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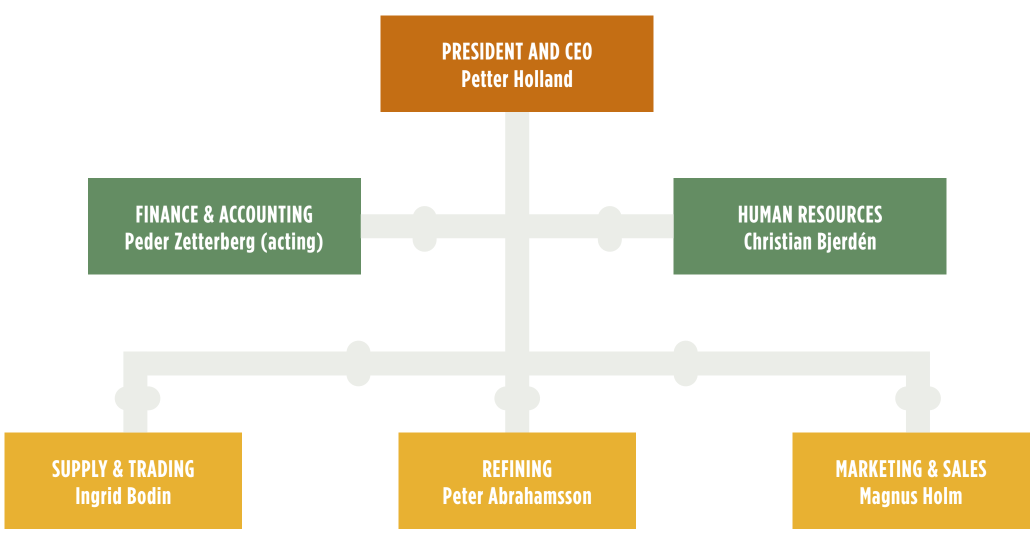
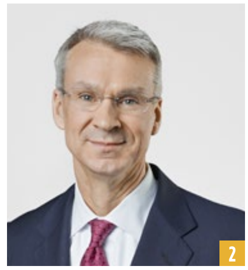
FINANCIAL REPORT

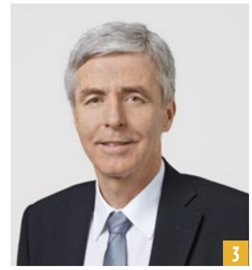
GOVERNANCE AND FOLLOW-UP

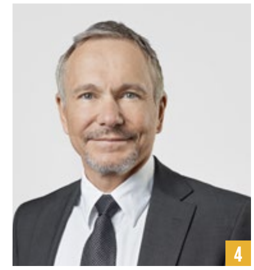
Preem's business concept is to create added value for our customers and society by developing and providing environmentally adapted fuels at competitive prices. Preem has an organization structure under which the departments and business segments are monitored by Group-wide targets and the strategies of each department or business segment respectively. The three business segments – Supply & Trading, Preemraff and Marketing & Sales – are Group functions that handle procurement, production and sales, respectively. Staff functions that help the company's CEO and management to control and oversee operations complement the business segments.

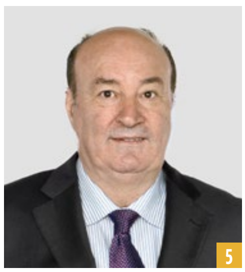


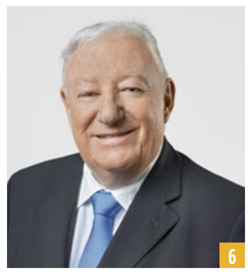
BOARD OF DIRECTORS

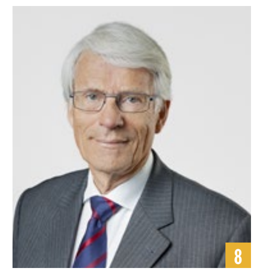


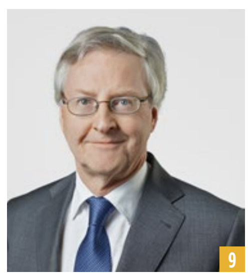












1. SHEIKH MOHAMMED HUSSEIN AL-AMOUDI
Chairman of the Board
Born: 1946
Resident city: Jeddah
Elected: 2005
Board memberships: Chairman of the Board of Preem's Parent Company Corral Petroleum Holdings, Svenska Petroleum Exploration AB and shareholder of Midroc Europe.

2. JASON MILAZZO
First Vice Chairman of the Board
Born: 1962
Resident city: London
Elected: 2009
Principal work experience: Leading positions at Morgan Stanley, Investment Banking Division.
Board memberships: Vice Chairman of Svenska Petroleum Exploration AB och Corral Morocco Gas & Oil and Vice Chairman of SAMIR.

3. PETTER HOLLAND
Director
Born: 1956
Resident city: Duken
Elected: 2014
President and CEO of Preem AB

4. RICHARD ÖHMAN
Director
Born: 1951
Resident city: Cherng Talay
Elected: 1994
Principal work experience: President and CEO of Corral Petroleum Holdings, President and CEO of Midroc Scandinavia, Management and Business Development at ABV Rock Group KB based in Riyadh. International project financing at ABV AB/NCC AB in Stockholm.

5. BASSAM ABURDENE
Director
Born: 1948
Resident city: London
Elected: 2001
Board memberships: Director of SAMIR, Fortuna Holdings Company and Corral Morocco as well as director of a number of publicly and privately held companies.

6. PER HÖJGÅRD
Director
Born: 1948
Resident city: Stockholm
Elected: 2007
Principal work experience: Chief Financial Officer of Preem, a number of similar positions in various public industrial companies, among them partner in a management consultancy company.

7. MICHAEL G:SON LÖW
Director
Born: 1951
Resident city: Stockholm
Elected: 2003
Principal work experience: President and CEO of Preem, several leading positions at Conoco Inc.
Board memberships: Director of Boliden AB, Concordia Maritime AB, Stena Bulk AB, Norstel AB, Svenskt Näringsliv, Vice Chairman of IKEM AB and Director of Chalmers Rådgivande Kom., IVA, and more.

8. LARS NELSON
Director
Born: 1941
Resident city: Fiskebäckskil
Elected: 1996
Principal work experience: President and CEO of Preem, various positions within Preem, among them President of Skandinaviska Raffinaderi AB Scanraff.
Board memberships: Director of Midroc Rodoverken AB, a subsidiary to Midroc Scandinavia AB, and Director of SAMIR.

9. LENNART SUNDÉN
Director
Born: 1952
Resident city: Almunge
Elected: 2005
Principal work experience: President and CEO of Sanitec Corporation, President and CEO of Swedish Match AB and various positions at AB Electrolux.
Board memberships: Chairman of Aura Light International AB and Troax Holding AB.

10. JAMAL MOHAMMED BA-AMER
Director
Born: 1961
Resident city: Mohammedia
Elected: 2014
Principal work experience: CEO of SAMIR Group, a number of positions within Aramco, Corral Petroleum Holdings, Corral Holding Maroc and SAMIR.
Board memberships: Director of SAMIR, SALAM GAZ and SDBP, and formerly director for Scanraff and Preem's refineries.

11. CRISTIAN MATTSSON
Employee representative
Born: 1968
Resident city: Kungshamn
Appointed: 2003
Position held at Preem: Production technician at Preemraff Lysekil, employed since 1988.

12. EVA LIND GRENNFELT
Deputy employee representative
Born: 1973
Resident city: Mölndal
Appointed: 2008
Position held at Preem: Development engineer at Preemraff Gothenburg, employed since 2003.

13. ERIKA ANDERSSON
Employee representative
Born: 1975
Resident city: Stockholm
Appointed: 2014
Position held at Preem: Volume Analyst in Stockholm, employed since 2009.

14. EIVIND HÖRSDAL SIMONSEN
Deputy employee representative
Born: 1966
Resident city: Gothenburg
Appointed: 2008
Position held at Preem: Production technician at Preemraff Gothenburg, employed since 1990.

Back row: Ingrid Bodin, Peter Abrahamsson, Peder Zetterberg and Magnus Holm. Front row: Christian Bjerdén and Petter Holland.

MANAGEMENT

INGRID BODIN
Executive Vice President Supply & Trading

Born: 1964
Employed since 1998 after studying industrial economics in Linköping. Executive Vice President for Supply & Trading and Chairman of the Board of Preem Gas since March 2006. Previous company positions include Manager of Business Development and Manager Planning.

PETER ABRAHAMSSON
Executive Vice President Refining

Born: 1964
Mr Abrahamsson started working at the refinery in Gothenburg as a production engineer in 1991 after taking his licentiate degree at Chalmers. He has been Executive Vice President of Refining since April 2012. Previous company positions include Maintenance Manager for Preemraff, CEO for Göteborgs Smörjmedelsfabrik, Production Manager and Technical Manager for Preemraff in Gothenburg.

PEDER ZETTERBERG
Acting CFO

Born: 1951
Mr Zetterberg has an extensive management career in economy/finance and corporate management at companies such as Sandvik, Pharmacia and Electrolux. An economist, he has an AMP from INSEAD in France. He started his own consulting firm in 2000 and has, via this company, served as CIO of Capgemini, CFO of Sveaskog and CEO of BRIO.

MAGNUS HOLM
Executive Vice President Marketing & Sales

Born: 1972
Employed since April 1, 2014. Mr Holm was previously Head of Nordic Sales Operations for Vattenfall and Vice President Marketing & Sales for Vattenfall Nordic Heat. His earlier career was mainly in the media and real estate sectors, where he held various roles as president and was VP Marketing and Sales for SDR Gruppen.

CHRISTIAN BJERDÉN
Executive Vice President HR

Born: 1966
Employed since 2007 as HR partner at Preemraff in Lysekil. In 2010 Mr Bjerdén was named acting HR Manager for Preemraff and Executive Vice President for Preem in 2011. A trained musician/teacher, he has previously worked as a music teacher and school principal in Lysekil.

PETTER HOLLAND
President and CEO

Born: 1956
Employed since April 1, 2012. Mr Holland has a long international career in refining and oil trading in countries such as Norway, the UK, the USA and Saudi Arabia. Before assuming the position of President at Preem, he worked for ExxonMobil for 27 years, most recently as VP for Production at Saudi Aramco/Mobil's refinery in Saudi Arabia.

DIRECTORS' REPORT, PREEM AB, 2014

FACTS

Preem AB (publ)
Corporate ID number 556072-6977

Preem AB (publ) is wholly-owned by Corral Petroleum Holdings AB (publ).

Corral Petroleum Holdings AB (publ) is a wholly-owned subsidiary of Moroncha Holdings Co. Limited (Cyprus).

Figures in brackets refer to the previous year.

Introduction

Preem's total turnover increased in 2014 to SEK 94,170 million before deductions for excise duties. This is an increase of 5.3 percent compared to last year.

Loss after financial items totalled SEK 3,637 million. The loss is due mainly to two factors: the sharp adjustment in inventory value caused by the fall in crude oil prices during the year and the weak margins in the first half of the year. A fire in an HPU facility with subsequent production disruptions at the refinery in Lysekil in March 2014 also had a significant effect. The value of production loss from these disruptions amounts to nearly SEK 400 million.

Crude oil prices fell dramatically from USD 110 per barrel at the beginning of the year to USD 55 per barrel at year-end. The peak price before the fall was USD 115 per barrel on 19 June. On the other hand, the exchange rate between SEK and USD changed significantly, from SEK 6.51/USD at the beginning of the year to 7.81 at year-end. The average price rose, though less sharply, from 6.52 to 6.86.

Total production was 17.8 million m^3 compared with 15.4 in 2013, an increase of 15.7 percent. The proportion of products exported was 64 percent, with a value of SEK 53,863 (43,649) million.

Operations

Preem AB (publ) is Sweden's largest fuel company, and via its two refineries in Gothenburg and Lysekil accounts for about 80 percent of Swedish refinery capacity and about 30 percent of refinery capacity in the Nordic Region. Preem refines crude oil on a large scale and sells gasoline products to oil companies operating in Sweden and in the international market, particularly in north-western Europe. Preem sells gasoline, diesel, heating oils and lubricating oils in the Swedish market to private customers and to large and small companies via our own marketing channels, consisting of filling stations and Såifa facilities, and through Preem partners and distributors. More than 64 percent of total production is exported, which makes Preem one of Sweden's largest export companies in terms of volume.

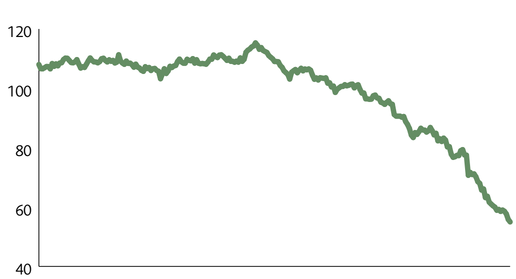
Market

In the second half of 2014 the price of crude oil was halved after more than three years of relatively stable prices around USD 110 per barrel. The reason for this is that none of the major producers cut production despite supply being greater than demand. The price was also influenced by the crises in Ukraine, the Middle East and North Africa. Production capacity has risen considerably, particularly in North America through the increased production of shale oil.

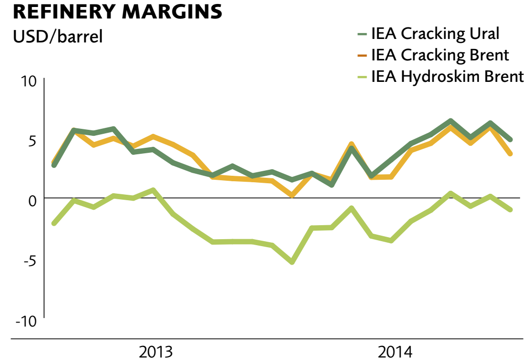
The price differential between high-sulphur crude (Urals), which is processed at the refinery in Lysekil, and crude (Dated Brent) was between USD –0.42 and USD –3.32 per barrel during the year.

The product market was generally balanced with some surplus. There were periods of extra high demand for some products, but for short durations. Prices in the product market fell sharply in the

OIL PRICE TREND IN 2014
USD/barrel



REFINERY MARGINS
USD/barrel



second half of 2014, but led to improved refining margins as crude oil prices continued to fall.

The gasoline market was good in the second and third quarters with relatively high margins. The strength of the market was driven primarily by strong demand in Rotterdam, which was due to prolonged maintenance shutdowns at a number of refineries in the area. Although arbitrage from Europe to the US Atlantic coast was essentially closed for the entire year, Preem sold large volumes of gasoline to Scandinavia and Western Europe.

There was a downward trend for margins on diesel in 2014 except for a brief period during the autumn. The price differential between high-sulphur gasoil and Europadiesel has fallen, a sign that the supply of diesel in Europe has increased. Since Europe is a deficit market, it attracts large quantities from the United States, the Middle East and Russia. In the Swedish market, volumes of fossil diesel environmental class 1 (MK1) are falling and being replaced by eco-diesels like Preem Evolution Diesel and Biodiesel 100. Preem exported largely unchanged volumes to England and Denmark in 2014.

The liquefied petroleum gas (LPG) market was very weak in 2014, largely because of the increase in US and Russian exports, especially of propane. Deliveries of liquefied natural gas (LNG) to the refinery in Lysekil began in May and were phased in gradually over the year to the refinery for use as fuel and to feed the hydrogen gas plant. LNG replaces LPG at the refinery, leading to an increase in export volumes of propane and butane. During the year, Preem entered into an agreement for delivery and storage of propane with a player in southern Sweden in order to ensure sales in an otherwise saturated market.

The market for heavy fuel oil for ship fuel in 2014 was stable with unchanged demand from Asia. Demand in North-West Europe declined, particularly in the last quarter when the new SECA directive, a framework for reducing sulphur emissions in shipping, was introduced. The Swedish market for heavy oil continues to drop in terms of volume. One of Preem's major customers converted to LNG, thus reducing its volume by about 80 percent. However, Preem noticed an increased influx of new customers when a competitor left this segment of the market.

MARKETING AND SALES

Price trend

The consumer price for gasoline and diesel in January was around SEK 14.50 per litre and remained at that level until the summer. During the June and July driving season in America, gasoline prices were driven up to just over SEK 15 per litre while diesel prices remained stable. This annual gasoline price phenomenon is generated by increased demand in the US, the world's largest gasoline market. In August and September prices were back around SEK 14.50 per litre again. In the autumn, the market was influenced by large crude oil surpluses, prompting product prices to fall, and in December consumer prices were around SEK 12.50 per litre. Preem's total share of the Swedish market increased slightly, from 30.3 percent in 2013 to 30.7 percent in 2014.

Station expansion

The overall goal of the Marketing and Sales segment is to establish about 50 new filling stations from 2013 to 2018, which will lead to increased profitability for Preem in both the short and long terms. Station establishment continued in 2014 as planned even though the opening rate stalled somewhat as some projects were postponed due to investment restrictions that prevailed at times in 2014.

An important event during the year was the broadening of Preem's partnership with Rasta. It resulted in two completely new locations and an opportunity to strengthen Preem's network of manned stations in three places in Sweden where there were previously only unmanned stations. The partnership will hopefully lay the groundwork for further mutual establishments, potentially strengthening the station network greatly in the years to come.

Earnings

Consolidated net sales revenue amounted to SEK 94,170 (89,399) million. Excluding excise duties, revenue amounted to SEK 84,438 (79,405) million. The increase in sales was primarily due to an extensive turnaround that was carried out at the refinery in Lysekil in 2013, which then limited production capacity. As stated previously, product prices also declined in the second half of 2014. Preem, however, increased its share in the Swedish market by 1.3 percent.

Gross profit fell from SEK 581 million in 2013 to SEK –777 million in 2014, of which writedown of inventories was SEK –4,506 million but which was partially offset by positive currency effects. The refinery business achieved good margins in the second half of the year, but not good enough to offset the sharp drop in crude oil prices over the same period. Operational activities during the year generated an operating profit of SEK 1,584 million. Impairments in the balance sheet totalled SEK 1,143 million, which were offset by the hedging investment made by Preem in the autumn, having a positive effect on earnings of SEK 871 million in 2014.

Operating expenses increased by six percent compared year-on-year. The costliest items were of a non-recurrent character, where costs for the fire in the HPU facility in Lysekil and the program to raise the standard of unmanned stations accounted for the bulk of the cost increases. Lesser cost increases

PURCHASING 2014
Sharing in %

Russia **60%**
North Sea **22%**
Other **18%**

PURCHASING 2013
Sharing in %

Russia **52%**
North Sea **30%**
Other **18%**

EXPORT 2014
Sharing in %

EXPORT 2013
Sharing in %

can be attributed to increased depreciation for the station network in the form of expansion as well as costs for marketing and reorganization.

The profitability of refining operations improved significantly during the year despite operational disruptions in Lysekil that caused several weeks of production problems and thereby a significant drop-off in production. The disruptions led to a relatively weak first half of the year with weak margins both nationally and internationally, especially in early summer.

The average refining margin for the full year improved to USD 4.11 per barrel, up from USD 3.42 last year. The margin increased further in the last quarter to USD 5.70 per barrel.

Operating profit improved in the Marketing & Sales segment despite a decline in revenue of three percent and a slight increase in marketing and sales costs. Sales of Preem Evolution Diesel, which contains up to 35 percent renewable ingredients, increased by 16 percent in volume and resulted in significant reductions in carbon dioxide emissions from Swedish vehicles.

Just like oil prices, there were big changes in the USD exchange rate; the currency went up 20 percent against the SEK. The average price was SEK 6.86/USD. The strengthening of the USD led to improved operating result as both refining margin and working capital is valued to a higher USD exchange rate, but also to significant exchange losses as most financing is in USD.

A provision for Preem's receivables from Corral Morocco Gas & Oil was charged to net financial items in 2014. Loss before tax amounted to SEK 3,637 (1,567) million.

Production

The Group's operations consist mainly of refining crude oil in two refineries: Preemraff in Lysekil and Preemraff in Gothenburg. Total production for 2014 was 17.8 million m³ compared with 15.4 m³ in 2013. The bulk of the crude oil originates from Russia and the North Sea.

The new LNG terminal in Lysekil became operational in May. Using LNG in operational processes will reduce Preemraff's production costs and lower carbon dioxide emissions at the refinery by about 130,000 tonnes per year. The new facility can accommodate 200,000 tonnes of LNG a year. The LNG terminal is a result of Preem's partnership with Skangass AS, and the product comes from Skangass' facility in the port of Risavika outside Stavanger.

A shutdown of the refinery in Gothenburg was initiated on 9 September for planned maintenance. The primary purpose of the shutdown was to regenerate the reformer catalysts and to conduct an equipment inspection, which is done every four years. A majority of the catalysts were replaced during the shutdown and about 40 tie-ins for the new ISOGHT facility were installed. The new facility, which will become operational in the last quarter of 2015, will enable a doubling of production capacity for Preem Evolution Diesel.

Insurance compensation

The leakage and fire at the HPU facility at Preemraff Lysekil in March 2014 led to significant repair costs and production losses, which were partially compensated for by the company's property and business interruption insurance. The insurance policy is primarily through Preem Försäkrings AB, which in turn had taken out an external reinsurance policy. Compensation was received in December 2014 and amounted to SEK 110 million.

Environment

Preem operates several businesses that are subject to licencing or reporting under the Swedish Environmental Code. The main environmental impact of these activities is from atmospheric emissions of carbon dioxide, nitrogen oxides, sulphur oxides and volatile hydrocarbons, along with discharges to water and noise.

The refineries in Lysekil and Gothenburg are licenced for A operations. The licences are subject to conditions and an associated control programme. All limits were contained in 2014. Some standard limits were exceeded, but measures were taken and the licencing authority was informed. Carbon dioxide emissions from the refineries are limited to 1.96 million tonnes per year on average for 2013–2020, according to a decision by the Swedish Environmental Protection Agency.

The depots are licenced for B operations. An appeal against the Skarvik depot's licence was lodged by external parties. No standard limits were exceeded in 2014. The majority of Preem's filling stations and diesel facilities handle more than 1,000 m3 of fuel per calendar year and are thus subject to reporting as C operations. Such reporting occurs continuously to the appropriate municipality. A leak at a diesel facility in Skara that was discovered in August 2014 was reported to the police as an environmental offence. Remediation of contaminated soil at closed depots, filling stations and SÅIFA facilities is ongoing and continued in 2014 as well.

Capital expenditure

Consolidated capital expenditure totalled SEK 818 (1,391) million. The expenditure attributable to the completed maintenance shutdown in Gothenburg totalled SEK 110 million. Apart from this, SEK 252 million was expended on maintenance and operational improvements.

SEK 246 million was expended on equipment for profitability improvements, SEK 40 million on establishing and upgrading stations and SEK 143 million on environmental and safety improvement measures.

Product development

Preem's vision is to lead the transition towards a sustainable society. Such a commitment means taking an active and progressive role in many areas. Energy efficiency in production, efficient transportation of products and a high level of safety in all aspects of the business are some of the key areas, in addition to developing and manufacturing fuels with lower carbon footprints. Preem's unique Evolution Diesel was the first step in manufacturing and supplying products with better climate characteristics. An ISOGHT facility is currently being built at the refinery in Gothenburg to further improve this sustainable fuel. Production of renewable diesel will nearly double when the facility is operational in late 2015.

Guidelines for continuing this work are that future fuels must be based on sustainable and renewable raw material alternatives that do not compete with food production or lead to other adverse environmental effects, and that they are also available in large quantities. Following these guidelines, we are focusing our efforts on raw materials and waste from Swedish forests. It is also desirable to take advantage of Preem's infrastructure and existing production facilities for fuels that are available today, even for future renewable fuels. That is why Preem is focusing primarily on developing liquid renewable fuels that can be handled in its existing infrastructure.

Producing and handling future fuels in the existing system is the most cost-effective path to a fossil-independent transport sector. The fuel can also be used as is in today's vehicles without modifying the engines and drivelines.

Accomplishing this requires considerable research and development efforts. Preem is therefore working closely with universities, small development businesses and global engineering companies, as well as working with forestry companies in Sweden to ensure access to sustainable raw materials. One exciting area of development focuses on utilising the waste product lignin as a raw material for renewable gasoline. Laboratory trials are in progress to evaluate how this raw material from Swedish forests can be processed in refineries.

Financing and liquidity

At the end of the period, consolidated net debt totalled SEK 10,073 million, compared with SEK 10,131 million as at 31 December 2013.

Personnel

The average number of employees in the Group was 1,278 (1,270), of whom 1,266 (1,257) worked in the Parent Company. At year-end, the number of employees was 1,275 (1,264), of whom 1,265 (1,252) worked in the Parent Company. During the year a new manager was hired for the Marketing & Sales segment.

Future prospects

The price of crude oil continued to fall after the end of the reporting period, reaching a low of USD 45 per barrel in January. This dramatic fall from the previous level of around USD 110 per barrel was offset by the sharp rise in the SEK/USD exchange rate. According to many analysts the sharp decline in oil prices should lead to improved economic development, especially in Europe. For an oil company like Preem the lower crude oil price means lower raw material costs for production facilities and better competitiveness for products as compared to other energy sources.

Further expansion of refining capacity in Asia and the Middle East is expected to lead to an increased supply of refined products in the world market. Russia has also taken steps to increase its exports thus increasing competition in Europe, especially for diesel products, which are currently the products showing the strongest growth.

Proposed appropriation of profits

The Parent Company's non-restricted equity amounts to SEK 6,010,263 thousand.

The Board of Directors proposes that this amount be appropriated as follows (SEK thousand):

Carried forward	SEK 6,010,263 thousand
Total	SEK 6,010,263 thousand

Events after end of reporting period

The supply of crude oil has continued to exceed demand since year-end, which has resulted in a continued decline in crude oil prices, falling in January to a low of USD 45.22/barrel. Preem has continued to invest in put options to insure the inventory value against further falls in crude oil prices.

INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

AMOUNTS IN SEK MILLIONS

Income statement	**Note**	**2014**	**2013**
Net sales		94,170	89,399
Excise duties	5	–9,733	–9,993
Sales revenue	4, 16	**84,438**	**79,405**
Cost of goods sold	10, 12, 16	–85,214	–78,825
Gross profit/loss	6	**–777**	**581**
Selling expenses		–761	–744
Administrative expenses		–508	–451
Other operating income	13	350	409
Operating profit/loss	7–12, 36–38	**–1,696**	**–206**
Financial income		202	173
Financial expenses		–2,143	–1,534
Net financial items	14, 16	**–1,942**	**–1,361**
Profit/Loss before tax		**–3,637**	**–1,567**
Tax on profit for the year	15	687	131
Profit/Loss for the year		**–2,950**	**–1,436**
ATTRIBUTABLE TO:			
Parent Company's shareholders		–2,950	–1,436
Non-controlling interests		0	0
		–2,950	**–1,436**

Statement of comprehensive income		
Profit/Loss for the year	**–2,950**	**–1,436**
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to the income statement:		
Actuarial gains/losses on defined benefit pension plans	–35	109
Tax attributable to items in other comprehensive income	8	–24
Total comprehensive income for the year, net after tax	**–26**	**85**
Total comprehensive income for the year	**–2,976**	**–1,351**
ATTRIBUTABLE TO:		
Parent Company's shareholders	–2,976	–1,350
Non-controlling interests	0	0
	–2,976	**–1,351**

BALANCE SHEET

AMOUNTS IN SEK MILLIONS.

ASSETS	Note	2014	2013
NON-CURRENT ASSETS			
Intangible assets			
Goodwill	17	308	308
Constructions in progress	17	68	23
		376	**330**
Property, plant and equipment			
Buildings and land	18	1,285	1,241
Plant and equipment	18	5,549	5,510
Capitalized turnaround costs	18	658	674
Inventories, tools, fixtures and fittings	18	445	449
Constructions in progress	18	599	962
		8,536	**8,836**
Financial non-current assets			
Participation in associates	19	116	113
Receivables from associates		1	1
Receivables from affiliates	20, 35	2,513	2,865
Financial assets available for sale	21, 35	27	27
Other non-current receivables		0	2
		2,657	**3,008**
Total non-current assets		**11,569**	**12,174**
CURRENT ASSETS			
Inventories	22	7,292	11,108
Trade receivables	23, 35	3,465	4,604
Derivatives	30, 35	0	0
Receivables to Parent Company		55	55
Other receivables		924	657
Prepaid expenses and accrued income		440	279
		12,175	**16,702**
Cash and cash equivalents	24, 35	1,112	2,567
Total current assets		**13,287**	**19,269**
TOTAL ASSETS		**24,856**	**31,443**

BALANCE SHEET

AMOUNTS IN SEK MILLIONS.

EQUITY AND LIABILITIES	**Note**	**2014**	**2013**
EQUITY			
Equity attributable to Parent Company's shareholders			
Share capital		610	610
Other paid-in capital		2,482	2,482
Profit brought fwd. including profit for the year		4,147	7,123
		7,239	**10,215**
Non-controlling interests		0	0
Total equity	25	**7,239**	**10,215**
LIABILITIES			
Non-current liabilities			
Pension obligations	26	70	42
Deferred tax liabilities	15	194	885
Other provisions	27	11	48
Borrowing	28, 35	9,353	10,451
Other non-current liabilities		23	21
		9,651	**11,446**
Current liabilities			
Borrowing	28, 29, 35	1,561	1,819
Advance payments from customers		9	5
Trade payables	35	2,133	2,587
Liabilities to Parent Company		–	–
Liabilities to associates		53	100
Current tax liabilities		46	274
Derivatives	30, 35	1	–
Other liabilities	30, 35	1,267	1,348
Accrued expenses and deferred income	32	2,896	3,648
		7,966	**9,781**
Total liabilities		**17,617**	**21,228**
TOTAL EQUITY AND LIABILITIES		**24,856**	**31,443**
Pledged assets and contingent liabilities	33		

CHANGES IN EQUITY

AMOUNTS IN SEK MILLIONS. Note 25

	Attributable to Parent Company shareholders					
	Share capital	Other paid-in capital	Profit brought forward	Total	Non-controlling interests	Total equity
Opening equity 1/1/2013	**610**	**2,482**	**8,477**	**11,569**	**9**	**11,578**
Profit/Loss for the year	–	–	–1,436	–1,436	0	–1,436
Other comprehensive income	–	–	85	85	–	85
Comprehensive income for the year	**–**	**–**	**–1,351**	**–1,351**		**–1,351**
Acquisition of non-controlling interests	–	–	–4	–4	–9	–13
Closing equity 31/12/2013	**610**	**2,482**	**7,123**	**10,215**	**0**	**10,215**
Profit/Loss for the year	–	–	–2,950	–2,950	0	–2,950
Other comprehensive income	–	–	–26	–26	–	–26
Comprehensive income for the year	**–**	**–**	**–2,976**	**–2,976**		**–2,976**
Closing equity 31/12/2014	**610**	**2,482**	**4,147**	**7,239**	**0**	**7,239**

The Board of Directors has not proposed a dividend for the current fiscal year.

CASH FLOW STATEMENT

AMOUNTS IN SEK MILLIONS. Note 34

	2014	2013
OPERATING ACTIVITIES		
Profit/Loss before tax	–3,637	–1,567
Adjustments for items not included in cash flow	3,457	1,736
	–180	**169**
Tax paid	–222	12
Cash flow from operating activities before changes in working capital	**–402**	**181**
CASH FLOW FROM CHANGES IN WORKING CAPITAL		
Increase (-)/Decrease (+) in inventories	2,672	–787
Increase (-)/Decrease (+) in operating receivables	717	431
Increase (+)/Decrease (-) in operating liabilities	–1,498	2,621
Cash flow from operating activities	**1,489**	**2,446**
INVESTING ACTIVITIES		
Loan to Parent Company	–	–61
Capital expenditures of intangible assets	–45	–16
Capital expenditures of property, plant and equipment	–773	–1,375
Disposal of property, plant and equipment	1	11
Acquisition of non-controlling interests, net	–	–13
Investments/disposals of financial assets	3	–3
Cash flow from investing activities	**–814**	**–1,456**
FINANCING ACTIVITIES		
Group contribution paid	–	–
New loans	5,611	8,710
Repayment of loans	–7,741	–7,614
Expenses in connection with arrangement of loans	–	–153
Dividend paid	–	–
Cash flow from financing activities	**–2,130**	**943**
Cash flow for the year	–1,455	1,933
Opening cash and cash equivalents	2,567	634
Closing cash and cash equivalents	**1,112**	**2,567**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 Significant accounting policies

Preem AB (publ) (the Parent Company), corp. id no. 556072-6977, and its subsidiaries constitute the largest oil company in Sweden.

The Parent Company is a joint stock company registered, and with its registered office, in Sweden. The address of the head office is Warfvinges väg 45, SE-112 80 Stockholm.

Preem AB (publ) is a wholly owned subsidiary of Corral Petroleum Holdings AB, corp. id no. 556726-8569, which has its registered office in Stockholm.

On March 31, 2015 the Board of Directors approved this annual report and these consolidated financial statements and will publish and submit them to the Annual General Meeting for adoption on March 31, 2015.

The most important accounting policies applied in preparing these consolidated financial statements are described below. Unless otherwise specified, these policies have been applied consistently.

BASIS ON WHICH THE STATEMENTS HAVE BEEN PREPARED

The consolidated financial statements for the Preem AB Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, with the exception of IAS 33, Earnings per share, on the grounds that Preem AB is not quoted on a regulated market. In addition, RFR 1 "Supplementary Accounting Rules for Groups" issued by the Swedish Financial Reporting Board have been applied. The consolidated financial statements have been prepared using the cost method, apart from financial assets available for sale and financial assets and liabilities measured at fair value via profit/loss for the year.

The preparation of reports in accordance with IFRS requires the use of a number of important estimates for accounting purposes. It also requires that management carry out certain assessments when applying the Group's accounting policies. For areas that involve a high degree of assessment, which are complex or where assumptions and estimates are of significant importance for the consolidated financial statements, see Note 3.

The financial statements are presented in Swedish Kronor (SEK), which is the Parent Company's functional currency. Unless otherwise stated, all figures are rounded to the nearest million. Amounts in the Group consolidation system are based on SEK thousands. Due to the rounding of figures in the tables to the nearest SEK million, the sum total is not exactly equal to the sum of all components in some cases.

Standards, amendments and interpretations that came into force in 2014

Amendments that have come into effect are not expected to have any significant impact on the Group's financial statements.

New IFRS and interpretations that have not yet come into force

A number of new or amended IFRS first come into force in future financial years and have not been subject to early adoption in the preparation of these financial statements. There are no plans for early adoption of new or amended standards that come into force in the future.

Upcoming amendments which it is currently anticipated will have an impact on the consolidated financial statements are described below.

IFRS 9 Financial Instruments is intended to replace IAS 39 Financial Instrument: Recognition and measurement. The standard is not yet ready and no parts have yet been adopted by the European Commission. Potential effects have not yet been evaluated.

IFRS 15 Revenue from Contracts with Customers is intended to replace IAS 18 Revenue. The standard is not yet ready and no parts have yet been adopted by the European Commission. Potential effects have not yet been evaluated.

Other upcoming amendments adopted by IASB are not expected to have any significant impact on the Group's financial statements.

Classifications in the balance sheet

Non-current assets and non-current liabilities consist essentially of amounts that are expected to be recovered or paid more than twelve months after the balance sheet date.

Current assets and current liabilities consist essentially of amounts that are expected to be recovered or paid within twelve months of the balance sheet date.

Subsidiaries

Subsidiaries are companies (including structured entities) that are under the controlling influence of Preem. "Controlling influence" means to have a direct or indirect right to formulate a company's financial and operational strategies for the purpose of receiving economic benefits. When assessing whether control exists, consideration is given to potential shares providing entitlement to vote that can be immediately used or converted. Subsidiaries are included in the consolidated financial statements as of the date on which control was transferred to the Group. They are excluded from the consolidated financial statements as of the date on which control ceases.

The acquisition method is used to record the Group's acquisition of subsidiaries. The cost of an acquisition comprises the fair value of assets given as payment, equity instruments issued and liabilities arising or assumed as of the transfer date. Transaction expenses directly attributable to the acquisition are recorded as an expense as they arise. Identifiable acquired assets and assumed liabilities and contingent liabilities in an acquisition of a business are initially measured at the fair values on the acquisition date, regardless of the scale of any non-controlling interests. The surplus that comprises the difference between the cost and the fair value of the Group's share of identifiable acquired assets, liabilities and contingent liabilities is recorded as goodwill. When the difference is negative, this is recorded in profit/loss for the year.

Internal Group transactions and balance sheet items, as well as unrealized gains on transactions between Group companies, are eliminated. Unrealized losses are also eliminated, although any losses are viewed as an indication that there is a need for an impairment of the transferred asset. The accounting policies for subsidiaries have been amended as appropriate to guarantee a consistent application of the Group's policies.

Acquisition of non-controlling interests

Acquisitions from non-controlling interests are recognized as transactions under shareholders' equity, i.e. between the Parent Company's owner (under profit brought forward) and no controlling interests. Consequently no goodwill arises as a result of these transactions. The change in non-controlling interests is based on their proportional share of net assets.

Sales to non-controlling interests

Sales to non-controlling interests where a controlling interest remains are recognized as transactions under shareholders' equity, i.e. between the Parent Company's owner and non-controlling interests. The difference between proceeds received and the non-controlling interest's proportional share of acquired net assets is reported under profit brought forward.

Associates

Associates are all companies in which the Group has significant but not controlling influence, which mainly applies to shareholdings which involve between 20 percent and 50 percent of votes. As from the date on which the significant influence is obtained, shares in associates are recorded in the consolidated financial statements in accordance with the equity method and are measured initially at cost. The Group's carrying amount of holdings in associates includes goodwill identified on acquisition, net after any necessary impairment charges.

Any difference on acquisition between the cost of the shareholding and the owner company's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities is recorded using the same principles as used on the acquisition of subsidiaries.

The Group's share of profit/loss in associates after the acquisition is recorded in profit/loss for the year. Accumulated changes after the acquisition are recorded as a change in the carrying amount of the shareholding. When the Group's share in an associate's losses is equal to or exceeds its holding in the associate, including any unsecured receivables, the Group does not record any additional losses unless the Group has assumed obligations or made payments on behalf of the associate.

Unrealized profits on transactions between the Group and its associate are eliminated in proportion to the Group's holding in the associate. Unrealized losses are also eliminated, unless the transaction constitutes evidence that there is a need for an impairment of the transferred asset.

The equity method is applied until the date on which the significant influence ceases.

SEGMENT REPORTING

An operating segment is a part of the Group that runs operations from which it can generate revenues and incur costs for which separate financial information is available. An operating segment's results are monitored by the Group's senior executives to evaluate performance and to allocate resources to the operating segment. See Note 4 for a further description of the classification and presentation of segments.

TRANSLATION OF FOREIGN CURRENCY

Functional currency and reporting currency

Items included in the financial statements for the various entities in the Group are measured in the currency used in the financial environment in which each company has its main operations (functional currency). The consolidated financial statements are prepared in Swedish kronor (SEK), which is the Parent Company's functional currency and reporting currency.

Transactions and balance sheet items

Transactions in foreign currency are translated into the functional currency at the foreign exchange rates prevailing on the date of exchange. Exchange rate gains/losses arising on payment of such transactions and when translating monetary assets and liabilities in foreign currency at the exchange rate on the balance sheet date are recorded in profit/loss for the year. Exchange rate changes that arise during the time between invoicing and payment for products affect the Group's gross profit/loss. Other exchange rate changes affect the Group's net financial income/expense. The Company does not hedge transactions or investments in foreign currency. Non-monetary assets and liabilities are recorded at the foreign exchange rates prevailing at the date of exchange.

Group companies

The performance and financial position of all Group companies that have different functional and reporting currency are translated into the Group's presentation currency as follows: assets and liabilities are translated at the exchange rate on the balance sheet date, income and expenses for each of the income statements are translated at the average exchange rate, and all net exchange differences that arise are recorded in other comprehensive income.

In connection with consolidation, net exchange differences arising from the translation of net investments in a foreign operation are posted to other comprehensive income with an accumulated effect in equity. On the partial or total disposal of a foreign operation, the exchange rate differences recorded in equity are posted to profit/loss for the year and recorded as an element of the capital gain/loss.

Goodwill and adjustments of fair value arising on the acquisition of a foreign operation are treated as assets and liabilities in this operation and are translated at the exchange rate on the balance sheet date.

PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment is recorded at cost minus accumulated depreciation and any impairment, apart from any relating to land and precious metals, which are recorded under plant and equipment, as these are included as catalysts in the reformer and isomerization plants and are not consumed. Property, plant and equipment consisting of elements with different useful lives are treated as separate components of property, plant and equipment.

Cost includes expenses that can be directly attributed to the acquisition of the assets. Additional expenses are added to the asset's carrying amount or are recorded as a separate asset, as applicable. The expenses are added to the asset's carrying amount only if it is likely that the future economic benefits associated with the asset will flow to the Group and the asset's cost can be measured reliably. The carrying amount for the replaced element is derecognized from the balance sheet. All other kinds of repairs and maintenance are recorded as expenses during the period in which they arise.

Depreciation of other assets, in order to allocate their cost to the estimated residual value over the estimated useful life, is applied on a straight-line basis as follows:

Buildings and storage chambers	20–50 years
Land installations	20 years
Plant and equipment	10–30 years
Capitalized turnaround costs for refineries	6 years
Inventories, tools, fixtures and fittings	3–10 years

The refinery installations consist of a number of components with different useful lives. The main breakdown is into plant and equipment. There are, however, several components that have different useful lives within this main breakdown. The following main component groups have been identified and form the basis of depreciation of refinery installations.

Electrical installations and Instruments	15 years
Heat exchangers	15 years
Steam boiler	20 years
Steel installation	30 years
Pressure vessel	30 years

The residual values and useful lives of the assets are reviewed on each balance sheet date and adjusted as required. An asset's carrying amount is impaired immediately to its recoverable amount if the asset's carrying amount exceeds its estimated recoverable amount. This is tested in the event of an indication of such a need.

The carrying amount of property, plant and equipment is derecognized from the balance sheet on retirement or disposal, or when no future economic benefits are expected from the use or the retirement/disposal of the asset. Profits and losses on disposal are determined by means of a comparison between sales income and the carrying amount, and are recorded net in the income statement depending on the function to which the asset belongs.

Borrowing expenses attributable to the purchasing, design or production of so-called qualifying assets are capitalized as part of the cost of the asset. A qualifying asset is an asset that by necessity takes a significant length of time to make the asset ready for its intended use or sale. In the first hand, borrowing expenses that arises on loans specific for the qualified asset are capitalized. In the second hand, borrowing expenses that arises on general loans not specific for any qualified asset are capitalized.

INTANGIBLE ASSETS

Goodwill

Goodwill constitutes the amount by which cost exceeds the fair value of the Group's share of the acquired subsidiary's/associate's identifiable net assets on the acquisition date. Goodwill on acquisitions of subsidiaries is recorded as intangible assets. Goodwill is tested at least on an annual basis to identify any possible impairment need and is recorded at cost minus accumulated impairment. Impairment of goodwill is not reversed. A profit or loss on the disposal of an entity includes the residual carrying amount of the goodwill relating to the disposed entity.

Goodwill is allocated among cash generating units in connection with the testing of a possible need for impairment. This allocation is carried out to the cash generating units or groups of cash generating units that are expected to benefit from the business combination which gave rise to the goodwill item. The Group allocates goodwill among segments. The Group's carrying amount of goodwill of SEK 308 (308) million is allocated in its entirety to the Supply & Trading segment.

Other intangible assets

Other intangible assets refer to licenses and other intellectual property. The assets are measured at cost minus deductions for depreciation and impairments. Depreciation is applied on a straight-line basis over the intangible asset's useful life and begins when it is used. The value is assessed at least annually and written down if such an assessment shows its value in use is less than recognized value.

The Group has no other intangible assets which can be capitalized. The cost of internally generated goodwill and brands, for example, is therefore recorded as an expense as it arises.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets with an indeterminate useful life, such as goodwill, are not amortized, but are tested annually for any possible impairment. Assets that are amortized are assessed for loss of value whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment is applied at the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment impacts profit/loss for the year. The recoverable amount is the higher of the asset's fair value minus cost of sales and its value in use. When assessing an impairment need, assets are grouped at the lowest levels where there are separate identifiable cash flows (cash generating units). For assets other than financial assets and goodwill that have previously been impaired, a test is performed on each balance sheet date to determine whether there should be a reversal. The carrying amount after reversal of impairments must not exceed the carrying amount that would have been recorded if no impairment had been applied.

INVENTORIES

Inventories are recorded at the lower of the cost and the net realizable value. Cost is determined using the first in, first out method (FIFO). Cost for gasoline products, which is expressed in USD, is recorded at the exchange rate prevailing on the date of the Bill of Lading.

The cost of finished goods and work in progress consists of raw material, direct wages, other direct operating expenses and attributable indirect manufacturing expenses (based on normal manufacturing capacity). Net realizable value is the estimated selling price from operating activities less the cost of production and sales.

With regard to crude oil, replacement cost is used as the best available measure of net realizable value. In cases where the net realizable value is less than the cost of crude oil and there is, therefore, an impairment need, the impairment amount is reduced in cases where the products' net realizable value exceeds cost. The reduction in the impairment amount for the crude oil consists of the difference between the products' net realizable value and cost.

Borrowed inventory is not included in the value of inventories, and, in the same way, inventory out on loan is included in the value of inventories, as significant risks and benefits have not been transferred.

CURRENT AND DEFERRED TAX

The current tax expense is calculated on the basis of the tax rules adopted or adopted in practice on the balance sheet date in the countries where the Parent Company's subsidiaries and associates operate and generate taxable income. Management conducts regular assessments of claims lodged in tax returns in respect of situations in which applicable tax rules are subject to interpretation and, if appropriate, makes provisions for amounts that will probably have to be paid to the Swedish Tax Agency. Taxes are recorded in the income statement except when the underlying transaction is recorded in other comprehensive income or directly in equity. Current tax is tax that must be paid or received in respect of the current year. This also includes any adjustment of current tax attributable to previous periods.

Deferred tax is recorded in full, using the balance sheet method, for all temporary differences arising between the tax base of receivables and liabilities and their carrying amounts in the consolidated financial statements. The deferred tax is not, however, recorded if it arises as a consequence of a transaction that constitutes the initial recording of an asset or liability that is not a business combination and which, at the time of the transaction, has no effect on either the recorded profit/loss or profit/ loss for tax purposes. Deferred income tax is calculated by applying tax rates (and laws) that have been adopted or announced as of the balance sheet date and are expected to be in force when the relevant deferred tax receivables is realized or the deferred tax liability is settled. Deferred tax assets are recorded to the extent that it is probable that future tax surpluses will be available against which the temporary differences can be utilized. The value of deferred tax receivables is reduced when it is no longer considered likely that they can be utilized.

PROVISIONS

Provisions for environmental restoration measures and legal requirements are recorded when the Group has a legal or a constructive obligation as a consequence of earlier events, and it is likely that an outflow of resources will be required to settle the commitment and the amount can be calculated reliably. The Group has made provisions for environmental restoration measures relating to non-operational depots and the decommissioning of filling stations where this has been decided.

Provisions are measured at the present value of the amount that is expected to be required to settle the obligation. In this context a discount rate before tax is used that reflects a current market assessment of the time-based value of money and the risks associated with the provision.

CONTINGENT LIABILITIES

A contingent liability is recorded when there is a possible commitment that originates from past events and the existence of which is only confirmed by one or more uncertain future events or when there is a commitment that is not recorded as a liability or a provision because it is not likely that an outflow of resources will be required or that the outflow cannot be calculated.

Any future decommissioning of operations within the Group may involve a requirement for decontamination and restoration works. This is, however, considered to be a matter for the distant future, and the potential expenditure involved cannot be calculated reliably.

EMPLOYEE BENEFITS

Pension commitments

The Group has defined benefit and defined contribution pension plans. A defined contribution pension plan is a pension plan under which the Group pays fixed contributions to a separate legal entity. The Group has no legal or constructive obligations to pay extra contributions if this legal entity does not have sufficient assets to pay all employee benefits that are associated with the employees' service during the current or previous periods. A defined benefit pension plan is a pension plan that is not a defined contribution plan. The feature of defined benefit plans is that they specify an amount of the pension benefit that an employee receives after retirement based on length of service and salary at retirement. The pension plans are usually financed by payments to insurance companies or managed funds in accordance with periodic actuarial calculations. The pension commitments have been secured by means of occupational pension insurance, liabilities entered into an account allocated for pensions (FPG/PRI) or payment to a pension fund (the KP foundation) in accordance with the provisions of the Swedish Pension Obligations Vesting Act. The defined benefit pension plans are both funded and unfunded. If the plans are funded, assets have been separated in the pension fund (the KP foundation). These plan assets can only be used to make payments under pension agreements. Plan assets are measured at fair value as of the reporting date.

The liability that is reported in the balance sheet under defined pension plans is the present value of the defined commitment on balance day. The defined pension commitment is calculated annually by independent actuaries who apply the projected unit credit method. The present value of the defined commitment is determined by the discounted cash flow method using the rate for first class mortgage bonds issued in the same currency as the payments will be made in and with maturities comparable to the pension liability concerned.

The revaluation balance sheet effects comprise the actuarial gains and losses, the difference between the actual yield on assets under management and the sum included in net interest and any changes of effects of asset restrictions (excl. interest included in net interest). The balance sheet effects are reported in other comprehensive income.

The specific payroll tax forms part of the actuarial assumptions and is therefore reported as part of net commitments/assets.

Expenses in respect of service during earlier periods are recorded in profit/loss for the year, unless the changes in the pension plan are conditional upon the employees remaining in service for a specified period (the qualification period). In such cases the past service expenses are allocated on a straight-line basis over the qualification period.

For defined contribution pension plans, the Group pays contributions into publicly or privately managed pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no additional payment obligations once the contributions have been paid. The cost is recorded in the consolidated profit or loss as the benefits are earned. Prepaid contributions are recorded as an asset to the extent that cash repayment or a reduction in future payments may benefit the Group.

Remuneration on notice of termination

Remuneration on notice of termination is paid when notice is served by the Group to terminate an employee's employment before the normal retirement age or when an employee accepts voluntary termination in exchange for such compensation. The Group records severance payments when it has been clearly obliged either to lay off an employee according to a detailed, formal plan without any possibility of recall, or to pay termination benefits as a result of an offer having been made to encourage voluntary termination.

Profit-sharing plans

The Group records a liability and an expense for profit shares based on the return on working capital. The Group records a provision when there is a legal obligation or a constructive obligation based on previous practice.

INCOME RECOGNITION

Income comprises the fair value of what has been received or will be received. Income is recognized excluding VAT, returns and discounts, and after the elimination of internal Group sales. Net sales include excise taxes deducted and recorded on a separate line before sales revenue.

The Group records an income when its amount including attributable expenses can be measured reliably and it is probable that future economic benefits will accrue to the Company. It is not considered that the income amount can be measured reliably until all obligations in respect of the sale have been fulfilled or expired. The Group bases its assessments on historical results and in doing so takes account of the type of customer, type of transaction and special circumstances in each individual case.

Sale of goods

The Group's main income originates from the sale of goods in the form of gasoline products. Sales of products take place to oil companies operating in Sweden and on the international market, primarily in Northwestern Europe. Sales of gasoline, diesel, heating oils and lubricating oils on the Swedish market to private customers and to large and small companies take place via our own marketing channels, Preem partners and filling stations.

Income from sales of goods is recorded when the Company has transferred the significant risks and benefits associated with ownership of the goods to the buyer, which takes place in connection with delivery. Once the income for the sale of a product has been recorded, the Group no longer has any involvement in the on-going administration usually associated with ownership, nor does it exercise any actual control over the goods sold.

A large proportion of the Group's sales of products takes place by ship. These sales are often subject to the terms of transport CIF (cost insurance freight) and FOB (free on board), which means that these income items are normally recorded on the date on which the goods are loaded onto the ship, i.e., on the Bill of Lading date. Income is recorded in connection with delivery to customer for other sales.

FINANCIAL INCOME AND EXPENSES

Financial income consists of interest income from invested funds (including financial assets available for sale), income from dividends, gains on the disposal of financial assets available for sale and gains from the change in value of financial assets measured at fair value via profit/loss for the year. Exchange rate gains and losses on financial assets are recorded net as financial income.

Interest income from financial instruments is recorded using the effective interest method. Income from dividends is recorded when entitlement to receive the dividend has been confirmed. The profit on disposal of a financial asset is recorded when the risks and benefits associated with ownership of the instrument have been transferred to the buyer and the Group no longer exercises control over the instrument.

Financial expenses consists of interest expense on loans including the proportion of transaction expenses in connection with borrowing that is recorded as an expense during the year, the effect of calculating the present value of provisions, losses in the event of changes in value of financial assets measured at fair value through profit/ loss for the year and the impairment of financial assets. Exchange rate gains and losses on financial liabilities are recorded net as financial expenses.

As a general rule, borrowing costs are charged to profit/loss for the period to which they relate. Borrowing costs that are directly attributable to the purchasing, design or production of an asset and where a significant length of time is needed to make the asset ready for its intended use or sale, must be included in the cost of the asset. The capitalized interest expense for the year is SEK 2 (7) million, relating primarily to the balance sheet item "Construction in progress". The average interest rate is 4.4 (4.2) percent.

LEASING

Lessee

Leasing in which a significant element of the risks and benefits of ownership is retained by the lessor is classified as operating leasing. Payments made during the lease term (after deductions of any incentives from the lessor) are recorded as expenses on a straight-line basis over the lease term. Variable expenses are recorded as expenses in the periods when they arise. The Group has operating leases only.

Lessor

A lease agreement is an agreement under which a lessor gives a lessee the right to use an asset in return for payment in accordance with agreed terms and for an agreed period. Assets that are leased out under an operating lease are recorded as an asset in the balance sheet. The lease payment is recorded on a straight-line basis over the term of the lease. The Group has operating leases only.

DIVIDENDS

A dividend to the Parent Company's shareholder is recorded in the consolidated financial statements in the period in which the dividend was approved by the Parent Company's shareholder.

EMISSION RIGHTS

The present period covers the time from 2013 up to and including 2020. The Group's two refineries in Lysekil and Gothenburg have been allocated emission rights free of charge for one year at a time. Unutilized emission rights may be carried forward to subsequent years within the eight-year period. Any deficit must be covered by a purchase of emission rights on a market or through improvements in energy efficiency.

The allocation of emission rights within the period described above does not involve any cost to the Company and neither allocation nor consumption has therefore affected the profit/loss for the year and the balance sheet. The sale or acquisition of emission rights is recorded in the income statement under the headings net sales or cost of goods sold.

Emission rights

Opening balance 2014	2,131,529
Canceled emission rights that could not be sold	–2,017
Number of allocated rights for 2014	2,071,540
Number of used rights for 2013 which were canceled in 2014	–1,967,719
Purchased emission rights 2014	2,000,000
Sale of emission rights	–2,000,000
Results of swap of emission rights in 2014	1,000
Closing balance 2014	2,234,333
Number of allocated rights for 2015	2,029,164
Results of swap deals 2015	316,000
Balance before cancellation 2014	4,579,497
Prel. number of rights for 2014 which will be canceled 30 April 2015	–2,156,244
Prel. balance after 30 April 2015	2,423,253

During the next trading period, i.e. 2013–2020, the Group expects to receive a lower allocation compared with previous trading periods, but still sufficient to compensate for emissions. The final allocation was decided at EU level in 2013 and, as opposed to the two previous trading periods, joint EU allocation rules have been implemented. These are based on the guideline figures from the most efficient greenhouse gas facilities in each sector of the EU. This benefits the facilities that are the most efficient. In Sweden, it is particularly pulp and paper industries and district heating plants that receive a much higher allocation than their historic emissions. Electricity production plants are not given a free allocation.

FINANCIAL ASSETS AND LIABILITIES

Financial assets are classified in the following categories: financial assets measured at fair value through profit/loss for the year, loan receivables and trade receivables measured at accrued cost, and financial assets available for sale measured at fair value via other comprehensive income. The classification depends on the purpose for which the financial asset was acquired. Management determines the classification of financial assets when they are initially recorded.

Financial liabilities are classified in the following categories: financial liabilities measured at fair value through profit/loss for the year, and other financial liabilities.

Purchases and sales of financial assets are recorded on the date of exchange – the date on which the Group commits itself to buy or sell the asset. When initially recorded, financial assets and liabilities are recorded at fair value plus or minus any transaction costs if the asset or liability in question is not measured at fair value through profit/ loss for the year. Financial assets are derecognized from the balance sheet when the right to receive cash flows from the instrument has expired or been transferred, and the Group has essentially transferred all risks and benefits associated with the right of ownership. A financial liability or part of a financial liability is derecognized in the balance sheet when the obligation in the contract has been fulfilled or otherwise canceled.

Financial assets and liabilities measured at fair value through profit/loss for the year

Financial assets and liabilities measured at fair value through profit/loss for the year are financial assets available for sale. A financial asset or liability is classified in this category if it is acquired primarily with a view to selling it within a short period of time. Derivatives are classified as available for sale if they are not identified as hedging instruments.

The Group makes use of oil derivatives that are short term and classified in the balance sheet either as current assets or current liabilities under the heading "derivatives" and in the income statement under the heading "cost of goods sold", in contrast to the results of other financial instruments which are recorded in net financial interest/expense.

The Group holds derivatives but does not apply hedge accounting.

Loan receivables and trade receivables

Loan receivables and trade receivables are financial assets that are not derivatives, that have payments that are fixed or can be fixed, and that are not listed in an active market. These items are measured at accrued cost. Trade receivables are included in current assets when there are no items with an expiry date later than 12 months after the balance sheet date. Loan receivables are included in financial assets when the expiry date is later than twelve months. The Group's non-current loan receivables consist primarily of loans to affiliates.

Trade receivables are initially recorded at fair value and subsequently at accrued cost, minus any provision for impairment. A provision for impairment of trade receivables is made when there is objective evidence that the Group will not receive all amounts due under the original terms and conditions of the receivables. Indications that a debtor will be declared bankrupt or undergo financial restructuring, as well as non-payment or delayed payments, are sufficient to initiate impairment of a trade receivable. The level of provision is the difference between the asset's carrying amount and estimated future cash flows. The asset's carrying amount is reduced by means of an impairment account, and the loss is recorded as other comprehensive income depending on the function to which the trade receivable relates. When a trade receivable cannot be collected, it is written off against the impairment account for trade receivables. Any recovery of an amount that has previously been written off is credited to the function to which it relates in the income statement.

This category also includes cash and cash equivalents, which consist of cash, bank balances and other investments in securities etc. with an expiry date within three months of the acquisition date.

Financial assets available for sale

Financial assets available for sale are assets that are not derivatives and where the assets have been identified as being available for sale or have not been classified in any of the other categories. They are included in non-current assets if management does not intend to dispose of the asset within twelve months of the balance sheet date. Assets in this category are measured at fair value with changes in value for the period recorded in other comprehensive income and accumulated changes in value in a separate component of shareholders' equity, excluding changes in value due to impairments, interest on debt instruments and dividend income, as well as foreign exchange differences on monetary items which are recorded in profit/loss for the year. On disposal of the asset, accumulated profits/losses, which have been previously recorded in the statement of other comprehensive income, are recorded in profit/loss for the year.

The fair value of publicly listed securities is based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by applying valuation techniques such as the use of information on recently completed arms-length transactions, reference to the fair value of another instrument that is essentially identical, analysis of discounted cash flows and option valuation models. In this context, market information is used to as great an extent as possible, while company-specific information is used as little as possible. If the Company believes that these methods do not produce a reliable value, the assets are measured at cost. All financial assets available for sale are measured at the balance sheet date at cost if a reliable value cannot be calculated.

Other financial liabilities
The category "other financial liabilities" includes borrowing and other liabilities (trade payables and other current liabilities).

Borrowing
Borrowing is initially recorded at fair value, net after transaction expenses. Borrowing is subsequently recorded at accrued cost and any difference between amount received (net after transaction expenses) and the repayment amount is recorded as "financial expense" allocated over the term of the loan.

Borrowing is classified as current liabilities unless the Group has an unconditional right to defer payment of the debt for at least twelve months after the balance sheet date.

Other liabilities
Other liabilities are initially recorded at fair value and subsequently at accrued cost.

IMPAIRMENT OF FINANCIAL ASSETS
On each balance sheet date the Group considers whether there is objective evidence that an impairment need exists for a financial asset or group of financial assets. With regard to shares classified as assets available for sale, a significant or extended impairment in the fair value of a share to a level below its cost is considered to constitute an indication that there is an impairment need. If such evidence exists for financial assets available for sale, the accumulated loss – calculated as the difference between cost and the current fair value minus any previous impairments recorded in profit/loss for the year – is derecognized from equity and is recorded in profit/loss for the year. Impairments of equity instruments, which are recorded in profit/loss for the year, are not reversed via profit/loss for the year. Provisions for trade receivables are described in Note 23.

Note 2 Financial risk management

The Group is exposed to a number of different financial risks in the course of its activities: market risk (which includes currency risk, price risk, interest rate risk in fair value and in cash flow), credit risk and liquidity risk. The Group's risk management policies focus on the unpredictability of the financial markets and strive to control potential adverse effects on the Group's financial results.

RISK POLICY AND OBJECTIVES
The Group's financial risk management policy aims to reduce volatility in results and cash flows while retaining a high level of efficiency in business activities.

All activities associated with the management of risks relating to financial instruments are handled by the Treasury Department within Preem, with the exception of oil derivatives, which are handled by the Supply & Trading business area. Management of financial risks is regulated by Group-wide policies established by the Board of Directors or Group-wide committees. The aim of the Company's trading in derivatives is to make sure that financial risks are kept within limits determined by the by the Board of Directors. The Group does not apply hedge accounting.

MARKET RISK
Currency risk
The Group operates internationally, and is exposed to currency risks arising from exposure to various currencies, in particular in respect of the USD. Transaction risks within the Group arise from future business transactions. Translation risk arises when revaluing recorded assets and liabilities.

Transaction risk
The Group purchases and sells oil products in USD. The refining margin is therefore expressed in USD, which represents a currency risk. For example, this means that when the SEK weakens against the USD, the currency effect on the refining margin will have a positive effect on operating profit/loss. The Group does not hedge the risk associated with individual business transactions.

The Group faces an additional currency risk in that purchases of oil products take place in USD, while sales are primarily in USD and SEK. After taking the refining margin into account, there is a net deficit of USD in the Group, which is covered by daily purchases of USD against SEK. These purchases are based on a standard template, but demand can vary over time because of price changes, timing of purchases and sales, and the relationship in sales between USD and SEK.

Translation risk
The Group aims to reduce the translation risk that arises in working capital by balancing assets and liabilities in foreign currency. To reduce the translation risk in the Group's working capital in USD, the Group takes out or redeems loans in dollars. There is no set level in respect of the size of loans arranged at any given time.

The table below explains the Group's net exposure on the balance sheet date in each currency translated into SEK in respect of monetary assets and liabilities in the form of trade receivables, cash and cash equivalents, trade payables and other borrowings in foreign currency. Working capital includes not only trade receivables and trade payables, but also the value of the Group's inventories. The size of the net exposure on the monetary items must therefore be placed in relation to the value of inventories in USD as of the balance sheet date. As inventories are a non-monetary asset, inventories are not translated at the exchange rate on the balance sheet date, but at the exchange rate on the purchase date. A change in the exchange rate does not normally affect the value of inventories, which means that there is only an effect in profit/loss for the year when the product is sold. If a change in the exchange rate were to lead to the net realizable value of the inventories in SEK being less than cost because of a fall in the exchange rate, there would, however, be an impairment of inventories and this would have a direct effect on profit/loss.

Amounts in SEK millions

Net exposure at balance date	2014	%	2013	%
EUR	69	1%	46	1%
USD	–8,260	99%	–8,891	99%
Other	–6	0%	–8	0%
Total	**–8,197**	**100%**	**–8,853**	**100%**

Net exposure to the USD must be set in relation to the Group's normal position for inventories, which as of December 31, 2014 totaled USD 686 (1,341) million, which is equivalent to SEK 5,360 (8,727) million translated at the SEK balance sheet date rate.

The Group has no holdings in foreign operations which have net assets exposed to currency risks, and for this reason the Group has no currency exposure for this.

If the Swedish Krona were to become stronger/weaker by 10 percent in relation to the US Dollar as at the balance sheet date, while all other variables remained constant, profit/loss for the year after tax as at December 31, 2014 would have been SEK –226 (–13) million higher/ lower as a consequence of gains/losses on translating monetary assets and liabilities in accordance with the table above, taking into account the indirect price effect on the Group's normal position for inventories.

Price risk
The Group is exposed to price risk in respect of inventories of crude oil and refined products. Price changes in crude oil and refined oil products affect the Group's sales income, cost of goods sold, gross profit/loss and

operating profit/loss. The Group has a defined normal position for inventories, which is the volume of priced oil[1)] required to maximize the contribution from the refining system in the most efficient way without making use of derivatives. The normal position is defined as 1,840,000 m³. The price risk at this volume is the Company's commercial risk that the Board of Directors has accepted. To counteract the price risk that arises when priced inventories deviate from the normal position, the Group trades in oil derivatives in the form of futures, options and swaps.

The Board of Directors has established risk limits that define the extent to which volume exposure may deviate from the normal position, as well as the maximum risk expressed in USD that the Group is prepared to accept in the total of these volume deviations from the normal position. The volume deviation may be +200,000 m³ or –250,000 m³. The highest risk expressed in USD is USD 5 million on the total of these deviations. The exposure which first reaches the risk limit is the one on which the Company must act. This risk exposure is monitored on a daily basis.

The table below explains how the position would change in SEK million if the price were to rise/fall by 10 percent as at the balance sheet date. How such a change would have impacted the Company's financial results depends on whether the effect on financial results arises in the physical position or the derivatives position. The reason for this is that inventories and derivatives are measured using different accounting policies. Over time, however, the price change in the total position will affect the Company's financial results. The total position, therefore, constitutes the Company's price risk, but accrual accounting effects do arise over time in profit/loss for the year, because of the different valuation principles for inventories and derivatives respectively.

Year	Price change	Physical position	Derivative position	Total position	Of which normal position
2014	+10%	587	–58	529	518
2014	–10%	–587	58	–529	–518
2013	+10%	962	–104	858	863
2013	–10%	–962	104	–858	–863

A change in the value of the derivative position will always have a direct effect in profit/loss for the year, as derivatives are measured at market price as at the balance sheet date and profit/loss is recorded via profit/loss for the year.

A change in the value of the physical position has a direct effect on profit/loss in some cases, and in other cases profit/loss is only affected in subsequent periods. This is because inventories are measured at the lower of cost and net realizable value.

In the event of a price rise, profit/loss is usually only affected when a sale is made, i.e., the gains from the sale are recorded in profit/loss for the year only when they have been realized. A price rise may, however, have a direct effect in profit/loss for the year in the event that the original net realizable value is less than cost. This effect may not, however, exceed the previously impaired value of inventories.

In the event of a price fall, profit/loss is normally affected directly, which means that an inventory impairment is carried out and a product expense recorded in the income statement. The impairment will, however, only take place at the amount by which the changed net realizable value will fall below the inventory's previous carrying amount as of the balance sheet date.

In addition to price risk management of the inventories position, the Board of Directors has defined the scope for speculative trading in oil derivatives. These transactions are limited through the setting of a ceiling on a maximum gain or loss in such trading. The Group's loss must not be higher than USD 10,000 per transaction and USD 50,000 per annum per individual trader. Transactions on which the Group makes a joint decision may amount to a maximum of a level that falls within the deviation range in normal position management, and the maximum permitted loss is USD 500,000 in one transaction and USD 2,500,000 per annum. These transactions must always be approved in advance by the head of the Trading Department. The results of the Group's exposures in speculative trading in oil derivatives on the balance sheet date for 2014 was USD –1,000 (+7,000).

Interest rate risk in respect of cash flows and fair values

The Group's interest rate risk arises through both borrowing and lending.

Loans with a floating interest rate expose the Group to an interest rate risk in respect of cash flow. Loans with a fixed interest rate expose the Group to an interest rate risk in respect of fair value. The Group's borrowing is at floating interest rates. It is the Group's policy to have a fixed interest period which does not exceed 12 months. As of December 31, 2014, the remaining fixed-interest period totaled approximately 0.48 months. In 2014 the Group's borrowing on floating interest rate terms consisted of SEK and USD.

The Group's interest-bearing assets are in the form of loans to affiliates and, to a lesser extent, short-term investments in cash and cash equivalents. Loans to affiliates have been issued on standard market terms at fixed interest rates, which means that the Group is exposed to fair value risk.

The Group's outstanding borrowing as of the balance sheet date for loans arranged from credit institutions totals SEK 11,185 (12,697) million. The Group's loan terms, effective interest rates and the maturity structure of the loans are described in Note 28.

If interest rates for borrowing expressed in SEK during the year had been 1.0 percent higher/lower, with all other variables constant, the profit after tax for the fiscal year would have been SEK 85 (97) million lower/higher, mainly because of the higher/lower interest rate costs of borrowing at floating interest rates.

CREDIT RISK

Credit risks arise through investments in cash and cash equivalents, derivatives and credit exposure to the large number of customers to whom sales are made on credit. In order to limit this exposure, there are Group-wide credit policies under which, for example, only banks and financial institutions with a credit rating of at least "A" by Standard and Poors, or by an equivalent independent assessor, are accepted. A risk assessment is conducted on the creditworthiness of each of the Group's customers, in which the customer's financial position is considered, and previous history and other factors are assessed. Individual risk limits are established on the basis of internal or external credit ratings. The Group has a credit committee that handles these matters. The Group also uses a range of collateral, including Letters of Credit, bank guarantees, deposits and Parent Company sureties. There is regular follow-up on the use of credit limits. The credit risk is controlled at Group level.

Most of the credit exposure in terms of amount is to financially strong oil companies. On the basis of the Group's on-going analysis of its customers, the credit quality is regarded as good. The Group has only one provision for doubtful debts of SEK 19 (30) million, compared with sales revenue of SEK 84,438 (79,405) million. For further information, see Note 23.

The Group has a loan issued to Corral Morocco Gas & Oil AB (CMGO), which is an associate company, of SEK 3,136 million. The loan has a standard market interest rate of 5 percent of the nominal loan amount. The interest income is capitalized and added to the original receivable. In 2014 a valuation of the Group's receivable to CMGO was performed based on CMGO's underlying assets and the expected return on them. At the end of 2014 the Board made the decision to make a provision of SEK 508 (945) million. As at December 31, 2014, the receivable after

[1)] Only priced inventories are exposed to a price risk. Purchases of crude oil and products are only included in the position when the purchased oil has been priced. The products leave the position when they are priced in connection with their sale. If a product is priced for a number of days, a percentage of the load will be included in or taken out of the position in relation to the number of days that the load is priced. This means that the Group's physical inventories can differ somewhat from the Company's physical position.

the provision amounts to SEK 2,513 million. The loan and capitalized interest can be terminated at nine months' notice. No security has been pledged for the Group's receivable to CMGO.

Other oil companies, banks and trading companies are counter-parties for trading in oil derivatives. In order to limit counter-party risks in trading in oil derivatives, the Company signs ISDA agreements.

LIQUIDITY RISK

Liquidity risk is handled by the Group having sufficient cash and cash equivalents and investments in securities etc. with a liquid market and available financing through agreed credit facilities. Every month, the Group pays approximately SEK 1,3337 (1,350) million in the form of excise duties and VAT which, combined with fluctuations in purchasing and sales patterns, can make demands on the availability of short-term borrowing facilities.

The table below analyses the Group's financial liabilities and net settled derivatives that constitute financial liabilities, broken down by the term remaining after the balance sheet date until the contractual expiry date. The amounts specified in the table are the contractual, non-discounted cash flows and do not, therefore, correspond to the amounts in the balance sheet. The amounts that fall due within twelve months correspond with the carrying amounts, since the discount effect is insignificant.

It is the Group's policy that loans must be renegotiated no later than twelve months before expiry.

As at 31 December 2014	Within 1 year	Between 1–2 years	Between 2–5 years	More than 5 years
Borrowing	1,561	9,624	–	–
Oil derivatives	–	–	–	–
Trade payables	2,133	–	–	–
Other liabilities	1,322	23	–	–

As at 31 December 2013	Within 1 year	Between 1–2 years	Between 2–5 years	More than 5 year
Borrowing	1,819	1,168	9,711	–
Oil derivatives	–	–	–	–
Trade payables	2,587	–	–	–
Other liabilities	1,450	21	–	–

The Group has syndicated bank loans that are subject to a clause on the requirement to satisfy a number of key ratios (covenants).

MANAGEMENT OF CAPITAL RISK

The Group's objective with regard to capital structure is to secure the Group's access to capital markets and to maintain an optimal capital structure in order to keep down the costs of capital and to balance the Company's commercial risk with the cost of capital.

The Board of Directors constantly monitors the Group's financial position and net debt against expected future profitability and cash flow, investment and expansion plans, and developments in the interest rate and credit markets.

The Group's debt/equity ratio is shown in the table below:

	2014	2013
Total borrowing	11,185	12,697
Less; cash and cash equivalents	–1,112	–2,567
Net debt	**10,073**	**10,131**
Total equity	7,239	10,215
Total capitalization	**17,312**	**20,346**
Net debt/equity ratio	**58%**	**50%**

CALCULATION OF FAIR VALUE

The fair value of derivatives traded on an active market is based on listed market prices on the balance sheet date. The listed market price used for the Group's financial assets is the current bid price. The fair value of oil derivatives is defined using listed prices of oil futures on the balance sheet date.

The fair value of financial instruments not traded on an active market (e.g. OTC derivatives) is determined using valuation techniques. The fair value of interest rate swaps is calculated as the present value of estimated future cash flows. Unlisted holdings in general are measured at cost where fair value cannot be measured reliably.

The fair value of borrowing is calculated, for the purposes of disclosure, by discounting the future contracted cash flow at the current market interest rate available to the Group for similar financial instruments.

The carrying amount, after any impairment, of trade receivables and trade payables is considered to correspond to their fair values, as these items are current by nature. The fair value of financial liabilities is calculated, for the purposes of disclosure, by discounting the future contracted cash flow at the current market interest rate available to the Group for similar financial instruments.

Note 3 Important estimates and assessments for accounting purposes

Estimates and assessments are evaluated on an on-going basis and are based on historical experience and other factors, including expectations of future events that are considered reasonable in the prevailing circumstances.

IMPORTANT ESTIMATES AND ASSESSMENTS FOR ACCOUNTING PURPOSES

The Group makes estimates and assumptions about the future. The estimates for accounting purposes that are the consequence of these will, by definition, seldom correspond with the actual outcome.

The estimates and assumptions that involve a significant risk of material adjustments in recorded values of assets and liabilities for subsequent fiscal years are explained in general below.

Impairment testing of goodwill

Every year the Group tests whether an impairment need exists for goodwill, in accordance with the accounting policy described in Notes 1 and 17. The recoverable amount of cash generating units has been established by calculating the value in use. These calculations require certain estimates to be made, see Note 17.

If the budgeted margin used when calculating the value in use of the cash generating unit that comprises Supply & Trading unit had been 20 percent lower than the management assessment as of December 31, 2014, the Group would not have needed to carry out any impairment of goodwill.

If the estimated discount rate before tax that was applied for discounted cash flows for the cash generating unit that comprises Supply & Trading unit had been 2 percent higher than the management assessment, the Group would not have needed to carry out any impairment of goodwill.

Pensions

Pension obligations are based on actuarial calculations that are themselves based on assumptions about discount rate, expected return on plan assets, inflation and expected lifespan.

The expected return on plan assets is established with reference to the expected return on the assets covered by the current investment policy. The expected return on investments with a fixed interest rate is based on the return received if these securities are held until maturity. The expected return on shares and real estate is based on the long-term return that has occurred in the appropriate market.

Provisions for environmental commitments

Provisions are made for environmental commitments for known and planned decontamination work. Any future decommissioning of operations within the Group may involve a requirement for decontamination and restoration works. This is, however, considered to be a matter for the distant future, and the potential expenditure involved cannot be calculated reliably. Potential environmental commitments of this type are not included in provisions in the balance sheet nor as contingent liabilities.

IMPORTANT ASSESSMENTS WHEN APPLYING THE COMPANY'S ACCOUNTING POLICIES

Functional currency

Preem has significant cash flows in USD. In determining the Company's functional currency, management has evaluated the criteria contained in IAS 21 on the determination of functional currency. After giving careful consideration to all indicators, management has judged that Preem's functional currency is SEK.

Note 4 Segment reporting

OPERATING SEGMENTS

The Group consists of two operating segments;

Supply & Trading

Crude oil is bought for the two refineries Preemraff Lysekil and Preemraff Gothenburg and is refined to produce finished oil products. Approximately 64 (55) percent of production is exported, mainly to the Northern European market. The proportion of production that is sold in Sweden is sold through the Group's own market channels and through other oil companies.

Marketing

This segment sells refined oil products, which are bought from the Supply & Trading segment. Sales are channeled to consumers via the Company's network of stations and to companies and consumers via direct sales.

INTERNAL PRICING

Prices are set at market levels at prices based on official listings in the oil market.

PROFIT/LOSS PER SEGMENT

The information that senior executives regularly follows up in the Group is presented below.

2014 Sales revenue	Supply & Trading	Marketing	Total allocated per segment
Segment's total sales revenue	82,564	18,686	101,250
Sales between segments	–16,984	–77	–17,062
External sales revenue	**65,580**	**18,608**	**84,188**
Exchange differences			249
Total external sales revenue			**84,438**

Operating profit/loss	Supply & Trading	Marketing	Total allocated per segment
Operating profit/loss per segment	–2,202	390	–1,811
of which depreciation	954	97	1,051

2013 Sales revenue	Supply & Trading	Marketing	Total allocated per segment
Segment's total sales revenue	77,841	19,280	97,121
Sales between segments	–17,613	–85	–17,698
External sales revenue	**60,228**	**19,195**	**79,423**
Exchange differences			–18
Total external sales revenue			**79,405**

Operating profit/loss	Supply & Trading	Marketing	Total allocated per segment
Operating profit/loss per segment	7	370	377
of which depreciation	901	93	995

Reconciliation in relation to the Group's profit/loss before tax	2014	2013
Operating profit/loss for reported segments	–1,811	377
Net exchange differences on continuous payments	–831	–222
Currency effect on normal inventories	1,362	–29
Depreciation Corporate Center	–9	–6
Other[1]	–406	–326
Total operating profit/loss	**–1,696**	**–206**
Interest income	168	168
Interest expenses	–552	–531
Net exchange differences	–950	24
Other financial net	–608	–1,022
Profit/Loss before tax	**–3,637**	**–1,567**

[1] Refers mainly to Corporate Center.

OTHER INFORMATION CONCERNING SALES

Sales revenue comes for the most part from sales of oil products.

	2014	2013
Sales of oil products	84,369	79,299
Other	68	106
Total external sales revenue	**84,438**	**79,405**

Income of SEK 9,551 (9,174) million originates from one single customer and the income is included in the Supply & Trading segment.

Investments		Supply & Trading	Marketing	Other[1]	Group
Capital expenditure in property, plant and equipment	2014	613	149	56	818
Capital expenditure in property, plant and equipment	2013	1,186	164	41	1,391
Investments in associates	2014	–	–	–	–
Investments in associates	2013	–	–	–	–

[1] Refers mainly to Corporate Center.

DISTRIBUTION BY GEOGRAPHICAL REGIONS

The information presented in respect of revenue relates to the geographical regions grouped according to where the goods are delivered. Information about the segments' assets is based on geographical regions grouped according to where the assets are located. "Other Nordic" in the table below refers primarily to Denmark and Norway and "Other countries" primarily to Germany, France, the UK, the Netherlands and North America.

2014	Sweden	Other Nordic	Oth. countries	Group
External sales	30,575	7,907	45,956	84,438
Property, plant and equipment and intangible assets	8,912	–	–	8,912

2013	Sweden	Other Nordic	Oth. countries	Group
External sales	35,756	8,112	35,537	79,405
Property, plant and equipment and intangible assets	9,166	–	–	9,166

Note 5 Excise duties

Excise duties refer to energy tax, carbon dioxide tax, sulfur tax and alcohol tax.

This note also refers to the Parent Company.

Note 6 Gross profit/loss

Purchases and sales of oil products in the market are essentially dollar-based. Exchange differences from sales are recorded under net sales and exchange differences from purchases are recorded under cost of goods sold. The Group's gross profit includes exchange differences from purchases and sales of oil products to a net value of SEK –831 (–222) million.

This note also refers to the Parent Company.

Note 7 Auditors' fees

	2014	2013
KPMG		
Audit assignments	2	2
Auditing in addition to the audit assignment	–	–
Tax advice	1	1
Other services	1	5
	3	**7**
SET		
Audit assignments	0	0
Auditing in addition to the audit assignment	–	–
Tax advice	–	–
Other services	–	–
	0	**0**

Note 8 Wages, salaries and social costs

	2014		2013	
	Salaries and other benefits	Social costs (of which pension cost)	Salaries and other benefits	Social costs (of which pension cost)
Parent Company	686	330	674	349
		(101)[1)]		(109)[1)]
Group companies	6	2	6	3
		(1)		(1)
Group total	**692**	**333**	**680**	**352**
		(102)[2)]		**(110)**[2)]

[1)] Of the Parent Company's pension costs, SEK 6.4 (5.2) million relates to the Group's CEO, Board and other senior executives.

[2)] Of the Group's pension costs, SEK 6.4 (5.2) million relates to the Group's CEO, Board and other senior executives.

Note 9 Salaries and other compensation by region and between the Board/CEO and other employees

	2014		2013	
	Board, CEO and other senior executives	Other employees	Board, CEO and other senior executives	Other employees
Parent Company	36	650	17	657
Group companies in Sweden	1	5	1	5
Group companies abroad	–	–	–	–
Group total	**36**	**655**	**18**	**662**

SENIOR EXECUTIVES

Senior executives means both senior management and other senior executives. The Group comprising senior management includes the Chairman of the Board, other Board members who receive benefits from the Company in addition to the current Board fee and who are not employed by the Company, and the President and CEO. The Group comprising other senior executives includes 6 (5) salaried employees who are part of Preem AB's Group management together with the CEO; all are employed by Preem. In total the Group's senior executives include Board members including Chairman and CEO (10 individuals) and other senior executives and the Parent Company's Group management (7 individuals).

PREPARATION AND DECISION-MAKING PROCESS WHEN DETERMINING REMUNERATION OF SENIOR EXECUTIVES

The terms of remuneration for the CEO and the principles for salary benefits for people in the Company's Group management team are prepared by a remuneration committee appointed by the Board and consisting of the Deputy Chairman of the Board and three other Board members. The committee's proposals are confirmed by the Board. The annual salary review for both the CEO and for other members of Group management is determined by the remuneration committee.

REMUNERATION OF SENIOR EXECUTIVES

Fees are paid to the Chairman of the Board and members in accordance with the decision of the AGM. No special fee is paid for committee work. Remuneration to the CEO and other senior executives consist of basic salary, flexible remuneration, other benefits and pension. The breakdown between basic salary and flexible remuneration must be in proportion to the senior executive's responsibility and authority. For the CEO, the flexible remuneration may be a maximum of 30 percent of basic salary. For other senior executives, the flexible remuneration is a defined maximum percentage of basic salary. The remuneration committee does, however, establish the terms of the flexible remuneration on an annual basis. Pension benefits and other benefits to the CEO and other senior executives are paid as an element of the overall remuneration package. Other benefits consist primarily of a company car.

Note 9 Cont.

2014 Remuneration and benefits	Basic salary/ Board fee	Flexible remuneration	Other benefits	Pension costs	Other remuneration	Total
Chairman of the Board	0.6	–	–	–	–	0.6
Other Board members (8)	2.1	–	–	–	–	2.1
CEO	4.8	–	0.1	2.7	–	7.6
Other senior executives (7)	17.6	9.9	0.6	3.6	–	31.5
	25.1	**9.9**	**0.7**	**6.3**	**–**	**41.9**

In total, SEK 2.8 million has been paid in board fees, of which one member received SEK 0.7 million, four members received SEK 0.3 million, two members received SEK 0.4 million, one member received SEK 0.2 million and one member received SEK 0.1 million.

2013 Remuneration and benefits	Basic salary/ Board fee	Flexible remuneration	Other benefits	Pension costs	Other remuneration	Total
Chairman of the Board	0.5	–	–	–	–	0.5
Other Board members (7)	1.4	–	–	–	–	1.4
CEO	2.9	1.5	0.1	2.0	–	6.5
Other senior executives (5)	8.3	1.4	0.6	3.2	–	13.5
	13.1	**2.8**	**0.7**	**5.2**	**–**	**21.8**

In total, SEK 1.9 million has been paid in board fees, of which one member received SEK 0.5 million, four members received SEK 0.2 million, two members received SEK 0.3 million and one member received SEK 0.0 million.

The tables above refer to the Parent Company.

PENSIONS

The pension to the CEO is a defined contribution pension. Pension premiums comprise 30 percent of qualifying salary in respect of retirement and survivor's pension. "Qualifying salary" means the basic salary plus an average of the last three years' flexible remuneration. For other senior executives there is a general pension plan and, in certain cases, individual solutions. All pension benefits are vested, i.e. not conditional upon future employment. See also Note 26 Pensions.

SEVERANCE PAY

There is a mutual period of notice of 6 months between the company and the CEO.

There is a mutual period of notice between the Company and other senior executives of a maximum of 24 months and 6 months, respectively. In connection with termination by the Company, paid notice of a maximum of 24 months applies. In the event of termination by the senior executive, no severance pay is paid.

Note 10 Depreciation

Allocation of depreciation	2014	2013
Buildings and land installations	75	72
Plant and equipment	707	691
Capitalized turnaround costs	156	127
Inventories, tools, fixtures and fittings	122	111
	1,060	**1,001**
Allocation by function		
Cost of goods sold	955	903
Selling expenses	96	92
Administrative expenses	9	6
	1,060	**1,001**

Note 11 Leasing

Leasing charges in respect of operational leasing	2014	2013
Minimum lease charges	107	88
Variable charges	17	21
Total leasing expenses	**124**	**109**
Agreed future minimum lease charges		
Within one year	129	112
Between one and five years	552	481
More than five years	94	82
Leasing income in respect of operational leasing		
Minimum lease charges	74	71
Variable charges	19	19
Leasing income	**93**	**89**
Agreed future minimum lease charges		
Within one year	72	68
Between one and five years	370	351
More than five years	–	–

Note 12 Expenses broken down by type of cost

	2014	2013
Cost of materials	82,144	75,923
Costs of employee remuneration	1,025	1,032
Depreciation	1,060	1,001
Other expenses	2,254	2,064
	86,484	**80,020**
Reconciliation with comprehensive income statement		
Cost of goods sold	85,214	78,825
Selling expenses	761	744
Administrative expenses	508	451
	86,484	**80,020**

Note 13 Other operating income

	2014	2013
Heating deliveries	45	59
Rental income	93	89
Harbor income	60	46
Storage certificates	122	179
Service compensation	21	21
Other	9	16
	350	**409**

Note 14 Net financial items

	2014	2013
Interest income from instruments measured at accrued cost	168	168
Net exchange differences	26	6
Other	8	–1
Financial income	**202**	**173**
Net loss		
– Instruments measured at fair value	–	–
– Financial assets measured at accrued cost	–	–
Total net loss	**–**	**–**
Interest expenses from defined benefit unfunded pension obligation	–8	–4
Interest expenses from instruments measured at accrued cost[1)]	–544	–527
Net exchange difference	–975	18
Other	–616	–1,021
Financial expenses	**–2,143**	**–1,534**

[1)] Of which interest expenses from periodized transaction fees in conjunction with raised loans recognized according to the effective interest method SEK 158 (158) million.

Net profits/losses from oil derivatives measured at fair value, recognized as a cost of goods sold in the profit for the year, totaled SEK 939 (–36) million.

A provision of SEK 351 million regarding Preem's receivable to Corral Morocco Gas & Oil was charged to the net financial income/expenses. The provision is a net of capitalized interest income of SEK 157 million and a provision of SEK 508 million.

Note 15 Taxes

Current tax expense(-)/ tax income(+)	**2014**	**2013**
Tax expense for the period	3	–1
Tax attributable to previous years	0	0
	3	**–1**
Deferred tax expense(-)/ tax income(+)		
Deferred tax in respect of temporary differences	–75	49
Deferred tax in respect of loss carry-forwards	759	83
Total reported tax expense	**687**	**131**
Reconciliation of effective tax		
Profit/Loss before tax	–3,637	–1,567
Income tax calculated according to national tax rates for profit in each country	800	345
Other non-deductible expenses	–118	–219
Non-taxable income	5	7
Tax attributable to previous years	0	0
Effect of different tax rates for foreign companies	0	–2
Reported tax	**687**	**131**
Tax items reported directly in equity		
Current tax in Group contribution paid	–	–
Tax reported directly in other comprehensive income statement	8	–24

The weighted average tax rate was 18.9 (8.4) percent.

2014 **Deferred tax assets and tax liabilities**	**Deferred tax assets**	**Deferred tax liabilities**
Buildings and land	4	0
Machinery and equipment	0	–907
Other	843	–133
Net assets/liabilities		**–194**

2013 **Deferred tax assets and tax liabilities**	**Deferred tax assets**	**Deferred tax liabilities**
Buildings and land	8	–2
Machinery and equipment	–	–951
Other	84	–24
Net assets/liabilities		**–885**

Note 15 Cont.

Change in deferred tax in temporary differences and loss carry-forwards	Amount at beginning of year	Recorded in profit for year	Other changes	Amount at year end
Buildings and land	6	–2	–	4
Machinery and equipment	–951	44	–	–907
Other	–23	–116	7	–132
Total temporary differences	**–968**	**–75**	**7**	**–1,036**
Loss carry-forwards	83	759	–	843
	–885	**684**	**7**	**–194**

Note 16 Net exchange difference in profit for the year

Net exchange differences have been recorded in the profit for the year as follows:

	2014	2013
Net sales	249	–18
Cost of goods sold	–1,080	–204
Financial items	–950	24
	–1,781	**–197**

The estimated currency effect on the Group's normal position on inventories was SEK 1,362 (–29) million.

Note 17 Intangible assets

Goodwill	2014	2013
Opening cost	308	308
Closing accumulated cost	**308**	**308**
Carrying amount at end of period	**308**	**308**

IMPAIRMENT TESTING OF GOODWILL

Identified goodwill is attributable in full to the Group's cash generating unit (CGU Supply & Trading and Sweden.

The recoverable amount of a CGU is defined on the basis of calculations of value in use. These calculations are based on estimated future cash flows before tax based on financial budgets that have been approved by Company management and cover a 5-year period. Cash flows beyond the 5-year period are extrapolated using an estimated rate of growth as explained below. The rate of growth does not exceed the long-term rate of growth for the market in which the Supply & Trading segment operates.

Significant assumptions used to calculate value in use:	Supply & Trading
Average refining margin in USD per barrel for the period	4.32–5.18
Average rate of growth for extrapolation beyond the budget period	1%
Discount rate before tax	8%

Management has determined the budgeted refining margin based on previous results and its expectations of market growth. The weighted average rate of growth used does not exceed the forecasts contained in industry reports. The discount rates used are specified before tax and reflect specific risks that apply for the various segments.

No impairment need has been identified for goodwill. This is true even if a change in the conditions is amended as follows:
Refining margin 20 percent lower, rate of growth –1 percentage point and a discount rate 2 percentage points higher for each segment.

Constructions in progress	2014	2013
Opening cost	23	7
Investments in financial assets	45	16
Carrying amount	**68**	**23**

Constructions in progress refer to expenses brought forward for a larger IT project.

Note 18 Property, plant and equipment

Buildings and land	2014	2013
Opening cost	2,569	2,378
Sales/Disposals	–13	–49
Completion of constructions in progress	122	239
Re-classification	0	1
Closing accumulated cost	**2,678**	**2,569**
Opening depreciation	1,328	1,300
Sales/Disposals	–11	–43
Depreciation for the year	75	72
Re-classification	0	0
Closing accumulated depreciation	**1,393**	**1,328**
Carrying amount	**1,285**	**1,241**

Plant and equipment[1)]	2014	2013
Opening cost	17,062	16,889
Sales/Disposals	–24	–88
Completion of constructions in progress	751	260
Re-classification	–	–
Closing accumulated cost	**17,789**	**17,062**
Opening depreciation	11,551	10,925
Sales/Disposals	–18	–65
Depreciation for the year	707	691
Re-classification	–	–
Closing accumulated depreciation	**12,240**	**11,551**
Carrying amount	**5,549**	**5,510**

[1)] Planned residual value includes precious metals at SEK 144 (144) million.

Capitalized turnaround costs	2014	2013
Opening cost	1,238	760
Sales/Disposals	–	–
Completion of constructions in progress	141	478
Closing accumulated cost	**1,379**	**1,238**
Opening depreciation	564	437
Sales/Disposals	–	–
Depreciation for the year	156	127
Closing accumulated depreciation	**720**	**564**
Carrying amount	**658**	**674**

Note 18 Cont.

Inventories, tools, fixtures and fittings	2014	2013
Opening cost	1,367	1,391
Investments in financial assets	0	2
Sales/Disposals	–42	–154
Completion of constructions in progress	121	130
Re-classification	0	–1
Closing accumulated cost	**1,446**	**1,367**
Opening depreciation	918	955
Sales/Disposals	–38	–149
Depreciation for the year	122	111
Re-classification	0	0
Closing accumulated depreciation	**1,001**	**918**
Carrying amount	**445**	**449**

Constructions in progress	2014	2013
Opening cost	962	695
Investments in financial assets	772	1,373
Completion of constructions in progress	–1,135	–1,106
Carrying amount	**599**	**962**

Note 19 Participation in associates

Swedish companies	Corp. ID no.	Reg. Office	Number of shares	Participating interest %	Carrying amount
AB Djurgårdsberg	556077-3714	Stockholm	366	37	0
Göteborgs Smörjmedelsfabrik, Scanlube AB	556287-6481	Gothenburg	50,000	50	5
SunPine AB	556682-9122	Piteå	16,685	26	111
					116

2014	Assets	Liabilities	Equity	Income	Net profit/loss
AB Djurgårdsberg	6	5	0	5	0
Göteborgs Smörjmedelsfabrik, Scanlube AB	173	161	11	454	0
SunPine AB	651	362	289	1,107	39

2013	Assets	Liabilities	Equity	Income	Net profit/loss
AB Djurgårdsberg	6	6	0	5	0
Göteborgs Smörjmedelsfabrik, Scanlube AB	172	161	11	462	1
SunPine AB	596	433	164	1,144	51

The information above is 100% of the companies' assets, liabilities, equity, income and net profit/loss.

	2014	2013
Opening balance	113	83
Investments in financial assets	–	–
Profit participation	3	30
Closing balance	**116**	**113**

Note 20 Receivables from affiliates

	2014	2013
Opening value	2,865	3,653
Capitalized interest for the year	157	157
Provision for receivable to CMGO	–508	–945
Closing value	**2,513**	**2,865**

Receivables from affiliates relates to interest–bearing receivable from the related party company Corral Morocco Gas & Oil AB (CMGO). In the annual financial statement for 2014 a provision of SEK 508 (945) million was made for Preem's receivable to CMGO based on the assessed value of the company's assets. The total receivables are SEK 2,513 (2,865) million and are subject to a market–based fixed interest rate of 5 percent of the original receivables of SEK 3,136 million. No security has been pledged for the Group's receivable to CMGO. The loan and capitalized interest can be terminated at nine months' notice.

Note 21 Financial assets available for sale

	2014	2013
Carrying amount at start of period	27	27
Shareholders' contribution	–	–
Profit	0	0
Carrying amount at end of period	**27**	**27**

Company	Corp. ID no.	Reg. Office	Number of shares	Participating interest %	Carrying amount
BasEl i Sverige AB	556672-5858	Stockholm	50	5	0
Släckmedelscentralen – SMC AB	556488-8583	Stockholm	117	12	0
SPIMFAB – SPI Miljösaneringsfond AB	556539-4888	Stockholm	1	1	0
VindIn AB	556713-5172	Stockholm	100	8.6	27
Götene E.D.F. Elföreningen, ek förening					0
SSH Svensk Servicehandel					0
					27

This note also refers to the Parent Company.

Note 22 Inventories

	2014	2013
Raw materials	3,085	5,220
Finished products	4,207	5,886
	7,292	**11,106**

The cost of inventories in the group includes the equivalent of SEK 80 (16) million of volumes of inventories out on loan. Volumes of inventories borrowed corresponding to a total inventory value of SEK 150 (337) million are not included in the value of inventories.

This Note also refers to the Parent Company, in which all inventories are recorded apart from SEK 0 (1) million in finished goods recorded at the subsidiaries, Preem Gas AB.

Note 23 Trade receivables

	2014	2013
Trade receivables	3,484	4,634
Reserve for doubtful debts	–19	–30
Fair value of trade receivables	**3,465**	**4,604**

No impairment for trade receivables due for payment for less than three months is normally considered necessary. As of December 31, 2014 trade receivables totaled SEK 392 (481) million were due without any need for impairment being considered to exist. These relate to a number of independent customers that have not previously had any payment problems. The age analysis of these trade receivables is shown below:

	2014	2013
Less than 10 days	346	401
Between 10 and 20 days	21	61
Between 21 and 30 days	4	10
More than 30 days	21	9
	392	**481**

The reserve for doubtful trade receivables totaled SEK 19 (30) million as of December 31, 2014. Receivables are recorded as doubtful debts when objective information exists, e.g. in the form of canceled payments or receivables not being settled after being due for three months.

Changes in the reserve for doubtful trade receivables are as follows:

	2014	2013
At beginning of period	30	24
This year's reserve for doubtful receivables/reversed unutilized amounts	13	11
Confirmed losses during the year	–24	–4
At end of period	**19**	**30**

Provisions for and reversals of reserves for doubtful trade receivables are included in the functions to which they relate in the statement of other comprehensive income. Amounts recorded in the impairment account are usually written off when the Group is not expected to recover any additional cash or cash equivalents. Other categories within trade and other receivables do not include any assets for which an impairment need exists. The maximum exposure for credit risk on the balance sheet date is the fair value for each category of receivables mentioned above.

Note 24 Cash and cash equivalents

Cash and cash equivalents in the balance sheet and the cash flow statement include the following with an expiry date less then three months after acquisition.

	2014	2013
Short-term investments	–	–
Cash and cash equivalents	1,112	2,567
	1,112	**2,567**

Note 25 Equity

SHARE CAPITAL

The Company's share capital totals SEK 610,258,000. The number of shares is 610,258, all of which are class A shares. The shares are paid in full and the number of shares is the same at both the beginning and end of the year. The quota value is SEK 1,000/share.

PROFIT BROUGHT FORWARD

Profit brought forward includes accumulated comprehensive income from the Group's operations.

DIVIDEND

No dividend was paid for either 2014 or 2013. The conditions of the Group's borrowing prevent the payment of a dividend to shareholders.

OTHER PAID–IN CAPITAL

Preem AB has received a conditional shareholder contribution of SEK 2,482 (1,982 million in 2011 and SEK 500 million in 2010) from Corral Petroleum Holdings AB (publ).

Note 26 Pension obligations

Defined benefit obligations and the value of plan assets

Wholly or partly funded obligations:	2014	2013
Present value of defined benefit obligations	579	511
Fair value of plan assets	–613	–566
Net wholly or partly funded obligations	**–33**	**–56**
Unfunded obligations:		
Present value of unfunded defined benefit obligations	103	97
Net obligations, total, before adjustments	**70**	**42**
Adjustments:		
Accumulated unrecorded actuarial losses	–	–
Net amount in balance sheet (obligation+, asset -)	**70**	**42**
Net amount is recorded in the following items in the balance sheet:		
Pension obligations	70	42
The net amount is divided among the following countries:		
Sweden	70	42
Pension cost		
The amounts recorded in the income statement are as follows:		
Defined benefit plans		
Interest expenses	24	22
Fair value of plan assets	–22	–17
Settlement	–	–
Total cost of defined benefit plans	**2**	**5**
The amount that is reported in the comprehensive statement of income is as follows:		
Actuarial gains/losses on defined-benefit pension plans	38	109
Tax attributable to items regarding statement of comprehensive income	–8	–24
Total comprehensive income for the year, net after tax	**29**	**85**
The change in the defined benefit obligation during the year is as follows:		
Opening gross amount in the balance sheet	608	700
Payment of benefits	–27	–24
Interest expenses	24	22
Actuarial gain (-) or loss (+) for the year on the plan:		
Revaluations	7	–21
Actuarial losses and gains in demographic assumptions	26	–
Actuarial losses and gains on changes in financial assumptions	68	–70
Experience-based adjustments	–22	1
Change in present value of the plan connected with settlement	–	–
Closing gross amount in the balance sheet	**683**	**608**

The present value of the obligation is distributed between the plan's members as follows:
Active members: 0% (0%)
Blanche holders: 63% (70%)
Old-age pensioners: 37% (30%)

The change in the fair value of plan assets during the year is as follows:	2014	2013
Opening gross amount in the balance sheet	–566	–543
Payment of benefits	17	14
Payments from the Company	–	–1
Fair value of plan assets	–22	–17
Actuarial gain (+) or loss (-) for the year on plan assets	–42	–19
Change in plan assets in connection with settlement	–	–
Closing gross amount in the balance sheet	**–613**	**–566**

Actual return on plan assets amounted to SEK 63 (36) million.

Actuarial assumptions	2014	2013
Discount rate	2.40%	3.90%
Future wage increases	N/A	N/A
Staff turnover	N/A	N/A
Inflation	1.2%	2.0%
Expected average remaining period of service of the employees	N/A	N/A
Longevity assumptions	DUS 14 employees	FFFS 2007:31
Duration of obligation	16	16
Plan assets consist of the following:		
Interest-bearing securities	60%	60%
Shares	32%	31%
Real estate	8%	9%
	100%	**100%**

The expected return on plan assets is established with reference to the expected return on the assets covered by the current investment policy. The expected return on investments with a fixed interest rate is based on the return received if these securities are held until maturity. The expected return on shares and real estate is based on the long–term return that has occurred in the appropriate market.

Sensitivity analysis	Present value of obligation	Percentage change
Discount rate +0.5%	620	–9%
Discount rate –0.5%	754	10%
Inflation/Pension indexing +0.5%	754	10%
Inflation/Pension indexing –0.5%	619	–9%
Expected maturity + 1 year	719	5%

Note 26 Cont.

	2014	2013	2012	2011	2010
Present value of defined benefit obligation	683	608	700	659	828
Fair value of plan assets	613	566	543	522	736
Deficit/(surplus)	**70**	**42**	**157**	**137**	**92**

	2014	2013	2012	2011	2010
Experience-based adjustments of defined benefit obligations	22	–1	–10	7	2
Experience-based adjustments of plan assets	42	19	14	2	8

Contributions for defined benefit plans are estimated at SEK 0 million in 2015, as the transition to Alecta took place on January 1, 2008 and the former plan was paid up. The Group pays a fixed fee to the defined benefit pension plan to a separate legal entity (Alecta). The Group does not have any statutory or informal obligations to pay further fees unless the legal entity does not have sufficient assets to pay all compensations to to employees that inked to the employee's service during the current or previous periods.

This note also refers to the Parent Company.

Note 27 Other provisions

	Restoration of the environment[1)]	Other	Total
Opening balance 2013	61	3	64
Provisions for the year	–	–	0
Amounts used	–13	–	–13
Unutilized amounts that have been reversed	–	–3	–3
Closing balance 2013	**48**	**0**	**48**
Provisions for the year	–	–	0
Amounts used	–	–	–
Unutilized amounts that have been reversed	–37	–	–37
Closing balance 2014	**11**	**0**	**11**

[1)]In 2005 the Parent Company paid, via its subsidiary Preem Risk Management Company Ltd. an insurance premium of SEK 148 million for known and planned restoration work. In 2013 all insurance obligations and equivalent reserves were transferred from Preem Risk Management Company Ltd. to the wholly-owned Swedish subsidiary Preem Försäkrings AB. Preem Risk Management Company Ltd. will go into liquidation in 2015.

In 2014, SEK 37 million of the reserve for restoration not begun was resolved in connection with a reduction in the scope of the insurance.

Note 28 Borrowing

Long-term borrowing	2014	2013
Loans in SEK	3,332	3,527
Loans in USD	6,292	7,352
Total long-term loans	**9,624**	**10,879**
Transaction expenses	–271	–428
Total long-term loans, net	**9,353**	**10,451**
Short-term borrowing		
Loans in SEK	776	872
Loans in USD	785	946
Total short-term loans	**1,561**	**1,819**
Total borrowing, Group	**11,185**	**12,697**
Total borrowing, Group, net	**10,914**	**12,269**

Repayment plan	2015	2016	2017	2018	2019–	Total
	1,561	9,624	–	–	–	**11,185**

Loan conditions, effective interest rate and maturity structure

			Maturity structure (in SEK million)	
Non–current liabilities, credit institutions	**Nominal value local currency**	**Effective interest rate**	**Less than 1 year**	**1–5 years**
– SEK, floating interest	3,332	4.36	–	3,332
– USD, floating interest	805	3.76	–	6,291
Current liabilities credit institutions				
– SEK, floating interest	776	5.29	776	–
– USD, floating interest	101	4.34	785	–
Total loans			**1,561**	**9,624**
Transaction expenses			–	–271
Total borrowing incl. transaction expenses			**1,561**	**9,353**

The remaining average fixed–interest period as of December 31, 2014 was approx. 0.48 months.

Note 28 Cont.

Compliance with special loan conditions
Borrowing totaling SEK 11,185 million in both SEK and USD consist of a syndicated loan and are subject to a clause requiring compliance with the terms of the minimum level of equity, maximized amount of investments, interest coverage ratio and adjusted net debt in relation to adjusted EBITDA. All conditions have been met as at December 31, 2014.

This note also refers to the Parent Company.

Note 29 Bank overdraft facilities etc.

	2014	2013
Authorized credit limit, current account	411	345
Unutilized element	411	345
Unutilized credit	–	–
Other unutilized credit		
Authorized credit limit	1,664	1,756
	1,664	**1,756**
Total unutilized credit	**2,075**	**2,102**

This note also refers to the Parent Company.

Note 30 Derivatives

	2014		2013	
	Assets	Liabilities	Assets	Liabilities
Oil derivatives	0	1	0	0

Derivatives held for trading are classified as current assets or current liabilities. The full fair value of a derivative is classified as a non-current asset or non-current liability if the item's outstanding term is more than 12 months, and as a current asset or current liability if the item's outstanding term is less than 12 months.

The maximum exposure to credit risk as of the balance sheet date is the fair value of the derivatives recorded as assets in the balance sheet.

OIL DERIVATIVES
These oil derivative contracts are held primarily to hedge price changes in gasoline products. The nominal amount outstanding for oil derivative contracts (incl put options) were sold net SEK 604 (sold net 1,058) million. The total nominal amount for these oil derivative contracts is SEK 722 (1,578) million as at December 31, 2014.

Note 31 Other liabilities

	2014	2013
VAT	381	453
Excise duties[1)]	765	793
Other liabilities	122	101
	1,267	**1,348**

[1)] Excise duties refer to energy tax, carbon dioxide tax, sulfur tax and alcohol tax.

Note 32 Accrued expenses and deferred income

	2014	2013
Purchases of crude oil and products	2,515	3,271
Personnel	229	244
Interest	2	3
Other	150	131
	2,896	**3,648**

Note 33 Pledged assets and contingent liabilities

Pledged assets	2014	2013
Property mortgages	4,000	4,000
Floating charges	8,000	8,000
Deposits	370	60
Trade receivables	3,439	4,558
	15,809	**16,618**
Contingent liabilities		
Sureties in favor of associates	91	78
Guarantees FPG/PRI	2	2
	93	**80**

Pledging of property mortgages, floating charges and trade receivables relating to security in compliance of the obligation of the Group's syndicated bank loans.

The deposits relate primarily to guarantees issued in connection with trade in oil derivatives. These amounts fall due for payment if the Group does not meet its commitments.

OTHER CONTINGENT LIABILITIES
Any future decommissioning of operations within the Group may involve a requirement for decontamination and restoration works. This is, however, considered to be a matter for the distant future, and the potential expenditure involved cannot be calculated reliably.

Preem AB has received a review decision from the Swedish Tax Agency relating to tax year 2010. The decision increased Preem AB's income from business activities by SEK 239 million, and imposed a tax surcharge of SEK 6 million. The case relates to the valuation of an internal Group transfer of real estate. Preem AB has, after losing an appeal in the Administrative Court of Appeal in 2014, has appealed the Swedish Tax Agency's decision to the Supreme Administrative Court. Preem AB has made no provision for the tax surcharge of SEK 6 million in the financial statements for 2014. If the tax assessment is raised by SEK 239 million, this would give the company the right to a deduction of a corresponding amount in the future.

The Swedish Tax Agency (SKV) denied Preem AB a deduction for import VAT of SEK 22 million which Preem AB had been charged by the Swedish Customs for corrections to two imports that were not declared when imported in 2009. Preem AB has, after losing an appeal in the Administrative Court of Appeal in 2014, has appealed the Swedish Tax Agency's decision to the Supreme Administrative Court. Preem AB has recorded SEK 22 million as an expense in 2014 as a result of the Administrative Court of Appeal's decision.

This note also refers to the Parent Company.

Note 34 Supplementary information for cash flow statement

Interest paid and dividend received	2014	2013
Dividend received	6	–
Interest received	12	11
Interest paid	396	–384
Adjustment for non-cash flow items		
Depreciation and impairment of non-current assets	1,060	1,001
Inventory write-down	1,143	–251
Unrealized exchange rate losses (+)/exchange rate gains (-)	742	48
Unrealized gains (-)/losses (+) on oil derivatives	1	0
Element of capitalized borrowing costs recorded as expenses	158	158
Cash interest not received	–157	–157
Provisions	2	–2
Provision for promissory note, CMGO	508	945
Capital gains/losses from sale/disposal of property, plant and equipment	11	23
Other	–11	–30
	3,457	**1,736**

On April 2, 2013 the remaining 30% of the shares in Preem Gas AB were acquired by Vattenfall AB.

Note 35 Financial instrument

Financial instruments by category

2014 Assets in the balance sheet	Loan and trade receivables	Assets measured at fair value via profit for the year	Available for sale	Carrying amount	Fair value
Financial assets available for sale	–	–	27	27	27
Derivatives	–	–	–	0	0
Loans to affiliates	2,513	–	–	2,513	2,513
Trade and other receivables	4,388	–	–	4,388	4,388
Cash and cash equivalents	1,112	–	–	1,112	1,112
	8,013	**–**	**27**	**8,040**	**8,040**

Liabilities in the balance sheet	Liabilities measured at fair value via profit for the year	Other financial liabilities	Carrying amount	Fair value
Borrowing	–	10,914	10,914	10,914
Derivatives	1	–	1	1
Other liabilities	–	3,478	3,478	3,478
	1	**14,392**	**14,393**	**14,393**

2013 Assets in the balance sheet	Loan and trade receivables	Assets measured at fair value via profit for the year	Available for sale	Carrying amount	Fair value
Financial assets available for sale	–	–	27	27	27
Derivatives	–	0	–	0	0
Loans to affiliates	2,865	–	–	2,865	2,865
Trade and other receivables	5,262	–	–	5,262	5,262
Cash and cash equivalents	2,567	–	–	2,567	2,567
	10,694	**0**	**27**	**10,721**	**10,721**

Liabilities in the balance sheet	Liabilities measured at fair value via profit for the year	Other financial liabilities	Carrying amount	Fair value
Borrowing	–	12,269	12,269	12,269
Derivatives	–	–	0	0
Other liabilities	–	4,059	4,059	4,059
	–	**16,328**	**16,328**	**16,328**

FINANCIAL INSTRUMENTS VALUED AT FAIR VALUE IN THE BALANCE SHEET

The table below shows financial instruments at fair value in the balance sheet, classified into the following three levels:

Level 1: Fair value is based on quoted market prices on the active market for the same instruments.

Level 2: Fair value is based on quoted market prices in active markets for similar instruments or measurement techniques where all variables are based on quoted market prices. This level includes oil derivatives in the form of swaps and options and interest rate swaps.

Level 3: Fair value is based on valuation techniques and the essential variables are not based on quoted market prices.

2014	Level 1	Level 2	Level 3
Assets in the balance sheet			
Oil derivatives	–	–	–
	–	**–**	**–**
Liabilities in the balance sheet			
Oil derivatives	–	1	–
	–	**1**	**–**

2013	Level 1	Level 2	Level 3
Assets in the balance sheet			
Oil derivatives	–	0	–
	–	**0**	**–**
Liabilities in the balance sheet			
Oil derivatives	–	–	–
	–	**–**	**–**

Note 36 Transactions with affiliates

Relationships with affiliates involving control
The Group is under the control of Corral Petroleum Holdings AB. In addition to the affiliate relationships described for the Group below, the Parent Company has affiliate relationships that involve control with its subsidiaries, see Note 113.

2014

Group companies	Sales	Purchases	Receivables Dec 31	Liabilities Dec 31
Corral Petroleum Holdings AB	–	–	55	–

Associates	Sales	Purchases	Receivables Dec 31	Liabilities Dec 31
AB Djurgårdsberg	0	1	–	0
Göteborgs Smörjmedelsfabrik, Scanlube AB	2	144	0	5
SunPine AB	20	597	2	626

Other affiliates	Sales	Purchases	Receivables Dec 31	Liabilities Dec 31
Capital Trust Management Ltd.	–	0	–	–
Constellation Ltd	–	16	–	–
Corral Morocco Gas and Oil AB	–	–	2,513	–
Huda Trading AB	0	1	–	–
The Midroc Group in Scandinavia	1	216	0	21

2013

Group companies	Sales	Purchases	Receivables Dec 31	Liabilities Dec 31
Corral Petroleum Holdings AB	–	–	55	–

Associates	Sales	Purchases	Receivables Dec 31	Liabilities Dec 31
AB Djurgårdsberg	0	2	–	0
Göteborgs Smörjmedelsfabrik, Scanlube AB	3	139	0	8
SunPine AB	17	849	2	93

Other affiliates	Sales	Purchases	Receivables Dec 31	Liabilities Dec 31
Capital Trust Management Ltd.	–	0	–	–
Constellation Ltd	–	16	–	–
Corral Morocco Gas and Oil AB	–	–	2,865	–
Huda Trading AB	6	4	–	–
The Midroc Group in Scandinavia	1	293	0	42

Note 37 Number of employees

	2014		2013	
Average number of employees	**Number employees**	**Of which men percent**	**Number employees**	**Of which men percent**
Parent Company				
Sweden	1,266	75%	1,257	75%
Group companies				
Sweden	12	83%	13	85%
Ireland	–	–	–	–
Group total	**1,278**	**75%**	**1,270**	**75%**

Note 38 Gender distribution in company management

	2014 Share of women	2013 Share of women
Board of Directors	0%	0%
Other Senior Executives	17%	17%

This note also refers to the Parent Company.

Note 39 Events after the balance sheet date

Supply of crude oil has remained higher than demand after the turn of the year, which has caused the price of crude oil to continue to drop, dropping in January to a lowest level of USD 45.22/barrel. Preem has however continued to subscribe for put options to insure the value of inventories against further drops in crude oil prices.

INCOME STATEMENT

AMOUNTS IN SEK MILLION

	Note	2014	2013
Net sales		94,101	89,297
Excise duties	5	–9,683	–9,939
Sales revenue	102	**84,418**	**79,358**
Cost of goods sold		–85,196	–78,831
Gross profit/loss	6	**–779**	**527**
Selling expenses		–750	–732
Administrative expenses		–502	–443
Other operating income	107	347	406
Operating profit/loss	37–38, 103–106	**–1,684**	**–241**
Result from participations in Group companies	108	1	176
Financial income	109	201	172
Financial expenses	109	–2,143	–1,537
Net financial items		**–1,940**	**–1,190**
Profit/Loss before tax		**–3,625**	**–1,431**
Tax expense/income for the period	110	684	133
Profit/Loss for the year[1)]		**–2,941**	**–1,298**

[1)] Profit/Loss for the year corresponds to comprehensive income for the year

BALANCE SHEET

AMOUNTS IN SEK MILLION

ASSETS	Note	2014	2013
NON-CURRENT ASSETS			
Intangible assets			
Constructions in progress	111	68	23
		68	**23**
Property, plant and equipment			
Buildings and land	112	1,284	1,240
Plant and equipment	112	5,549	5,510
Capitalized turnaround costs	112	658	674
Inventories, tools, fixtures and fittings	112	422	432
Constructions in progress	112	599	949
		8,511	**8,805**
Financial non-current assets			
Participation in Group companies	113	194	193
Receivables from Group companies	114	4	2
Participation in associates	115	103	103
Receivables from associates		1	1
Receivables from affiliates	20, 123	2,513	2,865
Financial assets available for sale	21, 123	27	27
Other non-current receivables		–	2
		2,842	**3,193**
Total non-current assets		**11,421**	**12,021**
CURRENT ASSETS			
Inventories			
Raw materials and consumables	22	3,085	5,220
Finished products	22	4,207	5,886
		7,292	**11,106**
Receivables			
Trade receivables	116, 123	3,439	4,559
Receivables from Group companies		71	92
Derivatives	30, 123	0	0
Other receivables		834	629
Prepaid expenses and accrued income		383	274
		4,727	**5,556**
Cash and cash equivalents	122, 123	1,099	2,499
Total current assets		**13,119**	**19,161**
TOTAL ASSETS		**24,540**	**31,182**

BALANCE SHEET

AMOUNTS IN SEK MILLION

EQUITY, PROVISIONS AND LIABILITIES	**Note**	**2014**	**2013**
EQUITY	117		
Restricted equity			
Share capital (610,258 shares)		610	610
Statutory reserve		266	266
		877	**877**
Non-restricted equity			
Profit brought forward		8,951	10,249
Profit/Loss for the year		–2,941	–1,298
		6,010	**8,951**
Total equity		**6,887**	**9,828**
PROVISIONS			
Provisions for pensions	118	99	105
Provisions for deferred tax	110	183	867
Other provisions	28	–	–
		283	**972**
Total provisions		**283**	**972**
LIABILITIES			
Non-current liabilities			
Borrowing	28, 123	9,353	10,451
Liabilities to Group companies		1	1
Other non-current liabilities		23	21
		9,377	**10,472**
Current liabilities			
Liabilities to credit institutions	28, 123	1,561	1,819
Advance payments from customers		9	5
Trade payables	123	2,133	2,579
Liabilities to Group companies		113	165
Liabilities to associates		53	100
Current tax liabilities		48	274
Derivatives	30, 123	1	–
Other liabilities	119, 123	1,259	1,345
Accrued expenses and deferred income	120	2,816	3,622
		7,994	**9,909**
Total liabilities		**17,371**	**20,382**
TOTAL EQUITY, PROVISIONS AND LIABILITIES		**24,540**	**31,182**

Pledged assets and contingent liabilities 33

CHANGES IN EQUITY

AMOUNTS IN SEK MILLIONS

	Restricted equity		Non–restricted equity		
	Share capital	**Statutory reserve**	**Profit brought forward**	**Profit/Loss for the year**	**Total Equity**
Opening equity 1/1/2013	**610**	**266**	**8,136**	**2,112**	**11,125**
Appropriation of profits	–	–	2,112	–2,112	–
Profit/Loss for the year	–	–	–	–1,298	–1,298
Merger of subsidiaries	–	–	0	–	0
Closing equity 31/12/2013	**610**	**266**	**10,249**	**–1,298**	**9,828**
Appropriation of profits	–	–	–1,298	1,298	–
Profit/Loss for the year	–	–	–	–2,941	–2,941
Closing equity 31/12/2014	**610**	**266**	**8,951**	**–2,941**	**6,887**

CASH FLOW STATEMENT

AMOUNTS IN SEK MILLIONS. Note 121

		2014	2013
OPERATING ACTIVITIES			
Profit/Loss before tax		–3,625	–1,431
Adjustments for items not included in cash flow		3,457	1,758
		–168	**327**
Tax paid		–226	–10
Cash flow from operating activities before changes in working capital		**–394**	**317**
CASH FLOW FROM CHANGES IN WORKING CAPITAL			
Increase (-)/Decrease (+) in inventories		2,671	–787
Increase (-)/Decrease (+) in operating receivables		838	454
Increase (+)/Decrease (-) in operating liabilities		–1,571	2,625
Cash flow from operating activities		**1,544**	**2,610**
INVESTING ACTIVITIES			
Shareholders' contribution paid		–1	–
Loans to Parent Company		–	–61
Acquisition of subsidiaries		–	–13
Capital expenditures of intangible assets		–45	–16
Capital expenditures of property, plant and equipment		–770	–1,362
Disposal of property, plant and equipment		1	11
Investments/disposals of financial assets		2	–98
Cash flow from investing activities		**–814**	**–1,538**
FINANCING ACTIVITIES			
New loans		5,611	8,710
Repayment of loans		–7,741	–7,614
Expenses in connection with arrangement of loans		0	–153
Group contribution paid		–	–
Cash flow from financing activities		**–2,130**	**943**
Cash flow for the year		–1,400	2,016
Opening cash and cash equivalents		2,499	483
Closing cash and cash equivalents	Note 121	**1,099**	**2,499**

NOTES ON THE PARENT COMPANY'S FINANCIAL STATEMENTS

Note 101 Significant accounting policies, Parent Company

Preem AB (publ), corp. id no. 556072-6977, is the Parent Company of the Preem AB Group (Preem) and has its head office in Stockholm. The Group's operations involve the extensive refining of crude oil and sale of gasoline products. Operational activities are run primarily by the Parent Company, Preem AB.

Preem has prepared its annual report in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 "Accounting for Legal Entities", along with the statements issued by the Swedish Financial Reporting Board that apply to publicly listed companies. Under RFR 2, a Parent Company whose consolidated financial statements comply with IFRS must prepare its financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), as adopted by the European Union, to the extent that these accounting policies and interpretations correspond with the Swedish Annual Accounts Act and the Swedish Pension Obligations Vesting Act, taking account of the association between accounting and taxation. The recommendation specifies which exemptions from and additions to IFRS are to be observed.

The financial statements are presented in Swedish kronor, rounded off to the nearest million.

DIFFERENCES BETWEEN THE GROUP'S AND THE PARENT COMPANY'S ACCOUNTING POLICIES

The differences between the Group's and the Parent Company's accounting policies are described below. The accounting policies described below for the Parent Company have been applied consistently for all periods presented in the Parent Company's financial statements.

A more detailed description of the accounting policies applied by the Group, as well as significant estimates and assessments, is contained in Note 1 on the consolidated financial statements.

Classification and presentation methods

The Parent Company's income statement and balance sheet are set out in accordance with the Swedish Annual Accounts Act's schedule. The difference compared with IAS 1 "Presentation of Financial Statements," which is applied in the presentation of the consolidated financial statements, relates primarily to the recording of financial non-current assets, current assets, equity, the presence of provisions as a separate heading in the Parent Company's balance sheet, and non-current and current liabilities.

Subsidiaries and associates

Participations in subsidiaries and associates are recorded in the Parent Company using the cost method.

Leased assets

In the Parent Company, all lease agreements are recorded in accordance with the rules for operational leasing.

Employee benefits

The Parent Company applies different basic rules when calculating defined benefit plans than those described in IAS 19. The Parent Company observes the provisions of the Swedish Pension Obligations Vesting Activities and the Swedish Financial Supervisory Authority's regulations, since this is a prerequisite for entitlement to tax deductions. The most significant differences compared with the rules in IAS 19 are primarily the determination of the discount rate, the calculation of the defined benefit obligation on the basis of the current salary level with no assumptions about future salary increases and the practice of recording all actuarial gains and losses in the income statement as they arise.

Income taxes

In the Parent Company, untaxed reserves are recorded in the balance sheet including deferred tax liability. In the consolidated financial statements, in contrast, untaxed reserves are divided into deferred tax liability and equity. There is no allocation in the Parent Company's income statement of part of appropriations to deferred tax expense.

Group contributions and shareholder contributions for legal entities

The Company records Group contributions and shareholder contributions in accordance with RFR 2. Shareholder contributions are recorded directly in equity with the recipient and are capitalized in shares and participations with the donor, to the extent that impairment is not required. Group contributions that the Parent Company receives from subsidiaries are recorded in the Parent Company's income statement, and Group contributions paid by the Parent Company to a subsidiary are recorded in the same manner as shareholder contributions. Group contributions paid by a subsidiary to the Parent Company are recorded as a transfer of assets at the subsidiary, i.e. directly in equity after the recorded tax effect.

Mergers

Mergers are recorded in accordance with BFNAR 1999:1. This means that the Parent Company's shares in the subsidiary are changed for assets and liabilities previously represented by the shares. This affects the equity of the recipient company, as the recipient company receives the profit/loss for the year plus the profit/loss brought forward for the previous year accumulated after the acquisition of the Company.

Goodwill

IFRS 3 Business Combinations is not applied in the Parent Company in respect of items 54–55, which deal with the treatment of Goodwill; the provisions on amortization or depreciation in chapter 4 section 4 of the Swedish Annual Accounts Act are applied instead. This means that goodwill is amortized in the Parent Company in contrast to the Group, where goodwill is subject only to impairment testing.

Note 102 Segment reporting

Sales revenue per segment	Supply & Trading	Marketing	Elim	Total
Sales revenue 2014	82,564	18,441	–16,587	84,418
Sales revenue 2013	77,837	18,988	–17,467	79,358

By geographical area	Sweden	Other Nordic countries	Other countries	Total
Sales revenue 2014	30,579	7,883	45,956	84,418
Sales revenue 2013	35,723	8,098	35,537	79,358

Note 103 Auditors' fees

	2014	2013
KPMG		
Audit assignments	2	2
Auditing in addition to the audit assignment	–	–
Tax advice	1	0
Other services	1	5
	3	**7**
SET		
Audit assignments	0	0
Auditing in addition to the audit assignment	–	–
Tax advice	–	–
Other services	–	–
	0	**0**

Note 104 Depreciation

Allocation of depreciation	2014	2013
Buildings and land installations	75	72
Plant and equipment	707	691
Capitalized turnaround costs	156	127
Inventories, tools, fixtures and fittings	113	105
	1,052	**995**

Allocation by function	2014	2013
Cost of goods sold	948	897
Selling expenses	95	91
Administrative expenses	9	6
	1,052	**995**

Note 105 Leasing

Leasing charges in respect of operational leasing	2014	2013
Minimum lease charges	118	96
Variable charges	17	21
Total leasing expenses	**135**	**118**
Agreed future minimum lease charges		
Within one year	128	112
Between one and five years	552	481
More than five years	94	82

Leasing income in respect of operational leasing	2014	2013
Minimum lease charges	72	68
Variable charges	19	19
Total leasing income	**91**	**87**
Agreed future minimum lease charges		
Within one year	71	68
Between one and five years	367	348
More than five years	–	–

Note 106 Expenses broken down by type of cost

	2014	2013
Cost of materials	82,101	75,933
Costs of employee remuneration	1,016	1,023
Depreciation	1,052	995
Other expenses	2,280	2,054
	86,449	**80,006**
Reconciliation with income statement		
Cost of goods sold	85,196	78,831
Selling expenses	750	732
Administrative expenses	502	443
	86,449	**80,006**

Note 107 Other operating income

	2014	2013
Heating deliveries	45	59
Rental income	91	87
Harbor income	60	46
Storage certificates	122	179
Service compensation	21	21
Other	7	16
	347	**406**

Note 108 Result from participations in Group companies

	2014	2013
Dividend	–	176
Received group contributions from subsidiaries	1	–
	1	**176**

Note 109 Net financial items

	2014	2013
Interest income from instruments measured at accrued cost	168	167
Net exchange differences	25	6
Other	7	–1
Financial income	**201**	**172**
Net loss		
– Instruments measured at fair value	–	–
– Financial assets measured at accrued cost	–	–
Total net loss	**–**	**–**
Interest expenses from defined benefit unfunded pension obligation	–6	–4
Interest expenses from instruments measured at accrued cost[1)]	–545	–530
Interest expenses from instruments measured at fair value	–	–
Net exchange differences	–975	18
Other	–616	–1,021
Financial expenses	**–2,143**	**–1,537**

[1)] Of which interest expenses from periodized transaction fees in conjunction with raised loans recognized according to the effective interest method SEK 158 (158) million.

Net profits/losses from oil derivatives measured at fair value, recognized as a cost of goods sold in the profit for the year, totaled SEK 939 (–36) million. A provision of SEK –508 million regarding CMGO's receivable from Preem was charged to the net financial items.

Note 110 Taxes

Current tax expense(-)/tax income(+)	2014	2013
Tax expense/tax income for the period	–	–
Tax attributable to previous years	0	0
	0	**0**
Deferred tax expense(-)/tax income(+)		
Deferred tax in respect of temporary differences	–75	50
Deferred tax in respect of loss carry-forwards	843	83
Total reported tax expense	**767**	**133**

Reconciliation of effective tax	2014	2013
Profit/Loss before tax	–3,625	–1,431
Income tax calculated according to the prevailing tax rate for the Parent Company	797	315
Other non-deductible expenses	–118	–219
Non-taxable income	4	39
Tax attributable to previous years	0	0
Effect of other tax rates for foreign companies	0	–2
Reported tax	**684**	**133**
Tax items reported directly in equity		
Current tax in Group contributions paid/received	–	–

The weighted average tax rate was 19.0 percent (9.3 percent).

2014 Deferred tax assets and tax liabilities	Deferred tax assets	Deferred tax liabilities
Buildings and land	4	0
Machinery and equipment	–	–907
Other	843	–122
Net assets/liabilities		**–183**

2013 Deferred tax assets and tax liabilities	Deferred tax assets	Deferred tax liabilities
Buildings and land	8	–2
Machinery and equipment	–	–951
Other	83	–5
Net assets/liabilities		**–867**

Change in deferred tax in temporary differences	Amount at beginning of year	Recorded in profit for year	Other changes	Amount at year end
Buildings and land	6	–2	–	4
Machinery and equipment	–951	44	–	–907
Other	–5	–117	–	–122
Total temporary differences	**–950**	**–75**	**–**	**–1,026**
Loss carry-forwards	83	759	–	842
	–867	**684**	**–**	**–183**

Note 111 Intangible assets

Constructions in progress	2014	2013
Opening cost	23	7
Investments for the year	45	16
Carrying amount	**68**	**23**

Constructions in progress refer to expenses brought forward for a larger IT project.

Note 112 Property, plant and equipment

Buildings and land	2014	2013
Opening cost	2,540	2,349
Sales/Disposals	–13	–49
Completion of constructions in progress	122	239
Re-classification	0	1
Closing accumulated cost	**2,649**	**2,540**
Opening depreciation	1,301	1,272
Sales/Disposals	–11	–43
Depreciation for the year	75	72
Re-classification	–	0
Closing accumulated depreciation	**1,365**	**1,301**
Carrying amount	**1,284**	**1,240**

Plant and equipment[1)]	2014	2013
Opening cost	17,062	16,889
Sales/Disposals	–24	–88
Completion of constructions in progress	751	260
Re-classification	–	–
Closing accumulated cost	**17,789**	**17,062**
Opening depreciation	11,551	10,925
Sales/Disposals	–18	–65
Depreciation for the year	707	691
Re-classification	–	–
Closing accumulated depreciation	**12,240**	**11,551**
Carrying amount	**5,549**	**5,510**

[1)] Planned residual value includes precious metals at SEK 144 (144) million.

Capitalized turnaround costs	2014	2013
Opening cost	1,238	760
Completion of constructions in progress	141	478
Closing accumulated cost	**1,379**	**1,238**
Opening depreciation	564	437
Sales/Disposals	–	–
Depreciation for the year	156	127
Closing accumulated depreciation	**720**	**564**
Carrying amount	**658**	**674**

Inventories, tools, fixtures and fittings	2014	2013
Opening cost	1,301	1,334
Sales/Disposals	–34	–154
Completion of constructions in progress	106	122
Re-classification	–	–1
Closing accumulated cost	**1,373**	**1,301**
Opening depreciation	869	913
Sales/Disposals	–30	–149
Depreciation for the year	113	105
Re-classification	0	0
Closing accumulated depreciation	**952**	**869**
Carrying amount	**422**	**432**

Constructions in progress	2014	2013
Opening cost	949	686
Investments for the year	770	1,362
Sales/Disposals	–	–
Completion of constructions in progress	–1,120	–1,099
Carrying amount	**599**	**949**

Note 113 Participation in Group companies

	Corp. ID no.	Reg. Office	Number of shares	Participating interest %	Carrying amount
Swedish companies					
Operating					
Bensinstation Preem AB	556909-4633	Stockholm	1,000	100	1
Preem Försäkrings AB	516406-0930	Stockholm	75,000,000	100	170
Preem Gas AB	556037-2970	Stockholm	2,500	100	19
Preem Technology AB	556117-6610	Lysekil	4,000	100	1
Svensk Petroleum Förvaltning AB	556067-8459	Stockholm	664	66	0
Drivmedelstation Preem AB	556955-3117	Stockholm	1,000	100	0
Dormant					
Svenska Petroleum AB	556046-4819	Stockholm	1,000	100	0
Såifa Drivmedel AB	556039-7001	Stockholm	5,000	100	1
					191
Foreign companies					
Preem Risk Management Co Ltd		Dublin	7,500	100	3
					3
					194

Accumulated cost	2014	2013
At beginning of year	193	88
Purchases	0	13
Mergers	–	–3
Shareholders' contribution	1	95
	194	**193**
Accumulated impairment/depreciation		
At beginning of year	0	–3
Mergers	–	2
	0	**0**
Carrying amount at end of period	**194**	**193**

OTHER DISCLOSURES

Preem Risk Management Company Ltd. will go into liquidation in 2015.

Note 114 Receivables from Group companies

	2014	2013
Opening cost	2	2
Change for the year	1	–
Closing accumulated cost	**4**	**2**

Note 115 Participation in associates

Swedish companies	Corp. ID no.	Reg. Office	Number of shares	Participating interest, %	Carrying amount
AB Djurgårdsberg	556077–3714	Stockholm	366	37	0
Göteborgs Smörjmedelsfabrik, Scanlube AB	556287–6481	Gothenburg	50,000	50	5
SunPine AB	556682–9122	Piteå	16,685	26	98
					103

2014	Assets	Liabilities	Equity	Income	Net profit/loss
AB Djurgårdsberg	6	5	0	5	0
Göteborgs Smörjmedelsfabrik, Scanlube AB	173	161	11	454	1
SunPine AB	651	362	289	1,107	39

2013	Assets	Liabilities	Equity	Income	Net profit/loss
AB Djurgårdsberg	6	6	0	5	0
Göteborgs Smörjmedelsfabrik, Scanlube AB	172	161	11	462	1
SunPine AB[1)]	596	433	163	1,144	51

The information above is 100% of the companies' assets, liabilities, equity, income and net profit/loss.

[1)] The income statement and balance sheet of SunPine AB for 2013 has been changed due to a late change in the company's annual accounts.

	2014	2013
Opening balance	103	103
Investments in financial assets	–	–
Closing balance	**103**	**103**

Note 116 Trade receivables

	2014	2013
Trade receivables	3,459	4,590
Reserve for doubtful debts	–19	–30
Fair value of trade receivables	**3,439**	**4,559**

No impairment for trade receivables due for payment for less than three months is normally considered necessary. As of December 31, 2014 trade receivables totaled SEK 386 (472) million were due without any need for impairment being considered to exist. These relate to a number of independent customers that have not previously had any payment problems. The age analysis of these trade receivables is shown below:

	2014	2013
Less than 10 days	342	396
Between 10 and 20 days	21	57
Between 21 and 30 days	3	10
More than 30 days	21	9
	386	**472**

The reserve for doubtful trade receivables totaled SEK 19 (30) million as of December 31, 2014. Receivables are recorded as doubtful debts with objective information exists, e.g. in the form of canceled payments or receivables not being settled after being due for three months.

Changes in the reserve for doubtful trade receivables are as follows:	2014	2013
At beginning of period	30	24
This year's reserve for doubtful receivables/reversed unutilized amounts	13	11
Confirmed losses during the year	–24	–4
At end of period	**19**	**30**

The accounting policies applied are described in Note 23 for the Group.

Note 117 Equity

STATUTORY RESERVE

The statutory reserve comprises restricted equity and is set aside in accordance with the Swedish Companies Act (1975:1385) previously in force.

NON-RESTRICTED EQUITY

Non-restricted equity comprises the previous year's non-restricted equity plus the profit for the year and received unconditional shareholder contributions.

NUMBER OF SHARES AND APPROPRIATION OF PROFIT

The number of shares issues totals 610,258, all of which are class A shares. The shares are paid in full and the number of shares is the same at both the beginning and end of the year. The quota value is SEK 1,000/share.

DIVIDEND

No dividend was paid for either 2014 or 2013. The conditions of the Group's borrowing prevent the payment of a dividend to shareholders.

CONDITIONAL SHAREHOLDERS' CONTRIBUTIONS

Preem AB has received a conditional shareholder contribution of SEK 2,482 (1,982 million in 2011 and SEK 500 million in 2010) from Corral Petroleum Holdings AB (publ).

Note 118 Provisions for pensions

	2014	2013
Net liability in the balance sheet		
Present value of obligation (calculated acc. Swedish principles) relating to unfunded pension plans	99	105
Net amount recorded in respect of pension obligations	**99**	**105**
Changes in net liability		
Net liability at the beginning of the year in respect of pension obligations	105	112
Retirement cost recorded in the income statement under own auspices excl. taxes	6	4
Pension payments	–10	–10
Other changes	–2	–1
	99	**105**
Expenses in respect of retirement under own auspices		
Interest expenses	6	4
	6	**4**
Of which covered by credit insurance via FPG/PRI	99	105

Note 119 Other liabilities

	2014	2013
VAT	380	455
Excise duties[1)]	761	790
Other liabilities	118	101
	1,259	**1,345**

[1)] Excise duties refer to energy tax, carbon dioxide tax, sulfur tax and alcohol tax.

Note 120 Accrued expenses and deferred income

	2014	2013
Purchases of crude oil and products	2,515	3,271
Personnel	227	242
Interest	2	3
Other	72	107
	2,816	**3,622**

Note 121 Supplementary information for cash flow statement

	2014	2013
Interest paid and dividend received		
Dividend received	6	176
Interest received	12	10
Interest paid	–395	–387
Adjustment for non-cash flow items		
Depreciation and impairment of non-current assets	1,052	995
Inventory write-down (+)/ Write-back of inventory write-down (-)	1,143	–251
Unrealized exchange rate losses (+)/exchange rate gains (-)	742	48
Unrealized gains (-)/losses (+) on oil and interest rate swaps	1	0
Element of capitalized borrowing costs recorded as expenses	158	158
Cash interest not received	–157	–157
Capital gains/losses from sale/disposal of property, plant and equipment	11	23
Provisions	0	–3
Provision for promissory note, CMGO	508	945
Other	–1	0
	3,457	**1,758**

Note 122 Cash and cash equivalents

Cash and bank balances in the balance sheet and the cash flow statement include the following with a maturity date less then three months after acquisition.

	2014	2013
Short-term investments	–	–
Cash and cash equivalents	1,099	2,499
	1,099	**2,499**

Note 123 Financial instrument

Financial instruments by category

2014 **Assets in the balance sheet**	**Loan and trade receivables**	**Assets measured at fair value via profit for the year**	**Available for sale**	**Carrying amount**	**Fair value**
Financial assets available for sale	–	–	27	27	27
Derivatives	–	–	–	0	0
Loans to affiliates	2,513	–	–	2,513	2,513
Trade and other receivables	4,349	–	–	4,349	4,349
Cash and cash equivalents	1,099	–	–	1,099	1,099
	7,962	**–**	**27**	**7,989**	**7,989**

Liabilities in the balance sheet	**Liabilities measured at fair value via profit for the year**	**Other financial liabilities**	**Carrying amount**	**Fair value**
Borrowing	–	10,914	10,914	10,914
Derivatives	1	–	1	1
Other liabilities	–	3,584	3,584	3,584
	1	**14,498**	**14,499**	**14,499**

2013 **Assets in the balance sheet**	**Loan and trade receivables**	**Assets measured at fair value via profit for the year**	**Available for sale**	**Carrying amount**	**Fair value**
Financial assets available for sale	–	–	27	27	27
Derivatives	–	0	–	0	0
Loans to affiliates	2,865	–	–	2,865	2,865
Trade and other receivables	5,285	–	–	5,285	5,285
Cash and cash equivalents	2,499	–	–	2,499	2,499
	10,649	**0**	**27**	**10,676**	**10,676**

Liabilities in the balance sheet	**Liabilities measured at fair value via profit for the year**	**Other financial liabilities**	**Carrying amount**	**Fair value**
Borrowing	–	12,269	12,269	12,269
Derivatives	–	–	0	0
Other liabilities	–	4,213	4,213	4,213
	–	**16,483**	**16,483**	**16,483**

FINANCIAL INSTRUMENTS VALUED AT FAIR VALUE IN THE BALANCE SHEET

The table below shows financial instruments at fair value in the balance sheet, classified into the following three levels:

Level 1: Fair value is based on quoted market prices on the active market for the same instruments.

Level 2: Fair value is based on quoted market prices in active markets for similar instruments or measurement techniques where all variables are based on quoted market prices. This level includes oil derivatives in the form of swaps and options and interest rate swaps.

Level 3: Fair value is based on valuation techniques and the essential variables are not based on quoted market prices.

2014	**Level 1**	**Level 2**	**Level 3**
Assets in the balance sheet			
Oil derivatives	–	0	–
	–	**0**	**–**
Liabilities in the balance sheet			
Oil derivatives	–	1	–
	–	**1**	**–**

2013	**Level 1**	**Level 2**	**Level 3**
Assets in the balance sheet			
Oil derivatives	–	0	–
	–	**0**	**–**
Liabilities in the balance sheet			
Oil derivatives	–	0	–
	–	**0**	**–**

SIGNATURES

Stockholm, March 31, 2015

Mohammed H. Ali Al Amoudi
Chairman

Bassam Aburdene	Richard Öhman	Michael G:son Löw
Per Höjgård	Jason T. Milazzo	Erika Andersson *Employees' representetive*
Lars Nelson	Lennart Sundén	Cristian Mattsson *Employees' representative*
Jamal Ba-Amer	Petter Holland *CEO*	

Our audit report was submitted on March 31, 2015

Cronie Wallquist *Authorized Public Accountant* KPMG AB	Willard Möller *Authorized Public Accountant*

AUDITOR'S REPORT

To the annual meeting of the shareholders of Preem AB (publ), corp. id. 556072-6977

Report on the annual accounts and consolidated accounts
We have audited the annual accounts and consolidated accounts of Preem AB (publ) for the year 2014. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 34–74.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts
The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions
In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2014 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Report on other legal and regulatory requirements
In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Preem AB (publ) for the year 2014.

Responsibilities of the Board of Directors and the Managing Director
The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility
Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As basis for our opinion on the Board of Directors proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

As basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions
We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Stockholm 31 March 2015

Signature on Swedish language original

Cronie Wallquist
Authorized Public Accountant
KPMG AB

Willard Möller
Authorized Public Accountant

THE PREEM GROUP'S OPERATIONS IN SUMMARY

	2014	2013	2012	2011	2010
Sales revenue, SEK million	84,438	79,405	105,089	91,554	77,256
Profit/loss before tax, SEK million	–3,637	–1,567	2,610	260	1,822
Return on capital employed, %	0	0	17	5	15
Return on adjusted equity, %	0	0	20	2	19
Capital expenditure in equipment[1)], SEK million	818	1,391	575	948	710
Self-financing ratio, multiple	1.82	1.76	Neg	Neg	5.06
Total assets, SEK million	24,856	31,443	29,254	30,433	27,679
Capital employed, SEK million	18,335	22,549	22,921	19,433	16,658
Average adjusted equity, SEK million	8,728	10,930	10,460	8,139	5,965
Equity/assets ratio, %	30	33	40	30	25
Debt/equity ratio, %	1.51	0.96	0.92	1.06	1.30
Average number of employees	1,278	1,270	1,272	1,319	1,329

[1)]Excluding facilities acquired through corporate acquisitions.

DEFINITIONS

Capital employed. Total assets minus interest-free operating liabilities.

Adjusted equity. Equity including non-controlling interest.

Average adjusted equity. Equity including non-controlling interest. The average value is calculated as the total of opening and closing balance divided by two.

Return on capital employed. Profit/loss before borrowing expense as a percentage of average capital employed.

Self-financing ratio. Net financing from the year's operations in accordance with the consolidated cash flow statement in relation to capital expenditure in equipment.

Return on adjusted equity. Profit/loss after tax as a percentage of average adjusted equity.

Equity/assets ratio. Adjusted equity as a percentage of total assets.

Debt/equity ratio. Interest-bearing liabilities minus cash and cash equivalents in relation to average adjusted equity.

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