

CORRAL FINANS AB (publ)

HALF YEAR REPORT FOR SIX MONTHS ENDED JUNE 30, 2007

Nr. of pages 11

FOR IMMEDIATE RELEASE

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Stockholm

Organizational Structure

Corral Finans AB (publ) was established in March 2007 and is a wholly-owned subsidiary of Moroncha Holdings Co. Ltd., which is, in turn, wholly-owned by Mr. Mohammed Hussein Al-Amoudi. On March 29, 2007, Corral Finans purchased all of the issued and outstanding shares of Corral Petroleum Holdings AB from Moroncha Holdings Co. Ltd. The acquisition was mainly financed by EURO 355,000,000 floating rate split coupon notes and USD 350,000,000 floating rate split coupon notes on April 12, 2007. The operating company, Preem Petroleum AB, is wholly-owned directly by Corral Petroleum Holdings AB. In February 2006, Corral Petroleum Holdings AB sold all of the shares of Corral Morocco Holdings AB to Corral Morocco Gas & Oil AB, a wholly-owned subsidiary of Moroncha Holdings Co. Ltd.

This report includes unaudited financial information of Corral Petroleum Holdings AB for the second quarter of 2006. References to pro forma financial information for the second quarter of 2006 refer to the fact that Corral Finans did not exist at such time. To present a more informative presentation of the historical performance of our business operations, the unaudited pro forma information for the half year 2006 represents the consolidated financial statements of Corral Petroleum Holdings AB, as if the results of operations of Corral Morocco Holdings AB had not been consolidated with those of Corral Petroleum Holdings AB.

No other adjustments have been made to the pro forma information.

Highlights

- Sales revenue for the second quarter of 2007 amounted to 16,620 MSEK compared to pro forma 17,531 MSEK in the second quarter of 2006
- Operating income for the second quarter of 2007 amounted to 1,818 MSEK compared to pro forma 1,421 MSEK in the second quarter of 2006
- Net income for the second quarter of 2007 amounted to 1,124 MSEK compared to pro forma 1,213 MSEK in the second quarter of 2006
- Cash flow from operating activities in the second quarter of 2007 was 1,674 MSEK compared to pro forma 2,682 MSEK in the second quarter of 2006
- Weighted business refining margin for the second quarter of 2007 rose to 7.92 USD/bbl compared to 6.39 USD/bbl in the second quarter of 2006

Market overview

During the three months ending June 30, 2007, the price of Brent crude oil fluctuated from a low of 63.55 USD/bbl on May 8, 2007 to a high of 73.51 USD/bbl on June 30, 2007. The strong trend in crude oil prices in the first quarter of 2007, following earlier production cuts by OPEC, continued in the second quarter. The crude oil inventories were not particularly low, however, so the strong market was mainly a reflection of an anticipated tight market in the autumn. Very strong gasoline cracks especially in April-May contributed to the rising crude prices as refineries had to run at maximum throughput rates in order to satisfy the product demand.

Global prices for refined products were also rising during the second quarter 2007, mainly due to the strong gasoline market in the United States. The arbitrage from Europe to the United States was open the whole quarter for gasoline as inventories in the US were very low—10 million barrels below the 2006 level. The US inventories of distillates and heavy fuel oil were also low, with each category approximately 8 million barrels below last year. All product cracks improved against crude oil, resulting in good refining contribution. As in the first quarter of the year, demand for low-sulfur diesel was stable, with high prices for low-sulfur grades, while the demand for light heating oil was weak. The heavy fuel oil prices were fairly stable, but moved up in line with the crude oil market.

The situation in the Swedish oil retail market has remained essentially unchanged and the widespread price war in the Swedish gasoline market continued. At the same time our business-to-business operations continued to show good performance.

Key indicators

	April 1 - June 30	
	2007	2006
Preem Petroleum's weighted business refining margin, USD/b	7.92	6.39
Average Brent Dated crude oil, USD/bbl	68.76	69.59
Feedstock throughput, thousand bbls	23,645	28,495
USD/SEK average exchange rate	6.87	7.40

Sales and results for the second quarter

Sales revenue for the second quarter 2007 amounted to 16,620 MSEK, a decrease of 911 MSEK, or approximately 5%, compared to pro forma 17,531 MSEK in the second quarter of 2006. The decrease in sales revenue is primarily attributable to lower sales volumes, negative currency translation effects and somewhat lower prices for refined products.

Operating income increased by 27.9%, and amounted to 1,818 MSEK compared to pro forma 1,421 MSEK for the second quarter of 2006. Enhanced refining margins and price gains on inventory of crude oil and refined products contributed to the improved result during the second quarter 2007.

MSEK	April 1 - June 30		Change
	2007	2006	%
Sales revenue	16,620	17,531	-5.2%
Gross profit	2,049	1,661	23.4%
EBITDA	2,087	1,697	23.0%
Operating income	1,818	1,421	27.9%
Income before taxes	1,574	1,701	-7.5%
Net income	1,124	1,213	-7.3%

Segment reporting

The Group has two lines of business – Supply & Refining and Marketing. Other income (expense) consists mainly of administrative and personnel-related expenses for our corporate cost center and foreign exchange gains or losses related to our inventory and our accounts payable/receivable.

Sales Revenue

MSEK	April 1 - June 30	
	2007	2006
Supply & Refining	16,436	17,347
Marketing	2,936	3,488
Exchange rate differences	-43	-144
Group eliminations	-2,709	-3,160
Total Sales Revenue	16,620	17,531

Operating Income

MSEK	April 1 - June 30	
	2007	2006
Supply & Refining	1,973	1,694
Marketing	-38	-20
Other income (expense)	-117	-253
Total Operating income	1,818	1,421

Supply & Refining

Our Supply & Refining segment reported an operating income of 1,973 MSEK for the second quarter of 2007, an increase of 279 MSEK, or approximately 16%, compared to 1,694 MSEK for the second quarter of 2006. The increase in operating income was primarily driven by a stronger total refining margin and higher price gains on inventory of crude oil and refined products. The normalized operating income i.e. excluding price effects on oil inventory for the second quarter of 2007 was 934 MSEK, a decrease of 156 MSEK, or approximately 14%, compared to 1,090 MSEK in the second quarter of 2006.

The average business refining margin for the second quarter of 2007 amounted to 7.92 USD/bbl compared to 6.39 USD/bbl for the second quarter of 2006. The primary factors that contributed to the improved refining margin were the new isocracker unit at Preemraff Lysekil and higher product cracks on gasoline. The lower price difference between Brent and Russian crude had a negative impact on the refining margin.

Both operating income and the refining margin were negatively impacted by the planned turnaround at Preemraff Gothenburg during the second quarter of 2007. During the start-up of the refinery a fire erupted at one of the crude units, causing a delay in re-starting the unit. Other units were also indirectly affected due to lack of feed components and hydrogen. The loss due to the fire is estimated at approximately 80 MSEK. Since mid-June the units affected by the fire have been running according to plan.

Starting in September 2007, there will be a six-week planned turnaround at Preemraff Lysekil that is expected to impact the result of operations for the third and fourth quarters.

Marketing

Our Marketing segment reported an operating loss of 38 MSEK for the second quarter of 2007, a decrease of 18 MSEK, compared to an operating loss of 20 MSEK in the second quarter of 2006. The increase in operating loss was driven primarily by lower sales volumes in the business-to-business division. The warm weather and the relatively low electricity prices had a negative impact on the demand for heating oil.

The station and consumer division was characterized by lower gasoline sales volumes due to the increasingly aggressive price competition in the Swedish retail market. Diesel sales volume, however, increased 13% compared to the second quarter 2006.

Depreciation and amortization

Total depreciation and amortization in the second quarter of 2007 amounted to 269 MSEK, a decrease of 7 MSEK, or approximately 3%, compared to pro forma 276 MSEK in the second quarter of 2006.

Out of the total depreciation and amortization in the second quarter of 2007, depreciation on tangible assets amounted to 236 MSEK, an increase of 3 MSEK, or approximately 1% over pro forma 233 MSEK in the second quarter of 2006. Amortization of intangible assets amounted to 33 MSEK, a decrease of 10 MSEK, or approximately 23%, compared to pro forma 43 MSEK in the second quarter of 2006.

Financing

At the close of the second quarter of 2007, the Group's net debt amounted to 17,283 MSEK, as compared to pro forma 11,925 MSEK on December 31, 2006, an increase of 5,358 MSEK, or approximately 45%. The increase in net debt during the first half of the year is primarily due to the acquisition of Corral Petroleum Holdings AB. On April 12, 2007, Corral Finans AB issued EURO 355,000,000 (3,264 MSEK) floating rate split coupon notes and USD 350,000,000 (2,405 MSEK) floating rate split coupon notes.

Net financing expense for the second quarter of 2007 amounted to 244 MSEK compared to a pro forma net financing income of 280 MSEK for the second quarter of 2006. The change is partly attributable to the higher net debt and higher interest rates. The main factor, however, is that revaluation gains on US dollar-denominated loans were higher during the second quarter of 2006 than during the corresponding period 2007.

Cash flow

Cash flow from operating activities in the second quarter of 2007 was 1,674 MSEK, a decrease of 1,008 MSEK, or approximately 38%, compared with pro forma 2,682 MSEK in the second quarter of 2006. Cash flow from operating activities was negatively affected by a decrease in liabilities during 2007.

Cash flow from investing activities in the second quarter of 2007 was negative 7,120 MSEK, a decrease of 6,717 MSEK, compared with pro forma negative 403 MSEK in the second quarter of 2006. In the second quarter of 2007, Corral Finans AB paid 6,500 MSEK for Corral Petroleum Holdings AB to Moroncha Holdings Co. Ltd. Investments in tangible fixed assets in the second quarter of 2007 amounted to 443 MSEK, an increase of 253 MSEK, compared to pro forma 190 MSEK during the second quarter of 2006. This increase was primarily attributable to investments in our refining operations, including the costs for turnaround of our refinery in Preemraff Gothenburg.

Cash flow from financing activities was 6,107 MSEK in the second quarter 2007 compared to negative 1,389 MSEK in the second quarter of 2006. In the second quarter of 2007, we issued notes worth 5,669 MSEK and received a shareholder loan contribution of 1,407 MSEK. We also repaid 969 MSEK of borrowings. In the second quarter 2006, we had borrowings of 12,284 MSEK and repaid 11,375 MSEK and paid a dividend of 2,302 MSEK from Corral Petroleum Holdings AB to Moroncha Holdings Co. Ltd.

Liquid funds and investments amounted to 968 MSEK at the end of the second quarter of 2007, a decrease of 317 MSEK, or approximately 25%, compared with pro forma 1,285 MSEK at the beginning of the year.

Parent company

The parent company had no revenues in the period from its formation on March 13, 2007 to June 30, 2007. Operating loss for the period amounted to 0 MSEK and loss before taxes amounted to 117 MSEK.

Risk factors

Our results of operations from refining are influenced by the relationship between market prices for crude oil and refined products. In recent years, both crude oil and refined product prices have fluctuated substantially. Consequently, our inventory of crude oil and refined products is exposed to fluctuations in price. These fluctuations have an impact on our results. During periods of rising crude oil prices, the cost of replenishing our crude oil inventories increases and, thus, our working capital requirements similarly increases.

Prices of crude oil and refined products depend on numerous factors, including global and regional demand for, and supply of, crude oil and refined products, and regulatory, legislative and emergency actions of national, regional and local agencies and governments. Decreases in the supply of crude oil or demand for refined product may adversely affect our liquidity and capital resources.

Accounting principles

The financial information in this half-year report has been prepared in accordance with generally accepted accounting principles in Sweden. The accounting principles are the same as in 2006. Corral Finans AB plan to change its accounting principles for external reporting to International Financial Reporting Standards (IFRS) as approved by the European Commission for application within the EU starting in the financial year 2008.

Additional information

This report has not been reviewed by the Company's auditors.

An international conference call for investors and analysts will be held on September 7 2007 at 3:00 pm Sweden. The call-in number is as follow: **+46 8 21 30 91** meeting code: **488 439**.

The January-September 2007 report will be released on November 30.

The Board of Directors and the Managing Director certify that the half-yearly financial report gives a fair review of the performance of the business, position and profit or loss of the Company and the Group, and describes the principal risks and uncertainties that the Company and the companies in the Group face.

Stockholm, August 30, 2007

Richard Öhman
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CORRAL FINANS AB HALF YEAR REPORT, 1 JANUARY – 30 JUNE 2007
Unaudited

CONSOLIDATED INCOME STATEMENT

MSEK	April 1 - June 30		January 1 - June 30	
	2007	2006 *1	2007 *2	2006 *3
Sales revenues	18,482	19,486	34,306	38,837
Excise duties	-1,862	-1,955	-3,784	-4,103
Sales revenues	16,620	17,531	30,522	34,734
Cost of goods sold	-14,571	-15,870	-27,780	-32,096
Gross profit	2,049	1,661	2,742	2,638
Selling expenses	-196	-180	-351	-344
Administrative expenses	-117	-160	-236	-285
Other operating income	82	100	173	199
Operating income	1,818	1,421	2,328	2,208
Interest income	48	37	95	67
Interest expense	-363	-244	-592	-763
Other financial, net	71	487	-5	258
Income before taxes and minority interests	1,574	1,701	1,826	1,770
Minority interests	-	-	-1	-1
Income before tax	1,574	1,701	1,825	1,769
Income taxes	-450	-488	-530	-519
Net income	1,124	1,213	1,295	1,250

*1) Represents the consolidated financial information of Corral Petroleum Holdings AB.

*2) Includes the consolidated financial information for Corral Finans AB for the second quarter together with the first quarter information of the consolidated financial information of Corral Petroleum Holdings AB.

*3) Represents proforma information including Corral Petroleum Holdings AB's consolidated financial information but excluding the shareholding in Corral Morocco Holdings AB.

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Unaudited

CONSOLIDATED BALANCE SHEET

MSEK	June 30 2007	December 31 2006 *1
ASSETS		
Goodwill	242	308
Other fixed assets	13,408	13,143
Total fixed assets	13,650	13,451
Inventories	6,537	6,631
Receivables total	4,355	4,365
Liquid funds and investments	968	1,285
Total current assets	11,860	12,281
Total assets	25,510	25,732
SHAREHOLDERS' EQUITY AND LIABILITIES		
Restricted equity	-	1,109
Non-restricted equity	-1,912	789
Total equity	-1,912	1,898
Minority interests	9	8
Shareholder loans	-	0
Financial debts	18,251	13,210
Other debts	9,162	10,616
Total liabilities	27,422	23,834
Total shareholders' equity and liabilities	25,510	25,732

*1) Represents the consolidated financial statements of Corral Petroleum Holdings AB.

CORRAL FINANS AB HALF YEAR REPORT, 1 JANUARY – 30 JUNE 2007

Unaudited

CONSOLIDATED CASH FLOW STATEMENT

MSEK	April 1 - June 30		January 1 - June 30
	2007	2006 *1	2007 *2
Continuous operation			
Profit after financial items	1,574	1,038	1,826
Adjustments for non-cash items	180	752	263
	<u>1,754</u>	<u>1,790</u>	<u>2,089</u>
Taxes paid	-	-2	-1
Cash flow from operating activities before changes in working capital	1,754	1,788	2,088
Cash flow in working capital			
Decrease(+)/Increase(-) in inventories	1,454	517	454
Decrease(+)/Increase(-) in current receivables	625	711	9
Decrease(-)/Increase(+) in liabilities	-2,159	-334	-1,883
Cash flow from operating activities	<u>1,674</u>	<u>2,682</u>	<u>668</u>
Capital investments operation			
Acquisition of subsidiary	-6,500	-	-6,500
Investment in tangible fixed assets	-443	-190	-597
Sale of subsidiary	-	-	-
Sale of tangible fixed assets	-	26	2
Decrease(+)/Increase(-) in financial fixed assets	-177	-239	-178
Cash flow from investing activities	<u>-7,120</u>	<u>-403</u>	<u>-7,273</u>
Financing operation			
Raising of loan	5,669	12,284	6,535
Amortization of borrowings	-969	-11,375	-1,654
Shareholder's contribution	1,407	-	1,407
Group contributions paid	-	4	-
Dividends paid	-	-2,302	-
Cash flow from financing activities	<u>6,107</u>	<u>-1,389</u>	<u>6,288</u>
CASH FLOW FOR THE PERIOD			
Liquid funds at the beginning of the year	307	310	1,285
Liquid funds at the end of the period	968	1,200	968

*1) Represents the consolidated financial information of Corral Petroleum Holdings AB.

*2) Includes the consolidated financial information for Corral Finans AB for the second quarter together with the first quarter information of the consolidated financial information of Corral Petroleum Holdings AB.

CORRAL FINANS AB HALF YEAR REPORT, 1 JANUARY – 30 JUNE 2007
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CHANGES IN EQUITY, GROUP

MSEK	Capital stock	Restricted reserves	Unrestricted reserves	Total equity
Equity January 1	-	-	-	0
Shares issued March 13 *1	0	-	-	0
Acquisition of subsidiary	-	-	-4,443	-4,443
Shareholder's contribution	-	-	1,407	1,407
Net income	-	-	1,124	1,124
Equity June 30	0	0	-1,912	-1,912

*1) 5,000 shares were issued with a par value of 100 SEK.

CHANGES IN EQUITY, PARENT COMPANY

MSEK	Capital stock	Restricted reserves	Unrestricted reserves	Total equity
Equity January 1	-	-	-	0
Shares issued March 13 *1	0	-	-	0
Shareholder's contribution	-	-	1,407	1,407
Net income	-	-	-117	-117
Equity June 30	0	0	1,290	1,290

*1) 5,000 shares were issued with a par value of 100 SEK.