

Interim Report January – September 2015

Petrogrand AB (publ)

27 November 2015

Third quarter of 2015

- Oil production in Ripiano attributed to Petrogrand increased in the third quarter by 14% to 84 274 barrels of oil or an average of 916 bopd compared to the previous quarter
- During the third quarter, the Group had no operating income (-). The operating result for the third quarter amounted to TSEK -4 400 (-5 665).
- Net financial items in the third quarter amounted to TSEK 843 (5 318), including currency effects of TSEK 976 (5 115).
- Net result after tax for continuing operations in the third quarter amounted to TSEK -3 557 (-347).
- Net result from the share interest in the associated company Ripiano in the third quarter 2015 amounted to TSEK -13 286 (-).
- Net result in the third quarter including discontinued operations was TSEK -103 068 (-347).
- Earnings per share for the third quarter amounted to SEK -2.56 (-0.01).

January - September 2015

- During the first three quarters of 2015, the Group had no operating income (-). The operating result for the period amounted to TSEK - 19 674 (-26 942).
- Net financial items in the period amounted to TSEK 23 125 (6 695), including currency effects of approximately TSEK 22 928 (4 840).
- Net result after tax for continuing operations in the period amounted to TSEK -3 451 (-20 248).
- Net result from the share interest in the associated company Ripiano in the period amounted to TSEK -7 798 (-).
- Net result in the period including discontinued operations was TSEK -90 572 (-20 248).
- Earnings per share for the period amounted to SEK -2.25 (-0.50).

The figures in brackets represent the corresponding period 2014

CEO's report

Dear Shareholders,

In the third quarter we managed to meet our operational targets set for the quarter: to work on enhancing our new assets by increasing production in our Komi oil fields, to continue implementing cost cutting measures and to solve the cross-ownership issue with Shelton Petroleum.

The total Ripiano production in the third quarter amounted to 171 988 barrels of oil, corresponding to an average 1 869 barrels of oil per day (bopd). Petrogrand's 49% share of the production amounted to 84 274 barrels of oil, corresponding to an average of 916 bopd, with the Revenue of TSEK 19 744 and Operating Income of TSEK 2 692 at healthy 13.6% Operating Margin. Net profit was, however, negatively influenced by a depreciation of the RUB against the USD and amounted to TSEK -13 286. Through implementation of low-cost production enhancement techniques such as, acidizing, hot oil treatment, identifying and perforating new intervals within existing wells, the production increased by 14% compared to the second quarter average of 1 645 bopd of which 806 bopd was Petrogrand's share. Going forward, there is solid progress on the investment program on the Sosnovskoye field. In October, preparatory works to support an efficient drilling campaign were completed and the drilling contract was tendered, the drilling is expected to commence by the end of the fourth quarter 2015.

Through our continuing implementation of rigorous cost cutting measures, we were able to materially reduce our monthly operational costs. Group Administration costs in the third quarter were reduced by 22% or TSEK 1 265 compared to the same quarter in 2014 and by 40% or TSEK 3 033 compared to the previous quarter.

An important achievement for the new board and management team during the third quarter was to solve the cross-ownership with Shelton Petroleum. I am happy to say that on 9 November 2015 the Extraordinary General Meeting approved the proposal by the board of directors to enter into a business combination with Shelton Petroleum. In accordance with the agreement Petrogrand receives 17 500 000 newly issued B shares of Shelton Petroleum after Shelton Petroleum divesting of its assets in Ukraine for a contribution by Petrogrand of its 49% ownership of Ripiano which owns our oil assets in Komi and USD 4 million of cash. The enlarged company will take the name Petrosibir and will have a combined license portfolio consisting of Shelton Petroleum's assets in Bashkiria and Petrogrand's assets in Komi, with a net production of about 1 350 barrels of oil per day and 32 million barrels of recoverable 2P reserves. As a part of the agreement Petrogrand will distribute all current and new shares of Shelton Petroleum to its shareholders by the end of 2015. The company will then change its focus to the real estate sector which it believes is a sector with strong growth dynamics.

We keep facing a declining Brent oil price, which generates overall market volatility. Since the end of the second quarter the oil price has decreased by nearly 30% up until the date of the report. However, this fall is partially offset by a reduction of oil production taxes and by a depreciation of the Ruble from 55.7 RUB for USD as of 30 June to 64.9 as of 21 November 2015. Calculation of MET (Mineral Extraction Tax) and export duties in Russia is directly linked to the Brent oil price and acts as a natural hedge against falling oil prices resulting in a healthy, yet slightly lowered, operating margin.

To summarize, starting in the second quarter we have established a strong, experienced and resilient management team in Petrogrand. The team under support of the board of directors managed to make a step change in the governance of operations and to achieve the ambitious goals. I am confident in the future of the Company and the ability to deliver the best value for shareholders even in this volatile market environment.

Sincerely,

Dmitry Zubatyuk,
Chief Executive Officer

Comments on the Group's result and financial position as per 30 September 2015.

Turnover and result

The Group had no operating income during the period January-September 2015 (-) and did not have any production related operating expenses (-).

The Group did not have any costs for sales and distribution during the period (-). Administration costs, which consist of personnel related expenses, professional consultancy services and other operational charges, amounted to TSEK -19 674 (-26 942).

Financial income amounted to TSEK 2 906 (1 936). Net financial items amounted to TSEK 23 125 (6 695), which includes currency effects of TSEK 22 928 (4 840) mainly due to the revaluation of the investment in USD over the period January-September 2015 closing date.

Result before tax amounted to TSEK 3 451 (-20 248). There was no tax charged for the period.

Petrogrand holds interest in three producing oil fields in Russia. The interests are held through its 49% holding in Ripiano Holdings Ltd. While the 49% owned associated company Ripiano Holdings Ltd is not consolidated in the Petrogrand group, the pro-rata share of the net result in Ripiano Holdings Ltd is however included in Petrogrand's profit and loss account as "result from participation in associated company".

The Extraordinary General Meeting in Petrogrand, held on 9 November 2015, approved the agreement with Shelton Petroleum (see below the section "Business combination with Shelton Petroleum"). This event has triggered a reclassification of the shares in Ripiano from financial assets to "Assets held for sale" in the Group's balance sheet in accordance with IFRS 5; consequently, the Group has revalued holding in Ripiano to TSEK 86 323. This revaluation is based on the value of 17 500 000 B-Shares in Shelton Petroleum on 30 September 2015 (SEK 6.85 per share) less the value of TUSD 4 000 that will be injected into Petrogrand's subsidiary Sonoyta Ltd prior to the settlement of the deal.

Furthermore, the participation in Ripiano, according to IFRS 5, is regarded as participation in discontinued operations in the Group's financial statements. The result from discontinued operations includes the net result from participation in Ripiano, which amounted to TSEK -7 798 and the result of revaluation of holdings in Ripiano which is presented as "Revaluation of assets held for sale" amounted to TSEK -86 225 for the period April-September 2015.

It is important to note, that this negative revaluation effect does not have an impact on the cash flow and it does not change the fairness of the deal, because Petrogrand shareholders are expected to benefit from an increase of cumulative net assets they will own as a result of the business combination.

Total Net result amounted to TSEK -90 572 (- 20 248).

Earnings per share for the period amounted to SEK -2.25 (-0.50).

Investments

Petrogrand in April 2015 acquired a 49% interest in the Cyprus company Ripiano Holdings Ltd. The total acquisition price amounted to MUSD 21.5 and the final payment was made on 9 April 2015. Petrogrand's interest in Ripiano is held through the Cyprus subsidiary Sonoyta Ltd. Ripiano holds 100% interests in the Russian companies Dinyu LLC and CNPSEI LLC. Dinyu LLC is the licence holder of the Ivanshorskii block, including the Dinyu-Savinoborskoye oil field. CNPSEI LLC is the license holder of Sosnovskoye oil field and Yuzhno-Tebukskoye oil field. At the time of the acquisition, the total oil production from 26 production wells amounted to about 1,600 barrels per day.

The reserves are estimated at 36.6 million barrels according to Russian reserve standard (C1+C2, Russian statutory reserve classification differs somewhat from corresponding Western classifications).

Financing and liquidity

As of 30 September 2015 the Group's available liquid assets in total amounted to TSEK 74 185 (238 857).

At the end of the reporting period, Petrogrand group held 4 700 000 B-shares in Shelton Petroleum AB (publ) ("Shelton"). The shares were held by the Cyprus subsidiary Tenaziltan Ltd, and market price per Shelton share at the end of the period was SEK 6.85. The value of the investment based on the market price amounted to TSEK 32 195.

Total financial assets, including shares in Shelton, on 30 September 2015 amounted to TSEK 106 380 (329 562).

Operations

As described under *Investments* above, Petrogrand acquired a 49% interest in Ripiano Holdings Ltd in early April 2015. Ripiano holds three oil fields in the Komi republic of Russia: Dinyu-Savinoborskoye, Sosnovskoye and Yuzhno-Tebukskoye oil fields. The licenses have year-round access to Transneft via third party. The Komi Republic is located in north east corner of the European part of Russia. The area is one of the biggest oil and gas producers in the European part of Russia and among Russia's top ten producers.

Dinyu-Savinoborskoye oil field was discovered in 2001 and put into production in 2002. There are five oil pay zones producing high quality 35° API crude with good reservoir properties.

Sosnovskoye oil field was discovered in 1982 and put into production in 1992. There are four oil pay zones in the Devonian layer, producing high quality oil 34° API with excellent reservoir properties.

Yuzhno-Tebukskoye oil field was discovered in 1978 and put into operation in 1992. There are two oil deposits in the Devonian formation with excellent reservoir properties. The oil quality is 32° API.

Recoverable reserves according to Russian reserve standards as per 1 January 2015

	C1 (Mbbbls)	C2 (Mbbbls)
Dinyu-Savinoborskoye	9.37	8.69
Sosnovskoye	12.31	3.30
Yuzhno-Tebukskoye	2.91	0.00

The total production in Ripiano Holdings during the third quarter amounted to 171 988 barrels of oil, corresponding to 1 869 barrels of oil per day. During the third quarter, Ripiano focused on improving operational efficiency and increasing production from the existing well fund through application of simple low-cost production enhancement techniques: acidizing, hot oil treatment, identifying and perforating new intervals. This set of measures resulted in 14% production growth compared to the average 1 649 barrels of oil per day produced in the second quarter 2015. In the course of the third quarter Ripiano continued such infrastructure projects as roads, well pad construction and gas utilisation, which will allow substantial savings on electricity costs as well as additional income from the sales of excess electricity to the local market. Looking forward we are continuously working on plans to optimise our infrastructure and to reduce transportation costs.

Production volume in the third quarter resulted in TSEK 40 293 Revenue (for 100% of Ripiano) and TSEK 5 494 Operating Income at a healthy Operating Margin of 13.6%. Net profit for the period was, however, negatively influenced by a TSEK -38 300 unfavourable FX effect deriving from appreciation of USD denominated borrowing against RUB, serving as functional currency of Ripiano, and amounted to TSEK -27 033.

Petrogrand's 49% share of the production amounted to 84 274 barrels of oil, corresponding to an average of 916 barrels of oil per day, Revenue of TSEK 19 744, Operating Income of TSEK 2 692 and Net profit of TSEK -13 286.

Looking forward, the investment program on the Sosnovskoye field is in progress. Preparatory works to support an efficient drilling campaign, including construction of the well pad and access road, were completed in October. The drilling contract for Sosnovskoye has been tendered, and the drilling is expected to commence by the end of the fourth quarter 2015. The cost of this project has benefited significantly from the depreciation of the Russian ruble.

Ripiano's management team has also commenced detailed subsurface analysis and operations planning ahead of the Dinyu-Savinoborskoye drilling program, in addition to the work carried out previously. This effort will further reduce the technical and operational risks associated with the investment in the field.

In addition to the drilling campaign, the company continues to focus on operational improvements resulting in consistent outperformance of the assets compared to the established production plan.

Petrogrand also holds two licence areas in the Tomsk region in Russia. The exploration work performed on both these licence blocks in 2012 was not successful, the Company is now negotiating alternatives for the future of these assets.

Organisation

The number of employees and consultants in the Group at the end of the period was 11 (14), whereof women 2 (7) and men 9 (7).

A new board of directors in Petrogrand AB was elected at an Extraordinary General Meeting on 10 April 2015. Cheddi Liljeström, Dmitry Zubatyuk, Sven-Erik Zachrisson, Torbjörn Ranta and David Sturt were elected as ordinary Board Members. Cheddi Liljeström was elected as Chairman of the board of directors. Following the EGM, the board of directors resolved to replace Maks Grinfeld with Dmitry Zubatyuk as new managing director and Sven-Erik Zachrisson as deputy managing director.

At the AGM held on 23 June 2015, the Board of Directors was re-elected. At the AGM, Maks Grinfeld, a member of the board and CEO of the Company in 2014, was not discharged from liability against the Company for the past financial year.

In the second quarter, Pavel Tetyakov was hired as general director of all Petrogrand's Russian subsidiaries. Mr. Tetyakov is a senior oil executive with over 11 years of experience in the industry. Prior to the appointment he has worked for such companies as PetroKazakhstan, Exillon Energy, Ukrnafta, and SGO Sibgasoil. His core areas of expertise are optimisation of operations and business processes, M&A, JV management and government relations.

Lars Vilhelmson was appointed acting CFO in May 2015.

In the third quarter, Alexey Kuznetsov was hired as deputy CFO under a consultancy agreement. Mr. Kuznetsov is a senior finance and business management leader with 13 years of experience in large international businesses. Before joining Petrogrand he worked in well-known companies, such as Procter & Gamble, Philips and TP Vision. Core competences of Mr. Kuznetsov are; strategic thinking, building effectively structured and transparent business processes, focus on profitability improvement and cost optimization.

Comments on the Parent Company

The 4 700 000 B shares that were transferred on 26 March 2015 as a shareholders' contribution from Petrogrand AB via (fully owned) Sonoyta Ltd to Tenaziltan Ltd (fully owned by Sonoyta) have generated a realised loss in the Parent Company, that amounts to TSEK -35 855 during the first nine months of 2015. The Parent Company income statement during 2015 includes a write-down of loans given to Russian subsidiaries to cover their Administration costs. Previous loans were written down

before the start of the year, thus the value of loans in the balance sheet of the Parent Company is equal to SEK 0.

Transactions with related parties during the report period

James Smith, a member of the Board up to 10 April 2015, had a consultant agreement with Petrogrand regarding geologic services. This agreement has been terminated.

Sven-Erik Zachrisson, a member of the Board, has a consultant agreement with Petrogrand for his role as the deputy managing director.

Disputes

The dispute between Petrogrand and the company's former CEO and Board Member Maks Grinfeld about the right to severance payment has been settled by arbitration. Maks Grinfeld claims on Petrogrand for 24 month severance have been dismissed by the Arbitration Institute and Petrogrand has been awarded compensation for the main part of the costs associated with the arbitration. Petrogrand has already received the compensation in full.

Share data

As of 30 September 2015 the share capital of Petrogrand AB amounts to SEK 40 265 898 with each share having a par value of SEK 1.

Events after the report period

Petrogrand has appointed Aqurat Fondkommission AB as a new Certified Adviser with effect from 19 October 2015.

The total production from the Komi oil fields Dinyu-Savinoborskoye, Sosnovskoye and Yuzhno-Tebukskoye in October 2015 amounted to 57 399 barrels of oil, corresponding to an average of 1 852 barrels of oil per day. This is a slight reduction of 4 per cent compared to the previous month due mainly to an injector well breakdown in the Dinyu-Savinoborskoye field. This well is expected to be repaired by the end of November 2015. Petrogrand's share of the production amounted to 28 126 barrels of oil, corresponding to an average of 907 barrels of oil per day.

Business combination with Shelton Petroleum

On 9 November 2015 Petrogrand's Extraordinary General Meeting voted in favour of entering into an agreement with Shelton Petroleum which aims to create an enlarged oil company and put an end to the long lasting cross-ownership issue. The bigger company will manage the Russian oil assets of both Shelton Petroleum and Petrogrand. The combined company will have a net working interest oil production of approximately 1,350 barrels of oil per day and 2P oil reserves of 32 million barrels. The entity will be owned by the current shareholders of both Shelton Petroleum and Petrogrand. The combined businesses will benefit from an attractive license portfolio and an improved position on the financial markets. Synergies are anticipated within operational management, oil sales, purchasing power as well as central administration.

The deal is split into several steps.

As the first step, Shelton Petroleum will divest its Ukrainian oil assets to the shareholders, including Petrogrand. For historical reasons, the Ukrainian operations will continue to operate under the name Shelton. The Ukrainian assets consist of a 45% ownership in Kashtan Petroleum, which is the license holder and operator of the Lelyaki oil field, as well as a Joint Investment Agreement regarding offshore licenses. Petrogrand will not stay as a long-term shareholder and has undertaken to dispose of its shares when economically and practically possible.

After the first step, Shelton Petroleum will issue 17 500 000 B shares for a contribution by Petrogrand of its 49% ownership in its oil assets in Komi and USD 4 000 000 of cash.

At the final stage, Petrogrand will distribute all newly issued shares of Shelton Petroleum along with currently held 4 700 000 B shares to its shareholders as dividends in accordance with the Lex Asea rules. Shelton Petroleum, as the shareholder of Petrogrand, will then cancel its own shares received from Petrogrand.

Following the completion of all the steps in the transaction, it is anticipated that the number of shares in Shelton Petroleum will amount to 761,900 A shares and 29,011,961 B shares, comprising 36,630,961 votes. Each Petrogrand shareholder will receive 0.55 Shelton Petroleum shares for each existing Petrogrand share.

The new enlarged Shelton Petroleum will change its name to Petrosibir following the business combination. It was approved at the Shelton Petroleum Extraordinary General Meeting held on 9 November 2015 that Björn Lindström, David Sturt, Dmitry Zubatyuk, Hans Berggren and Sven-Erik Zachrisson will be appointed members of the board of directors of Shelton Petroleum. Björn Lindström will be appointed chairman of the board and Dmitry Zubatyuk will be appointed CEO.

Shelton Petroleum will temporarily stay as a shareholder in Petrogrand after the completion of the deal, but it has undertaken to dispose of its Petrogrand shares when economically and practically possible.

Nasdaq Disciplinary Committee and dissolving the cross-ownership

The business combination with Shelton Petroleum puts an end to the cross-ownership between the two companies. Prior to the transaction, Petrogrand holds 4,700,000 B shares in Shelton Petroleum, equivalent to 25.2% of the total number of shares and 18.4% of the total votes. Shelton Petroleum holds 11,585,308 shares in Petrogrand, equivalent to 28.8% of the total number of shares and votes. During the end of 2013 and the first six months of 2014, i.e. when Petrogrand was managed by the previous management and board of directors, there were several conflicts between the two companies. Both companies were criticized by the Swedish Securities Council, which requested the companies to solve the conflicts.

As a result of the conflicts, which took place approximately 18 months ago, Nasdaq Stockholm has initiated an investigation of both Petrogrand and Shelton Petroleum regarding possible insufficient disclosure of information to the market and investors and non-compliance with the relevant takeover rules and good practices on the Swedish stock market.

Based on the fact that the cross-ownership had at that time not been dissolved and Nasdaq Stockholm's investigation, the matter was submitted to the Disciplinary Committee of Nasdaq Stockholm for further assessment and ruling on an appropriate sanction. Potential sanctions are a warning, a fine or delisting (where the breach is material). There was a hearing in the Nasdaq Disciplinary Committee prior to the Extraordinary General Meeting held on 9 November 2015 where both parties presented the joint plan to the committee. As at the date hereof, Petrogrand and Shelton Petroleum are awaiting the Disciplinary Committee's decision.

The companies have previously made several attempts to break up the cross-ownership but no solution has been reached until now. In the beginning of the second quarter 2015, a new governance of Petrogrand was implemented with a new board of directors and a new Chief Executive Officer. Since then, Petrogrand has focused on reinstating proper corporate governance, controlling damage caused by previous mismanagement and dissolving the cross-ownership on terms that are beneficial for all parties going forward. The current constructive dialogue resulted in the proposal that has now been approved by the shareholders in both companies. The board of Petrogrand and Shelton Petroleum believe that the proposal balances the interests of the shareholders of both companies and creates a profitable oil company with solid production, a strong license portfolio and a platform for future expansion. It should also satisfy Nasdaq Stockholm's request to dissolve the cross-ownership between Shelton Petroleum and Petrogrand.

CONSOLIDATED INCOME STATEMENT

(All amounts in TSEK)	July-September		January-September		Full year
	2015	2014	2015	2014	2014
Continuing Operations					
Operating income					
Net sales of oil	-	-	-	-	-
Other operating income	-	-	-	-	-
Total operating income	-	-	-	-	-
Cost of sales					
Production costs	-	-	-	-	-
Amortization/depreciation of fixed assets	-	-	-	-	-
Gross result	-	-	-	-	-
Selling and distribution expenses	-	-	-	-	-
Administration costs	-4 400	-5 665	-19 674	-26 942	-33 531
Other operating expenses	-	-	-	-	-
Intangible assets impairment	-	-	-	-	-
Operating result	-4 400	-5 665	-19 674	-26 942	-33 531
Result from financial investments					
Financial income	-	238	2 906	1 936	3 412
Change in fair value of assets through profit and loss	-	-	-2 418	-	-3 197
Profit/Loss from participation in associated companies	-	-	-	-	-
Exchange rate effects	976	5 115	22 928	4 840	20 792
Other financial costs	-133	-35	-291	-80	-465
Result before tax	-3 557	-347	3 451	-20 248	-12 989
Tax on the period's result	-	-	-	-	-
Net result from continuing operations	-3 557	-347	3 451	-20 248	-12 989
Discontinued operations					
Net result from participation in associated company	-13 286	-	-7 798	-	-
Revaluation of assets held for sale	-86 225	-	-86 225	-	-
Total net result for the period	-103 068	-347	-90 572	-20 248	-12 989
Whereof attributable to the shareholders of the parent company	-103 068	-347	-90 572	-20 248	-12 989
Earnings per share, SEK	-2.56	-0.01	-2.25	-0.50	-0.32
Earnings per share after dilution	-2.56	-0.01	-2.25	-0.50	-0.32
Number of shares issued at end of period)	40 265 898	40 265 898	40 265 898	40 265 898	40 265 898
Average number of shares outstanding for the period)	40 265 898	40 265 898	40 265 898	40 265 898	40 265 898

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(All amounts in TSEK)	July-September		January-September		Full year
	2015	2014	2015	2014	2014
Income for the period	-103 068	-347	-90 572	-20 248	-12 989
Items that may be subsequently reclassified to profit and loss					
Currency translation difference	2 789	-212	-4 163	-3 013	2 286
Change in value of available for sale financial assets	-11 515	-10 466	-25 615	-5127	-39 954
Other comprehensive income for the period, net of taxes	-111 794	-11 025	-120 349	-28 388	-50 657
Total result attributable to:					
Parent company shareholders	-111 794	-11 025	-120 349	-28 388	-50 657

CONSOLIDATED BALANCE SHEET

(All amounts in TSEK)	2015-09-30	2014-09-30	2014-12-31
ASSETS			
FIXED ASSETS			
Investment in associated companies	-	-	-
Financial assets that can be sold	32 195	90 704	60 277
Tangible fixed assets	32	489	326
Total fixed assets	32 227	91 193	60 603
CURRENT ASSETS			
Inventories	973	2 053	1 440
Other current receivables	944	4 576	1 965
Financial assets at fair value through profit and loss	-	66 049	91 794
Cash and bank	74 185	172 809	158 708
Total current assets	76 102	245 486	253 907
Assets held for Sale	86 323	-	-
TOTAL ASSETS	194 652	336 679	314 510
EQUITY AND LIABILITIES			
TOTAL EQUITY	190 580	333 202	310 930
LONG-TERM LIABILITIES	-	-	-
SHORT-TERM LIABILITIES			
Accounts payable	618	356	224
Other short-term liabilities	230	2 322	40
Accrued costs and prepaid income	3 224	800	3 317
Total short-term liabilities	4 073	3 477	3 581
TOTAL EQUITY AND LIABILITIES	194 652	336 679	314 510

CONSOLIDATED CASH FLOW STATEMENT

(All amounts in TSEK)	January- September 2015	January- September 2014	Full year 2014
Cash flow from current operations			
Operating result	-19 674	-26 942	-33 531
Adjustment for items not included in cash flow	11 136	4 720	2 662
Interest received	2 905	1 901	3 412
Interest paid	-	-16	-2
Cash flow from current operations before changes in working capital	-5 633	-20 337	-27 459
Cash flow from changes in working capital			
Decrease(+)/increase(-) in inventory	467	186	798
Decrease(+)/increase(-) in receivables	945	48 760	51 371
Decrease(-)/increase(+) in liabilities	491	-2 793	-3 094
Total changes in working capital	1 903	46 154	49 151
Cash flow from current operations	-3 731	25 817	21 616
Investment operations			
Investment in associated companies	-186 811	-	-
Investment in / Repayment of Short financial loan	-	185 811	185 811
Change in financial assets	93 659	-136 560	-157 361
Cash flow from investment operations	-93 152	49 251	28 450
Financing operations			
Cash flow from financing operations	-	-	-
Decrease(-)/increase(+) in liquid assets	-96 883	75 068	50 066
Liquid assets at beginning of period	158 708	93 034	93 034
Exchange rate differences in liquid assets	12 359	4 706	15 608
Liquid assets at end of period	74 185	172 809	158 708

STATEMENT OF CHANGES IN EQUITY

Attributable to shareholders of the Parent company

(All amounts in TSEK)	Share capital	Additional paid in capital	Other reserves	Retained earnings	Total equity capital
Incoming equity on 1 January 2014	40 266	1 432 114	-98 087	-1 012 706	361 589
Result for the period	-	-	-8 138	-20 248	-28 387
Balance on 30 September 2014	40 266	1 432 114	-106 225	-1 032 953	333 202
Result for the period	-	-	-29 530	7 258	-22 272
Balance on 31 December 2014	40 266	1 432 114	-135 755	-1 025 695	310 930
Result for the period	-	-	-29 778	-90 572	-120 350
Outgoing balance on 30 September 2015	40 266	1 432 114	-165 532	-1 116 267	190 580

KEY RATIOS

	9 months 2015-09-30	9 months 2014-09-30	12 months 2014-12-31
Group			
Total assets, TSEK	194 652	336 679	314 510
Total equity, TSEK	190 580	333 202	310 930
Equity ratio (%)	97.9%	99.0%	98.86%
Interest bearing debt, TSEK	-	-	-
Return on equity (%)	-36.12%	4.07%	-3.86%
Per share data			
Earnings per share, SEK	-2.56	-0.50	-0.32
Equity per share, SEK	4.73	8.28	7.72

Key ratio definitions

Total assets, TSEK	Total assets at end of period
Total equity, TSEK	Total equity at end of period
Equity ratio (%)	Total equity according to above divided by total assets expressed as a percentage
Interest bearing debt, TSEK	Total interest bearing debt at end of period
Earnings per share, SEK	Net result after tax for the period divided by the average number of outstanding shares for the period before dilution
Equity per share, SEK	Total equity according to above at end of period divided by the total number of shares outstanding at end of period
Return on equity (%)	Net result after tax for the period divided by the average equity for the same period

PARENT COMPANY INCOME STATEMENT

January- September

(All amounts in TSEK)	January- September 2015	January- September 2014	Full year 2014
Operating income			
Other operating income	-	-	-
Total operating income	-	-	-
Cost of sales	-	-	-
Gross result	-	-	-
Administration costs	-13 832	-19 659	-23 176
Other operating expenses	-	-	-
Operating result	-13 832	-19 659	-23 176
Result from financial investments			
Financial income	2 905	1 936	3 411
Change in fair value of assets through profit and loss	-38 272	-	-3 197
Exchange rate effects	22 928	4 840	20 792
Other financial costs	-7 617	-7 804	-10 615
Result before tax	-33 889	-20 689	-12 785
Tax on the period's result	-	-	-
The period's Net result	-33 889	-20 689	-12 785

PARENT COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(All amounts in TSEK)	January- September 2015	January- September 2014	Full year 2014
Income for the period	-33 889	-20 689	-12 785
Items that may be subsequently reclassified to profit and loss			
Currency translation difference	-	-	-
Change in value of available for sale financial assets	33 955	-	-39 954
Other comprehensive income for the period, net of taxes	65	-20 689	-52 739
Total result attributable to:			
Parent company shareholders	65	-20 689	-52 739

PARENT COMPANY BALANCE SHEET

(All amounts in TSEK)	2015-09-30	2014-09-30	2014-12-31
ASSETS			
FIXED ASSETS			
Shares in Subsidiaries	239 201	-	-
Tangible fixed assets	13	31	26
Financial fixed assets	585	585	585
Financial assets available for sale	-	95 831	60 277
Total fixed assets	239 799	96 447	60 888
CURRENT ASSETS			
Other current receivables	1 507	3 181	1 294
Financial assets at fair value through profit and loss	-	66 049	91 794
Cash and bank	72 150	172 485	158 219
Total current assets	73 657	241 714	251 307
TOTAL ASSETS	313 456	338 161	312 195
EQUITY AND LIABILITIES			
TOTAL EQUITY	308 917	334 903	308 852
LONG-TERM LIABILITIES	-	-	-
SHORT-TERM LIABILITIES			
Accounts payable	578	302	177
Other short-term liabilities	2 017	2 156	2 083
Accrued costs and prepaid income	1 944	800	1 083
Total short-term liabilities	4 539	3 258	3 343
TOTAL EQUITY AND LIABILITIES	313 456	338 161	312 195

Accounting policy

Basis for the preparation of the interim report

This interim report has been prepared in accordance with IAS 34, Interim reporting. The consolidated group accounting has been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by EU and the Annual Accounts Act.

The interim report does not include all the information and notes included in the annual report.

Parent company

The interim report for the parent company has been prepared in accordance with the Annual Accounts Act and the Securities Market Act, which is in accordance with the rules in RFR 2 Accounting for Legal Entities.

Company information

The full name of the parent company is Petrogrand AB (publ). It is a public limited liability company with head offices in Stockholm and the corporate registration number 556615-2350. The address of the parent company is Birger Jarlsgatan 41A, SE-111 45 Stockholm. Phone: +46 8 5000 7810
Web site: www.petrogrand.se

Certified Adviser

Certified Adviser First North: Aqurat Fondkommission AB, tel: 08-684 05 800.

This report has not been subject to review by the company's auditors.

Stockholm, 27 November 2015

Dmitry Zubatyuk

Managing Director of Petrogrand AB (publ)

For further information, please contact:

Dmitry Zubatyuk, CEO,
phone: +46 8 5000 7810

For further information on Petrogrand AB, see the website www.petrogrand.se

Financial calendar

Quarterly reports

Twelve months report (January – December 2015) is due on 26 February 2016.

Three month report (January – March 2016) is due on 13 May 2016.

Six month report (January – June 2016) is due on 26 August 2016.

Nine month report (January – September 2016) is due on 25 November 2016.

Annual Report 2015 is planned to be published 26 April 2016.

Production updates

Monthly production updates will be published approximately 15 days after the end of each month.

Annual General Meeting 2016 is planned to be held on 18 May 2016 in Stockholm.

Reasonable caution notice: The statement and assumptions made in the company's information regarding Petrogrand AB's ("Petrogrand") current plans, prognoses, strategies, concepts and other statements that are not historical facts are estimations or "forward looking statements" concerning Petrogrand's future activities. Such future estimations comprise but are not limited to statements that include words such as "may occur", "concerning", "plans", "expects", "estimates", "believes", "evaluates", "prognosticates" or similar expressions. Such expressions reflect the management of Petrogrand's expectations and assumptions made on the basis of information available at that time.

These statements and assumptions are subject to a large number of risks and uncertainties. These, in their turn, comprise but are not limited to i) changes in the financial, legal and political environment of the countries in which Petrogrand conducts business, ii) changes in the available geological information concerning the company's projects in operation, iii) Petrogrand's capacity to continuously guarantee sufficient financing to perform their activities as a "going concern", iv) the success of all participants in the group, or of the various interested companies, joint ventures or secondary alliances, v) changes in currency exchange rates, in particular those relating to the RUB/USD rate. Due to the background of the many risks and uncertainties that exist for any oil-prospecting venture and oil production company in its initial stage, Petrogrand's actual future development may significantly deviate from that indicated in the company's informative statements.

This report has been prepared both in Swedish and English. In case of any divergence in the content of the two versions, the Swedish version shall have precedence.
