b>	<b>0</b>	<b>(7,108)</b>	<b>28,323</b>	<b>27,847</b>
<b>Comprehensive income</b>					
Net profit / (loss) for the period	0	0	0	(2,699)	(2,699)
<b>Other comprehensive income</b>					
Effect on consolidation of foreign subsidiaries	0	0	206	0	206
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>206</b>	<b>(2,699)</b>	<b>(2,493)</b>
<b>Transactions with owners</b>					
Contribution by shareholders	838	0	0	0	838
Share issue	92,530	(92,849)	0	(1,423)	(1,742)
<b>As of 31 December 2010</b>	<b>100,000</b>	<b>(92,849)</b>	<b>(6,902)</b>	<b>24,201</b>	<b>24,450</b>
<b>Comprehensive income</b>					
Net profit / (loss) for the period	0	0	0	(7,972)	(7,972)
<b>Other comprehensive income</b>					
Effect on consolidation of foreign subsidiaries	0	0	(934)	0	(934)
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>(934)</b>	<b>(7,972)</b>	<b>(8,906)</b>
<b>Transactions with owners</b>					
Reverse acquisition	(44,071)	52,342	0	0	8,271
Cost of reverse acquisition	0	(8,274)	0	0	(8,274)
New share issue	2,164	5,836	0	0	8,000
KRT acquisition transaction	0	73,208	0	(831)	72,377
<b>As of 31 December 2011</b>	<b>58,093</b>	<b>30,263</b>	<b>(7,836)</b>	<b>15,398</b>	<b>95,918</b>

## PARENT'S INCOME STATEMENT

### Parent Company Statement of Comprehensive Income for 12M 2011 and Q4 2011

<i>In thousand SEK</i>	2011	2010	Q4 2011	Q4 2010
Other revenue	0	1,450	0	86
<b>Total other revenue</b>	<b>0</b>	<b>1,450</b>	<b>0</b>	<b>86</b>
Selling, general and administrative expenses	(3,072)	(1,171)	(1,700)	(370)
<b>Operating loss</b>	<b>(3,072)</b>	<b>279</b>	<b>(1,700)</b>	<b>(284)</b>
Net finance (expense) / income	(3)	(352)	59	(20)
Other (expenses) / income	(5,743)	(1,994)	0	(1,994)
<b>Profit before income tax</b>	<b>(8,818)</b>	<b>(2,067)</b>	<b>(1,641)</b>	<b>(2,298)</b>
Income tax	0	0	0	0
<b>Net income / (loss)</b>	<b>(8,818)</b>	<b>(2,067)</b>	<b>(1,641)</b>	<b>(2,298)</b>
<b>Other comprehensive income</b>				
Currency translation	0	0	0	0
<b>Total comprehensive income / (loss), net of tax</b>	<b>(8,818)</b>	<b>(2,067)</b>	<b>(1,641)</b>	<b>(2,298)</b>

## PARENT'S FINANCIAL POSITION

### Parent Company Statement of Financial Position as of 31 December 2011

<i>In thousand SEK</i>	31 December 2011	31 December 2010
<b>ASSETS</b>		
<b>Non-current assets</b>		
Shares in subsidiaries	322,500	8,631
<b>Total non-current assets</b>	<b>322,500</b>	<b>8,631</b>
<b>Current assets</b>		
Accounts receivable and prepayments	2,014	155
Loans issued	81,432	0
Cash and cash equivalents	562	12
<b>Total current assets</b>	<b>84,008</b>	<b>167</b>
<b>TOTAL ASSETS</b>	<b>406,508</b>	<b>8,798</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	58,093	1,400
Restricted reserve	6,747	48,064
Share premium	273,807	0
Retained earnings	(10,885)	(41,184)
<b>Equity attributable to equity holders of the company</b>	<b>327,762</b>	<b>8,280</b>
<b>Current liabilities</b>		
Loans and borrowing	74,556	0
Accounts payable and accruals	3,895	518
Taxes payable	295	0
<b>Total current liabilities</b>	<b>78,746</b>	<b>518</b>
<b>Total liabilities</b>	<b>78,746</b>	<b>518</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>406,508</b>	<b>8,798</b>

## PARENT'S CHANGES IN EQUITY

### Parent Company Statement of Changes in Equity

<i>In thousand SEK</i>	RESTRICTED EQUITY		NON-RESTRICTED EQUITY		Total
	Share capital	Restricted reserve	Share premium	Retained earnings	
<b>As of 31 December 2009</b>	<b>1,400</b>	<b>48,064</b>	<b>0</b>	<b>(39,117)</b>	<b>10,347</b>
Net profit / (loss) for the period	0	0	0	(2,067)	(2,067)
Effect on consolidation of foreign subsidiaries	0	0	0	0	0
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(2,067)</b>	<b>(2,067)</b>
<b>As of 31 December 2010</b>	<b>1,400</b>	<b>48,064</b>	<b>0</b>	<b>(41,184)</b>	<b>8,280</b>
Net profit / (loss) for the period	0	0	0	(8,818)	(8,818)
Effect on consolidation of foreign subsidiaries	0	0	0	0	0
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(8,818)</b>	<b>(8,818)</b>
Reduction of restricted reserve	0	(41,317)	0	41,317	0
Distribution of shares in Emitter International	0	0	0	(2,200)	(2,200)
Share issue (reverse acquisition)	54,529	0	267,971	0	322,500
Share issue (cash contribution)	2,164	0	5,836	0	8,000
KRT acquisition transaction	0	0	0	0	0
<b>As of 31 December 2011</b>	<b>58,093</b>	<b>6,747</b>	<b>273,807</b>	<b>(10,885)</b>	<b>327,762</b>

### 1. Accounting policies

This interim report for the period ended 31 December 2011 has been made pursuant to the requirements of IAS 34 Interim Financial Reporting of the International Accounting Standards and the International Financial Reporting Standards (IFRS) adopted by the European Union. The same accounting methods were used in the preparation of interim reports as in the Annual Report for the financial year which ended on 31 December 2010. Furthermore, the Group has specified its revenue recognition policy to be the following:

#### *Revenue recognition*

Revenues from sales of goods are recognised at the point of transfer of risks and rewards of ownership of the goods. Sales of services are recognised in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. Sales are shown net of VAT and discounts. Revenues are measured at the fair value of the consideration received or receivable.

#### *Segment reporting*

The chief operating decision maker of the Company views entire business of the Group as one segment and, therefore, the Segment reporting is not applicable for the Group.

The financials of the Parent company are prepared in accordance with accounting principles generally accepted in Sweden, applying RFR 2 issued by the Swedish Financial Reporting Board and the Annual Accounts Act (1995: 1554). RFR 2 requires the Parent company to use similar accounting principles as for the Group, i.e. IFRS to the extent allowed by RFR 2. The Parent company's accounting principles do not in any material respect deviate from the Group's principles.

The interim report does not contain all the information and disclosures provided in the annual report; the interim report should therefore be read in the same context as the 2010 IFRS Financial statements.

### 2. Acquisitions of subsidiaries

#### ***Reverse acquisition of Emitter Holding AB (publ) (renamed to Selena Oil & Gas Holding AB (publ))***

On 6 May 2011 the shareholders of Emitter Holding AB (publ) resolved to issue 4,031,250,038 new shares of Emitter Holding AB in exchange for the contribution in kind of Selena Oil & Gas AB shares. The name of Emitter Holding AB (publ) was changed to Selena Oil & Gas Holding AB (publ) in Q2 2011. Consequently, shareholders of Selena Oil & Gas AB after the contribution controlled approximately 97.5% of Selena Oil & Gas Holding AB (publ). The objective of the transaction was for Selena Oil & Gas AB with its new legal parent company Selena Oil & Gas Holding AB (publ) to become a NASDAQ OMX Stockholm First North listed company.

According to the International Financial Reporting Standards, the transaction between Selena Oil & Gas AB and Selena Oil & Gas Holding AB (publ) on 6 May 2011 constitutes reverse acquisition transaction. A reverse acquisition is a business combination in which the legal acquirer (i.e., the entity that issues the securities - SOGH) becomes the acquiree for accounting purposes and the legal acquiree becomes the acquirer for accounting purposes. As the result, Emitter Holding AB (SOGH) is considered an acquired subsidiary of Selena Oil & Gas AB Group.

Since the date of acquisition until the end of the 12 months period ended 31 December 2011 SOGH had no contribution towards the Group's revenues and it generated a loss of 2,733 TSEK related to general administration charges. If the acquisition of SOGH has occurred on 1 January 2011, management estimates that there would have been no significant changes to the reported 12 months results of the Group for the period ended 31 December 2011. In making this estimate the management does not consider the impairment loss related to Emitter International AB value that was recognized by SOGH prior to the transaction with Selena.

#### *Consideration transferred*

On 6 May 2011 the shareholders of Emitter Holding AB (publ) resolved to issue 4,031,250,038 new shares of Emitter Holding AB in exchange for the contribution in kind of Selena Oil & Gas AB shares. Consequently, shareholders of Selena Oil & Gas AB obtained a control of approximately 97.5% of Selena Oil & Gas Holding AB (publ) and the resulting dilution for the shareholders of Selena Oil & Gas AB amounted to 2.5% of Selena Oil & Gas AB.

According to the valuation of Selena Oil & Gas AB shares at the date of the acquisition, the value of 100% of net assets of Selena Oil & Gas AB shares amounted to 330,769 TSEK. The implicit acquisition cost for 2.5% of the net assets of Emitter Holding under the reverse acquisition amounted to 8,269 TSEK.

## NOTES TO THE FINANCIAL STATEMENTS

### Identifiable assets acquired and liabilities assumed

<i>In thousands of SEK</i>	<b>30.04.2011</b>
Shares in subsidiaries	2,200
Other non-current assets	128
Accounts payable and accruals	(133)
<b>Total</b>	<b>2,195</b>
Less distribution of Emitter International	(2,200)
<b>Net assets acquired</b>	<b>(5)</b>

According to the management estimate, the fair values of assets and liabilities assumed approximated their book value.

### Cost of reverse acquisition

<i>In thousands of SEK</i>	
Consideration transferred	8,269
Fair value of net assets acquired	(5)
<b>Cost of reverse acquisition</b>	<b>8,274</b>

As the result of reverse acquisition transaction the cost related to the reverse acquisition amounted to 8,274 TSEK. The cost of reverse acquisition is considered as cost related to equity securities issue and, therefore, has been deducted from the share premium.

There have been no costs related to acquisition. Accounting for business combination is considered completed.

### Acquisition of OOO Georesurs

On 17 April 2011 Selena Oil & Gas AB acquired a Russian company OOO Georesurs for a total purchase consideration of 3,491 TSEK (540 USD). OOO Georesurs has no operations at this point but holds exploration licences for 3 blocks in the Perm region of the Russian Federation – Anelko-Patrakovski, Patrakovsko-Timenski and Chikalinski blocks. According to the IFRS transaction does not qualify for the business combination as OOO Georesurs does not constitute a term business according to the IFRS 3 and therefore, is accounted as the asset (licences) acquisition in the consolidated accounts of the Group. The value of acquisition is allocated towards respective licences in proportion to the prospective resources balances of the fields.

### Acquisition of OOO KRT-OilGasTrans

On 30 December 2011 Selena Oil & Gas Holding AB through its 100% subsidiary Selena Oil & Gas AB acquired OOO KRT-OilGasTrans (KRT-OGT). As the result of the transaction SOGH has acquired 100% of OOO KRT-OGT together with its three subsidiaries, all located in the Perm region of the Russian Federation and all shareholder loans against the target companies from Mr. Yuri Gusev, Mr. Konstantin Truhin and ZAO KRT-Invest.

The objective of the transaction is the consolidation of oil and gas assets in Perm region which is a part of SOGH long-term strategy. KRT-OGT currently has no production and revenue; however, the management anticipates start of the production in 2012 provided sufficient financing. The transaction increased the Group's reserves and resources.

The total purchase price for the 100% of KRT-OGT shares and all shareholders loans against KRT-OGT is 73,208 TSEK and was fully settled in shares of SOGH in the amount of 9.15 million shares. Ms. Elena Popova, one of the major shareholders in SOGH, agreed to provide the necessary amount of shares to the sellers on behalf of SOGH and is entitled to receive the same amount of new shares in SOGH. The new shares to be issued to Ms. Elena Popova will be valued at 8 SEK per share and issued under the authorisation granted to SOGH's Board of Directors in Q1 2012.

According to the IFRS the transaction does not qualify for the business combination as OOO KRT-OGT does not constitute a term business according to the IFRS 3 and therefore, is accounted as the asset (licences) acquisition in the consolidated accounts of the Group. The value of acquisition is allocated towards respective licences in proportion to the net present value estimate balances of the fields.

## 3. Equity and share capital

On 6 May 2011, the General Meeting of shareholders of Selena Oil & Gas Holding AB (publ) resolved to issue to Bryum Estonia AS, Mr. Oleg Popov, Ms. Nadezhda Popova and Ms. Elena Popova shares of the Company corresponding to 97.5% of all the shares of SOGH. The new shares of SOGH issued to the aforementioned persons were paid for with a contribution in-kind, i.e. 100% of the shares of Selena Oil & Gas AB.

## NOTES TO THE FINANCIAL STATEMENTS

Additionally to the above, the same General Meeting of shareholders resolved a reverse split of the shares in SOGH. The terms for the reverse share split are 1:100. The number of outstanding shares in SOGH after the reverse split amounted to 41,347,500 and share capital amounted to 55,928 TSEK.

On 15 July 2011 the Board of Directors of Selena Oil & Gas Holding AB (publ) decided to issue 1,600,000 new shares at a price of 5 SEK per share. The issue was directed towards two private investors, raising 8 MSEK in total. The share issue was registered in Q3 2011. As the result, as of the date of this report the number of shares of the company amounts to 42,947,500 shares and the share capital is 58,093 TSEK.

### **Largest shareholders as of 31 December 2011:**

The major shareholders of the Company holding over 5% of the shares were as follows:

Shareholder	Number of Shares	Proportion
Nadezhda Popova	11,990,775	27,92%
Oleg Popov	11,990,526	27,92%
KRT Invest	7,855,029	18,29%
Elena Popova	921,274	2,15%
Bryum Estonia	2,922,612	6,81%
Altare Energy	2,509,137	5,84%
Yuri Gusev	1,295,948	3,02%
Others	3,462,199	8,06%
<b>Total</b>	<b>42,947,500</b>	<b>100,00%</b>

The total purchase price for the 100% of KRT-OGT shares was fully settled in shares of SOGH in the amount of 9.15 million shares. Ms. Elena Popova, one of the major shareholders in SOGH, agreed to provide the necessary amount of shares to the sellers on behalf of SOGH and is entitled to receive the same amount of new shares in SOGH. The new shares to be issued to Ms. Elena Popova will be valued at 8 SEK per share and issued under the authorisation granted to SOGH's Board of Directors in Q1 2012. As of 31 December 2011 consideration in shares due to Ms. Elena Popova in the amount of 73,208 TSEK is recognized under equity position 'Other issued equity' in the consolidated statement of financial position.

## **4. Loans and borrowings**

### **The structure of non-current borrowings is as follows:**

<i>In thousands of SEK</i>	31.12.2011	31.12.2010
Loans from related parties	0	13,560
Bank loans	0	2,871
Finance leases	1,541	0
	<b>1,541</b>	<b>16,431</b>

### **The structure of non-current borrowings is as follows:**

<i>In thousands of SEK</i>	31.12.2011	31.12.2010
Loans from related parties	16,503	309
Bank loans	2,774	2,779
Loans from companies	0	222
Finance leases	884	0
	<b>20,161</b>	<b>3,310</b>

On 23 November 2005 OOO PKF-Selena (historical predecessor of OOO Selena - Perm) obtained long-term loan from OJSC Sberbank to finance construction of Dubrovinskoye and Visokovskoye deposits as well as access point to Transneft pipeline Malaya Purga. The amount of liability outstanding as of 30 September 2011 is 3,375 TSEK. The maturity is 20 September 2012. The interest rate is 15.75%.

## NOTES TO THE FINANCIAL STATEMENTS

On 23 December 2010 the Company obtained short-term financing from Bryum Limited in the amount of SEK 13,577 thousand. The interest rate is 5% p.a. and further details are disclosed in Note 6.

As at 30 September 2011 borrowings of SEK 3,375 thousand were secured with oil and gas properties pledged as collateral. Net book value of the pledged properties amounted to 2,565 TSEK.

As at 30 September 2011 the effective interest rate on borrowings ranged between 5% p.a. to 15.75% p.a.

The Group does not apply hedge accounting and did not hedge its risks arising from currency liabilities or interest rate risks. The estimated fair value of borrowings approximates their carrying value.

### 5. Earnings per share

The calculation of basic earnings per share at 30 September 2011 was based on the net loss and a weighted average number of ordinary shares.

<i>In thousands of shares</i>	12M 2011	Q4 2011
Number of shares at the beginning of the year, adjusted for exchange ratio used in reverse acquisition and reverse split ratio	40,313	43,046
Effect from reverse acquisition	1,373	0
<b>Weighted average number of ordinary shares in thousands</b>	<b>41,686</b>	<b>43,046</b>

	12M 2011	Q4 2011
Weighted average number of ordinary shares in thousands	41,686	43,046
Loss for the period, TSEK	(7,972)	(2,337)
Basic earnings per share (SEK)	(0,19)	(0,05)
Diluted earnings per share (SEK)	(0,19)	(0,05)

No comparable information for 12M 2010 is disclosed as the Group as pro forma earnings for 12M 2010 only presented and there were no shares outstanding of SOGH in 12M 2010.

Diluted earnings per share do not differ from basic earnings per share as the Group has no financial instruments issued that could potentially dilute the earnings per share.

### 6. Balances and Transactions with Related Parties

Transactions with related parties for 12M 2011 and balances with related parties as of 31 December 2011 were as follows:

<i>In thousands of SEK</i>	Shareholders	Companies under common control	Key management personnel
Services and good purchased	113	413	0
Trade and other receivables	0	0	0
Trade and other payables	311	325	0
Prepayment for services and business costs	0	0	280
Loans receivable	0	0	0
Loans payable	15,536	0	967

Bryum Limited UK (the parent company of Bryum Estonia AS which is a shareholder in SOGH) has granted a loan to Selena Oil & Gas AB in order to finance the acquisition of certain energy assets in Russia and cover operational costs of the Group. The outstanding amount of the loan and accrued interest as at 31 December 2011 was 14,826 TSEK. The interest rate applicable to the loan as agreed among the parties is 5% per annum. The final repayment date of the loan is 23 June 2012. The loan becomes payable if the Group is successful in raising certain amounts of additional financing. Furthermore, loan from Bryum Estonia AS in the amount of 398 TSEK was received on 23 December 2011. The loan has the same terms and conditions as the above.

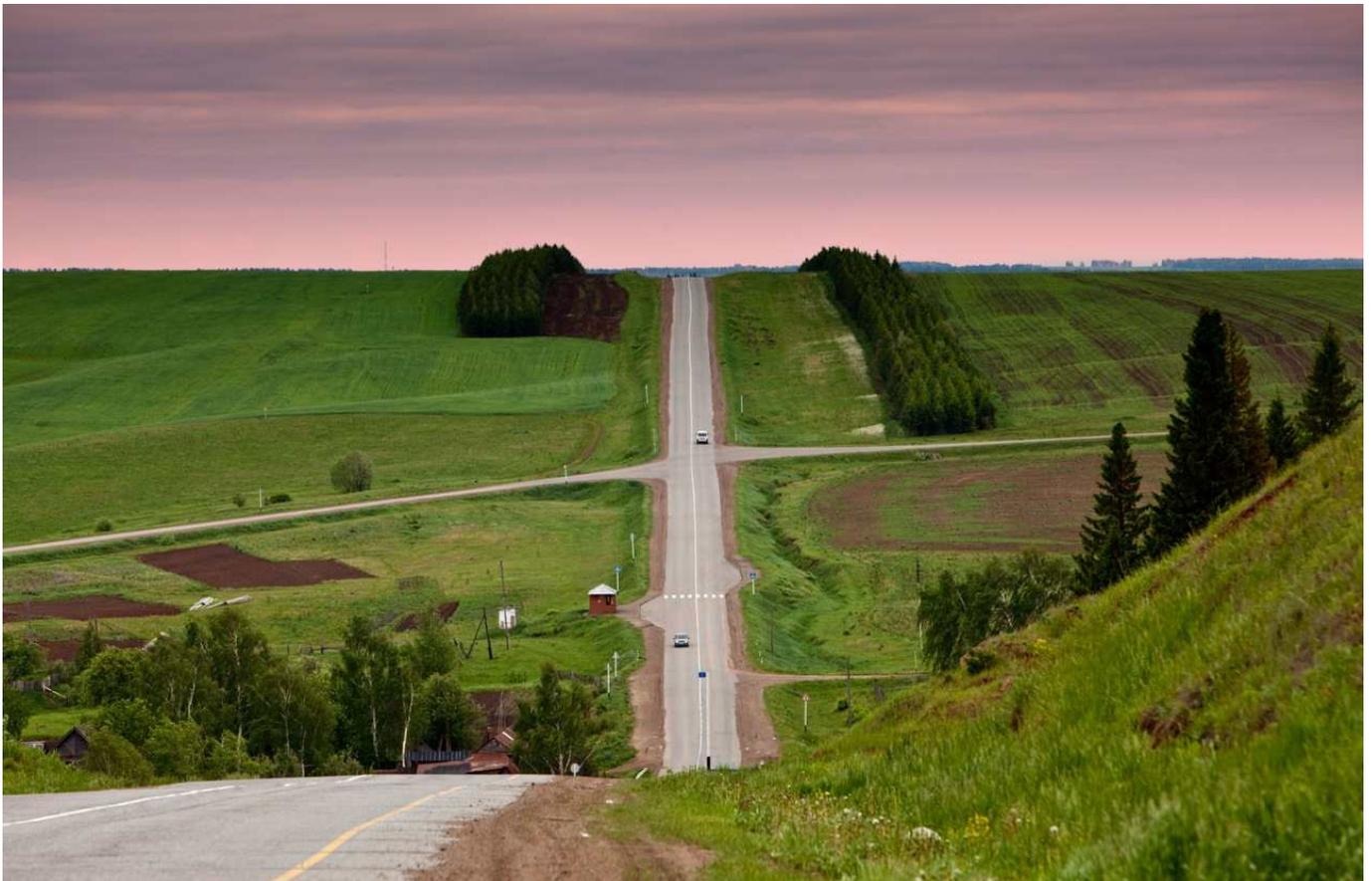
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## NOTES TO THE FINANCIAL STATEMENTS

Myrtyle Ventures Limited, a company related to Mr. Indrek Rahumaa (a member of the Board of Directors of SOGH) has undertaken to provide loans to the Group under a stand-by loan facility in the amount of 500TUSD. The loan facility carries an interest rate of 5% p.a. on amounts borrowed and is repayable by 23 June 2012. The amount drawn under the facility and accrued interest thereof amounts to 284TSEK as of 31 December 2011.

In addition to the above, there are certain intra-group transactions between the Group companies and members of the management of OOO Selena-Perm; however, such transactions are not material for the operations of the Group as a whole.

All related party transactions of the Group have been made on market terms in all material aspects.



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## CONFIRMATION BY THE BOARD OF DIRECTORS

The Board of Directors certifies that the interim report gives a true and fair overview of the Parent Company's and Group's operations, their financial position and results of operations, and describes significant risks and uncertainties facing the Parent Company and other companies in the Group. As of the date of this report the board has not taken the decision on a dividend proposal for the AGM.

Stockholm, February 27, 2011

*Indrek Rahumaa*

Chairman

*Staffan Torstensson*

Director

*Karl Bleschert*

Director

*Viacheslav Pershukov*

Director

*Paul Waern*

Director

### Financial Calendar

The subsequent financial reports will be disclosed by the Selena Oil & Gas Holding AB (publ) in 2012 on the dates indicated in the following table:

31 May 2012	Unaudited interim report, Q1
1 June 2012	Audited annual report 2011
28 June 2012	Annual General Meeting

### Certified Advisor

Mangold Fondkommission is the Company's Certified Adviser and Liquidity Provider, telephone +46 8-503 015 50.

### For further information, please contact:

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*Selena Oil & Gas Holding AB (publ) (former Emitter Holding AB) is engaged in the production and transportation of oil and gas in the Volga-Ural region in the Russian Federation, including Perm and Udmurtia. The company is listed on NASDAQ OMX First North Premier in Stockholm under the ticker SOGH. For further information on Selena Oil & Gas Holding AB (publ), see the website [www.selenaoil.com](http://www.selenaoil.com)*

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## DISCLAIMER

*The statement and assumptions made in the company's information regarding current plans, forecasts, strategy and other statements that are not historical facts are estimates or "forward looking statements" regarding future activities. Such future estimates comprise, but are not limited to, statements that include words such as "may occur", "plans", "expects", "estimates", "believes", "anticipates" or similar expressions. Such expressions reflect the management's expectations and assumptions made on the basis of information available at the date of this report. These statements and assumptions are subject to a large number of risks and uncertainties. These, in their turn, comprise but are not limited to:*

- *changes in the financial, legal and political environment of the countries in which the Company operates*
- *changes in the available geological information concerning the Company's operations and reserves*
- *the Company's capacity to continuously guarantee sufficient financing for the expansion plans*
- *changes in currency exchange rates, in particular those relating to the RUR/USD rate*

*Due to the background of the risks and uncertainties that exist for any oil production company in an active development stage, SOGH's actual future development may significantly deviate from that indicated in the company's informative statements. SOGH assumes no implicit liability to immediately update any such future evaluations.*