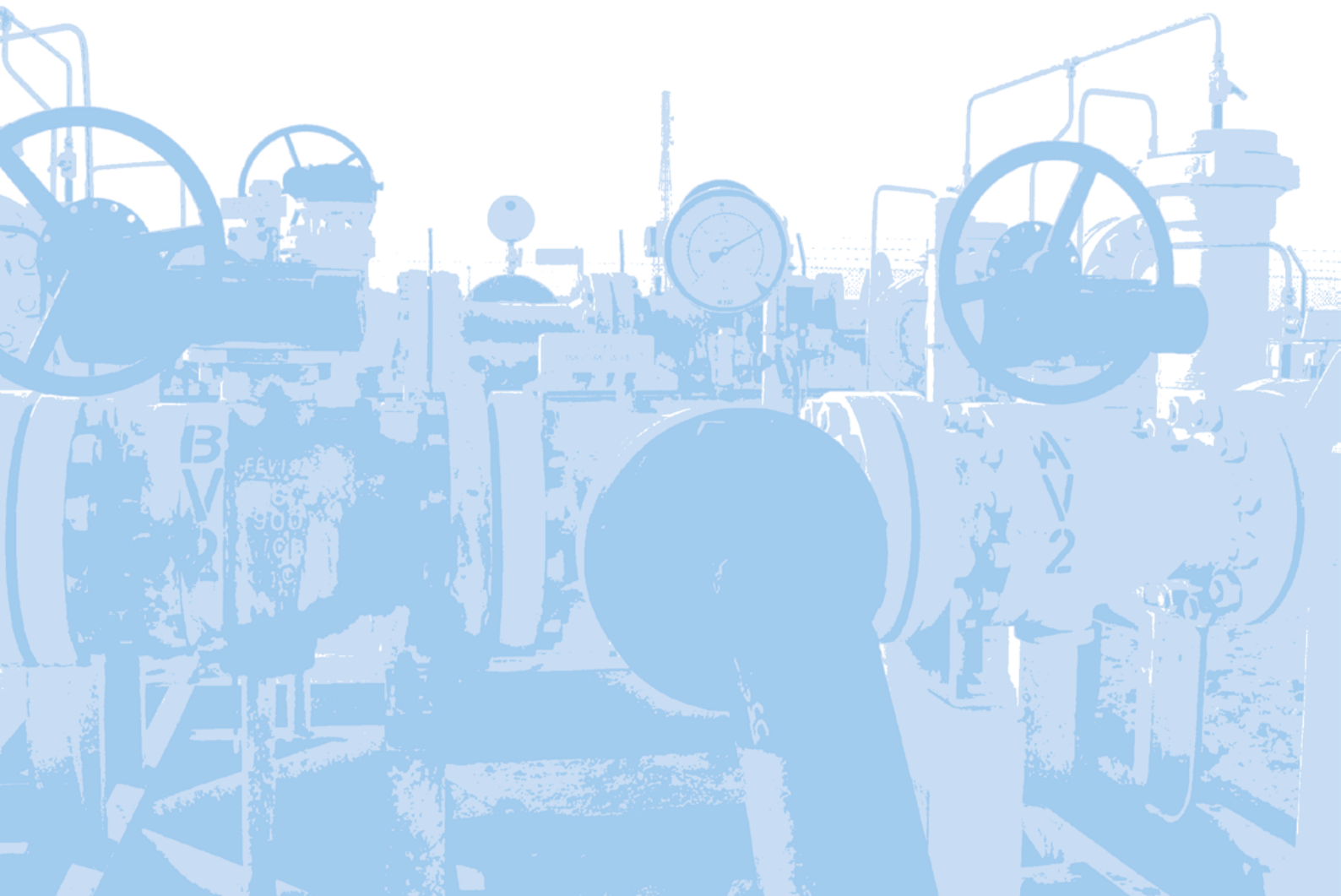


TETHYS OIL

Second quarter and
half year report 2015



Second quarter and half year report 2015

- Second quarter 2015 net sales amounted to MSEK 265 compared to MSEK 163 in the first quarter 2015, an increase with 63 per cent. The strong net sales development during the second quarter is mainly a result of a movement of about 100,000 barrels from underlift to overlift position
- Net result after tax during second quarter 2015 amounted to MSEK 53, and is up 37 per cent compared to MSEK 39 during first quarter 2015. Second quarter net result negatively affected by exploration costs of MSEK 8
- Second quarter 2015 earnings per share before and after dilution of SEK 1.52 compared to SEK 1.11 during first quarter 2015
- Second quarter average daily production increased 8 per cent compared with first quarter 2015. Total production amounted to 858,453 barrels corresponding to 9,434 barrels per day
- Dividend and share redemption of SEK 3.00 per share amounting to MSEK 106 was distributed to shareholders during the second quarter. Cash and bank as per 30 June 2015 amounted to MSEK 323

Second quarter 2014	First quarter 2015	Second quarter 2015	% Q2 2015 to Q1 2015	MSEK (unless specifically stated)	First half 2015	First half 2014	% H1 2015 to H1 2014
658,123	784,207	858,453	9%	Production, before government take (bbl)	1,642,659	1,266,705	30%
7,232	8,713	9,434	8%	Average daily production, before government take (bbl)	9,075	6,998	30%
350,059	308,892	545,019	76%	Net sales, after government take (bbl)	853,911	630,841	35%
105.89	63.80	57.77	-9%	Average selling price per barrel, USD	59.95	106.19	-44%
245	163	265	63%	Net sales of oil and gas	428	440	-3%
192	76	153	101%	EBITDA	229	322	-29%
134	13	75	477%	Operating result	88	216	-59%
107	39	53	37%	Result for the period	93	165	-44%
3.02	1.11	1.52	37%	Earnings per share before and after dilution, SEK	2.63	4.64	-44%
33	400	323	-19%	Cash and bank	323	33	879%
69	131	50	-62%	Investments in oil and gas	181	114	59%

Tethys Oil is a Swedish energy company focused on exploration and production of oil. Tethys Oil's core area is the Sultanate of Oman, where the company is one of the largest onshore oil concession holders with a current net production in excess of 9,000 barrels of oil per day. Tethys Oil also has exploration and production assets onshore Lithuania and France. The shares are listed on Nasdaq Stockholm (TETY).

Dear Friends and Investors

These are trying times for oil investors. The lower oil prices hit everyone, Sheikhs as well as shale fracking Americans, not to mention ourselves – the shareholders of Tethys Oil. Oil prices have always been cyclical, and eventually the prices will need to stabilize and to improve. But while we have seen the value of oil companies fall in line with the fall in oil price, let us remember that Tethys' operational performance continues to improve and the financial results are solid:

Oil production continues to increase. Production in the second quarter was the highest in the company's history and increased with 8 per cent quarter on quarter and 30 per cent year on year to 9,434 barrels of oil per day.

Tethys Oil continues to make good money. 57 dollar per barrel, the average price we achieved during the second quarter 2015, resulted in strong sales of MSEK 265, a healthy EBITDA of MSEK 153 and earnings per share of SEK 1.52 for the quarter.

Tethys Oil has a strong balance sheet. With a pile of cash and untapped lines of credit, Tethys Oil continues to have one of the strongest balance sheets of our peer group. Even after the distribution to shareholders in the second quarter of MSEK 106 or SEK 3.00 per share, and after investments, Tethys Oil has a cash balance of more than MSEK 300 as at 30 June 2015.

Tethys Oil continues to grow organically. Our investments in Blocks 3 and 4

have over the years resulted in growing production and increasing reserves. After only having seriously explored a portion of the vast area, we have three producing oilfields and several producing rock layers. As ever larger areas are covered by 3D seismic, we are getting an even better picture of the potential of Blocks 3 and 4. The scope for growth in Blocks 3 and 4 remains quite high indeed.

Tethys Oil is in a strong predatory position. The drop in oil prices is much more painful for many of our peers – something we intend to capitalize on. During most of the first six months of 2015, we saw oil prices recover from their January lows. It most likely had a negative effect on potential seller's willingness to sell. The sharp drop we have seen since June and the return to the lows of January, should remove some of this reluctance to complete a deal. We are actively pursuing acquisition opportunities and remain cautiously optimistic about our prospects. And remember – in this regard yet lower oil prices, for a while, are a help.

Tethys Oil pays dividends. As a unique feature for oil companies on the Stockholm stock exchange, Tethys Oil in the second quarter made a cash distribution to shareholders. And we intend to continue to pay out, even at today's oil prices! Our intentions regarding future distribution to shareholders are clarified in the long term new capital structure target presented in a separate press release issued at the date of this report.



So stay with us – We believe we are one of the most exciting oil related investments around. We offer exposure to the oil price and – while we wait for it to improve – we offer growth, acquisition opportunities and a yield.

Stockholm in August 2015

Magnus Nordin
Managing director

Financial and operational review¹

Production and net sales

Production

Tethys Oil's primary production area is the Sultanate of Oman where the company has a 30 per cent interest in an onshore producing licence, Blocks 3 and 4. Through an indirect interest of 25 per cent of the Gargzdai licence in Lithuania, Tethys Oil has supplemental production.

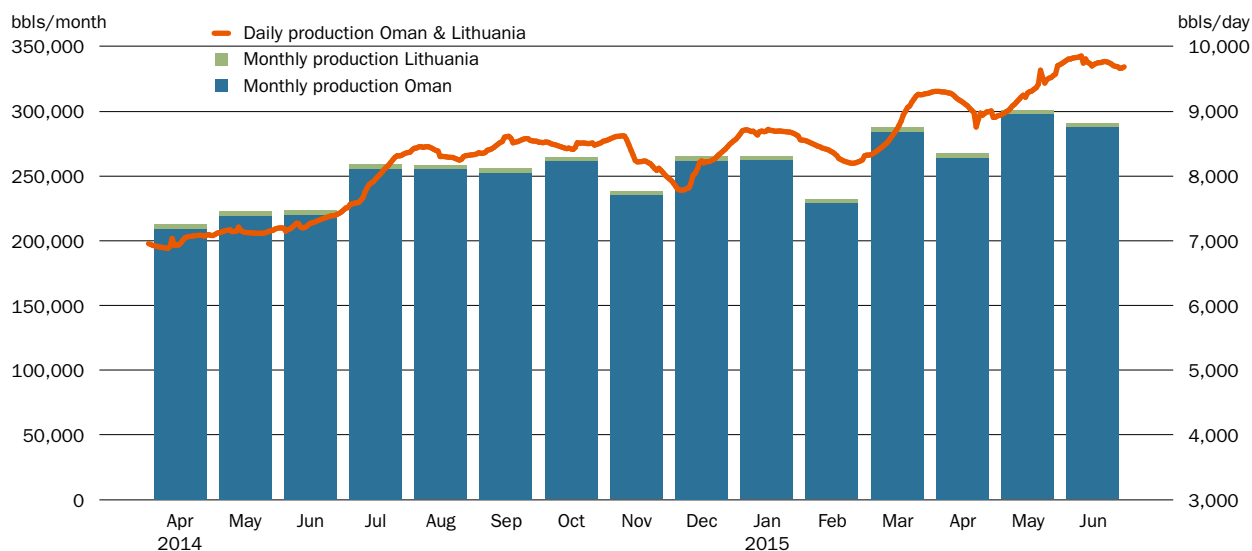
Production from Blocks 3 and 4 onshore Oman derives from three oil fields Farha South, Shahd and Saiwan East. The production development has mainly been driven by continued implementation of the water injection programme on Farha South and from the successful exploration and appraisal results on the Shahd oil field. Production from Oman accounts for 99 per cent of total production.

During the first half year of 2015, the Blocks 3&4 Joint Venture's share of production has continued to be 52 per cent of total production, which is the highest possible share of production according to the terms of the EPSA. For further information regarding Tethys Oil's share of production, please refer to the Annual Report 2014. The high share of production will remain as long as there are remaining recoverable costs, which are created through further investments in the blocks. The estimated recoverable costs as per 30 June 2015, net to Tethys Oil, amounts to MUS\$ 53.

Production from the Gargzdai licence in western Lithuania has during the second quarter been in line with previous quarters. Tethys Oil's interest in Gargzdai is held indirectly through Odin Energi A/S, an associated Danish company.

Quarterly volumes, before government take	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014
<i>Tethys' share of quarterly production, (bbl)</i>					
Oman, Block 3&4					
Production	848,939	774,315	757,730	762,375	647,569
Average daily production	9,329	8,604	8,236	8,287	7,116
Lithuania, Gargzdai					
Production	9,514	9,892	10,496	10,347	10,554
Average daily production	105	110	114	112	116
Total production	858,453	784,207	768,226	772,722	658,123
Total average daily production	9,434	8,713	8,350	8,399	7,232

Average daily and monthly production net to Tethys Oil during 2014 and 2015



¹ The consolidated financial statements of the Tethys Oil Group (Hereafter referred to as "Tethys Oil" "Tethys" or the "Group"), where Tethys Oil AB (publ) (the "Company") with organisational number 556615-8266 is the parent company, are hereby presented for the first six months 2015. Segments of the Group are geographical markets. The numbers in the tables in this report may not add exactly due to rounding.

Net sales

During the second quarter 2015, Tethys Oil sold 545,019 barrels of oil after government take from Blocks 3 and 4 in Oman, representing 76 per cent increase in comparison with the first quarter of 2015 when 308,892 barrels of oil were sold. This resulted in net sales during the second quarter 2015 of MSEK 265 compared to MSEK 163 during the first quarter 2015. The main driver behind the net sales increase has been the 103,571 barrels movement from underlift to overlift position during the quarter. The movement has been exceptionally large in comparison to the previous quarters but should be understood with regard to the high underlift position as per end of March 2015 (see table below).

The average selling price amounted to USD 57.77 per barrel during the second quarter 2015, 9 per cent lower than in the first quarter, when average selling price was USD 63.80 per barrel. The average exchange rate between US dollar in relation to SEK has been almost flat during the quarter and amounted during the second quarter to SEK 8.36 per USD (compared to first quarter of SEK 8.29 per USD). The selling price received is determined for each calendar month based on the monthly average price of the two month future contract of Omani blend (see graph below).

Result

Tethys Oil reports a net result after tax for the second quarter 2015 of MSEK 53, representing earnings per share of SEK 1.52. The result for the second quarter 2015 is up 37 per cent compared to the first quarter 2015 mainly due to strong sales development, as described above. The net result of the second quarter is negatively affected by exploration costs of MSEK 8, following the decision to withdraw from Block 15. Despite 30 per cent higher production

in the first half of 2015 compared to the first half of 2014, the result for the first half 2015 is 44 per cent lower mainly due to significantly lower oil prices compared to a year ago.

Net profit from associated companies

Tethys Oil holds indirect interest in the three Lithuanian licences; Gargzdai, Rietavas and Raseiniai. Tethys Oil holds a share in these licences through the interests in associated companies Jylland Olie and Odin Energi. Total result from Tethys Oils shares in associated companies Odin Energi and Jylland Olie during the second quarter 2015 amounted to MSEK -1 compared to MSEK -4 during the first quarter 2015. Improvement in oil prices during the second quarter from average USD 55 per barrel to USD 60 per barrel has reduced the loss as well as the implementation of cost cutting programmes.

Net financial result

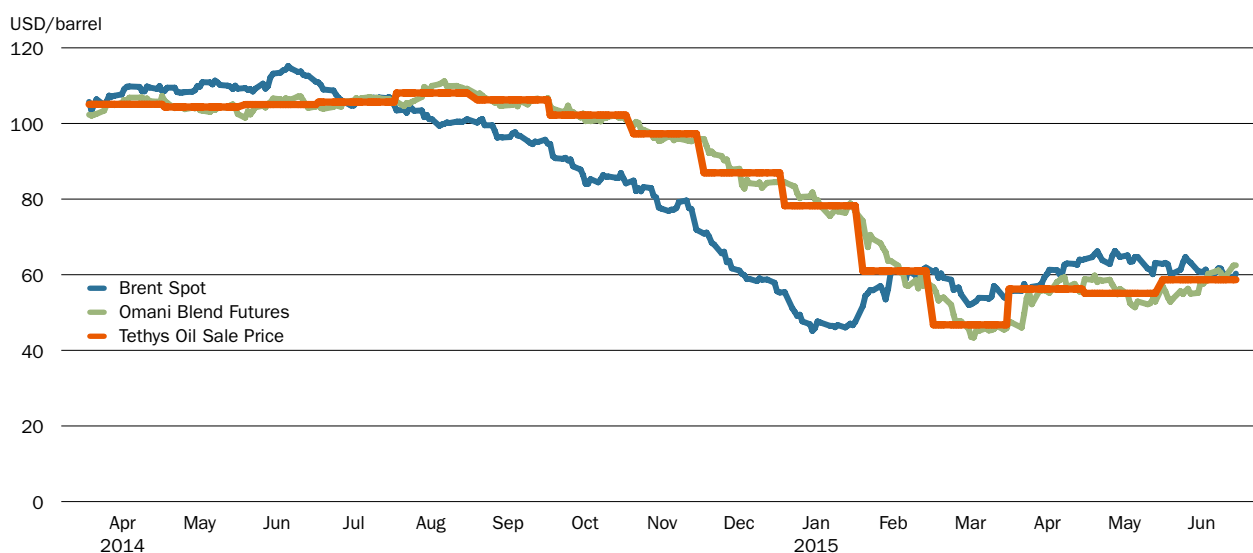
The result for the first half 2015 has been impacted by net foreign exchange losses and interest on long term debt. The net currency exchange effect of the group amounts to MSEK 15 and most of the effect relates to the stronger US dollar in relation to the Swedish krona. Currency translation differences between the parent company and subsidiaries are non-cash related items. Fees related to the credit facility amounted to MSEK -5 and other financial expenditures amounted to MSEK -5. The currency exchange effect and interest on long term debt is part of net financial result amounting to MSEK 5 for the first half 2015.

Depletion, depreciation and amortisation

Depletion, depreciation and amortisation (“DD&A”) for the second quarter 2015 amounted to MSEK 70 compared to

Barrels	30 June 2015	31 March 2015	31 December 2014	30 September 2014	30 June 2014	31 March 2014
Over./(underlift)	22,647	(80,924)	12,828	(27,188)	(30,105)	(43,428)

Price per barrel of oil



Source: EIA, Dubai Mercantile Exchange

MSEK 63 for the first quarter 2015. The DD&A is referable to depletion of oil and gas properties which furthermore only relate to Blocks 3&4. The depletion development between second quarter 2015 and the previous quarter is explained by the higher production.

Operating expenses

Operating expenses (OPEX) amounted during the second quarter 2015 to MSEK 93 compared to MSEK 75 during the first quarter 2015. Operating expenses are related to oil and gas production on Block 3 and 4 in Oman, for example expenses for trucking, tariffs, supervision and administration etc. Furthermore, over and underlift adjustments are made within the Operating expenses category, in accordance with Tethys Oil's accounting principles. Due to an overlift position as per 30 June 2015 amounting to 22,647 barrels, the Operating expenses during the second quarter 2015 have been increased by MSEK 19. For further information regarding OPEX, see note 5.

Based on actual (i.e billed) expenditures received from the operator during 2014 and 2015, OPEX per barrel is in the range USD 11 – 15 per barrel. Of these costs, around 50-60 per cent is field related production costs, i.e excluding costs for work over rigs, office costs etc.

Administrative expenses

Administrative expenses amounted to MSEK 18 for the second quarter 2015 compared to MSEK 9 during first quarter 2015. Administrative expenses are mainly salaries, rents, listing costs and external services. The significant increase in expenditures is related to the cost of the incentive programme to employees where the full cost was expensed in the second quarter.

Investments and work program

Omani assets

During the second quarter 2015, total investments amounted to MSEK 50 of which MSEK 48 relate to Blocks 3 & 4. A total of

nine wells were completed during the second quarter on Blocks 3 and 4. Six production wells and one water injection well were drilled on producing fault blocks in the Farha South field on Block 3. The appraisal/development of the Shahd oil field on Block 4 (previously named the Lower Buah area) has continued with two new appraisal/production wells. All production wells have encountered oil.

Four rigs including a work over rig are currently operating. A fifth rig has been contracted and is now expected to be in operations towards the end of the year.

The seismic acquisition in the northwest corner of Block 4 has been completed. The processing of the data is ongoing.

The evaluation of the water injection programme on the Shahd oil field continues. A first water injection well was drilled in the fourth quarter, and the impact of this injection well is being measured.

Tethys Oil has decided to withdraw from the discussions over Block 15 in Oman.

Currency exchange effects

The book value of oil and gas properties includes currency exchange effects of MSEK 80, which are not cash related items and therefore not included in investments. For more information please see above under *Result – Net financial result*.

Lithuanian assets

Tethys Oil's interests in three Lithuanian licences are held through two private Danish companies. For more information regarding the ownership structure, please refer to note 8. As per 30 June 2015 the shareholding in the two associated Danish companies, Odin Energi and Jylland Olie, amounted to MSEK 13 (41). The reduction in book value is an effect of the net result for the first half 2015 and more importantly the received dividend during the period, which is presented below.

Summary of oil and gas interests (MSEK):

Country	Licence	Tethys Oil, %	Total area, km ²	Partners (operator in bold)	Book value 31 Mar 2015	Book value 31 Dec 2014	Investments Jan–Jun 2015
Oman	Block 3,4	30%	34,610	CCED, Mitsui	1,425	1,296	181
Oman	Block 15	–	–	–	–	7	0
Lithuania	Gargzdai ²	25%	884	Odin, GeoNafta	–	–	–
Lithuania	Rietavas ²	30%	1,594	Odin, private investors	–	–	–
Lithuania	Raseiniai ²	30%	1,535	Odin, private investors	–	–	–
France	Alès	37.5	215	MouvOil	–	–	–
France	Attila	40%	1,986	Galli Coz	–	–	–
New ventures					1	–	0
Total			40,824		1,426	1,303	181

2 The interest in the three Lithuanian licences are indirectly held through a shareholding in two Danish private companies, which in turn hold shares in Lithuanian companies holding 100 per cent of the licences. The two Danish companies, Odin Energi and Jylland Olie, are not consolidated in Tethys Oils financial statements due to the ownership structure, which is why there are no oil and gas properties related to the licences. The ownership of Jylland Olie and Odin Energi are presented in the balance sheet under *Shares in associated companies*.

Tethys Oil's share of net result during the second quarter 2015 from Odin Energi and Jylland Olie, which indirectly hold the Lithuanian licences, amounted to MSEK -1 compared to MSEK -4 during first quarter 2015. The second quarter 2015 result was mainly generated from selling 9,656 barrels (Tethys Oil's indirect share) at an average price of USD 60 per barrel, compared to 9,884 barrels at an average price of USD 55 per barrel during the first quarter 2015. During the second quarter 2015, Tethys Oil received a dividend from the Lithuanian assets of MSEK 23.

A three well drilling programme on the Raseiniai licence commenced in June 2015. The wells are targeting Silurian limestone and marl reefs mapped by an 80 square kilometres 3D seismic study completed in 2014. The first well, the Bedugnis-1 well, was drilled vertically to a total measured depth of 1,067 meters. Minor oil shows were recorded during drilling and cores have been taken from the well for evaluation. The second well, the Tidikas-1 is drilling. Tidikas-1 is planned to be drilled vertically to a total measured depth of 1,050 meters. At the date of this report, several oil bearing cores have been recovered and minor oil flows recorded. The well is still drilling. Depending on the outcome of the second well, the third well might be postponed awaiting the analysis of the results from the first two wells. The drilling programme is fully funded from available funds within the Lithuanian company holding the licence.

In the Rietavas licence, processing of the 30 kilometres 3D and 15 kilometres 2D seismic surveys has been completed and interpretations are underway.

Liquidity and financing

Cash and bank as per 30 June 2015 amounted to MSEK 323 compared to MSEK 372 as per 31 December 2014. Net cash, after provision for site restoration, as per 30 June 2015 amounted to MSEK 295 compared to MSEK 347 as per 31 December 2014.

The reduction in liquidity is due to the AGM resolution to distribute MSEK 106 to shareholders in form of dividend (SEK 1 per share) and share redemption (SEK 2 per share). Furthermore, the share repurchase programme added MSEK 3 to the distribution of capital to shareholders.

The Blocks 3 and 4 investment budget 2015 is expected to have an increased focus on drilling. Following the oil price development, Tethys Oil's investment plans for 2015 are being closely monitored and adjusted. It is expected that investments on the Blocks will be covered by cash flow from operations.

During the first half 2015, the cash flow from operations amounted to MSEK 212 and investments in oil and gas amounted to MSEK 181. Including the received dividend from Lithuanian assets, the cash flow from operations after investments amounted to MSEK 52. In line with the previous quarter, Tethys Oil's operations continue to yield positive cash flow even in a lower oil price environment.

Tethys Oil's operations in Lithuania are expected to be financed from oil production from the Gargzdai licence and available cash in the associated Lithuanian companies.

A large part of cash and cash equivalents are held in USD which has appreciated against SEK during the first half 2015. The currency exchange effect on cash and cash equivalents amounted during the first half 2015 to MSEK 8.

Parent company

The Parent company reports a net result after tax for the second quarter 2015 amounting to MSEK -26 compared to MSEK 22 for the first quarter 2015. Administrative expenses amounted to MSEK -14 for the second quarter 2015 compared to MSEK -6 for the first quarter 2015. The significant increase in expenditures is related to the cost of the incentive programme to employees where the full cost was expensed in second quarter. Net financial result amounted to MSEK -15 during the second quarter 2015 compared to MSEK 30 for the first quarter 2015.

Share data

As per 30 June 2015, the number of outstanding shares in Tethys Oil amount to 35,543,750, with a quota value of SEK 0.17. All shares represent one vote each. The company has the same number of shares at 30 June 2015 as at 31 December 2014.

At the Annual meeting 2015, it was resolved to implement an incentive programme as part of the remuneration package to employees in Tethys Oil. The company may issue up to 356,000 warrants where each warrant entitles to subscription to one new share in Tethys Oil. The warrants have a three year duration and the strike price of the warrants are above the share price as per the reporting date in this report, which is why the warrant are not included in the fully diluted number of shares. As per 30 June 2015, 325,000 warrants were issued and the total cost for the incentive programme amounted to MSEK 5.3.

As per 30 June 2015, Tethys Oil held 352,060 of its own shares which were purchased during the fourth quarter 2014 and first quarter 2015 at an average price of SEK 67. The share repurchase programme is based on a mandate from the AGM held in May 2014 and repurchased shares are still part of the total number of outstanding shares but however not included in the number of shares in circulation, which amount to 35,191,690.

After 30 June 2015, Tethys Oil has acquired a further 218,090 of its own shares, and per the date of this report Tethys Oil holds 570,150 of its own shares.

Risks and uncertainties

A statement of risk and uncertainties are presented in note 1, page 14.

Consolidated statement of comprehensive income in summary

Second quarter 2014	First quarter 2015	Second quarter 2015	MSEK	Note	First half 2015	First half 2014
245	163	265	Net sales of oil and gas	2	428	440
-57	-63	-70	Depletion, depreciation and amortisation	4	-133	-105
-0	0	-8	Exploration costs	4	-8	-0
-	0	0	Other income		0	-
-46	-75	-93	Operating expenses	5	-168	-105
0	-4	-1	Net profit/loss from associates	6	-5	1
-0	0	0	Other losses/gains, net		0	-0
-8	-9	-18	Administrative expenses		-27	-15
134	13	75	Operating result		88	216
0	32	-1	Financial income and similar items		31	0
-27	-5	-20	Financial expenses and similar items	8	-26	-52
-27	26	-22	Net financial result		5	-52
107	39	53	Result before tax		93	165
-	-	-	Income tax		-	0
107	39	53	Result for the period		93	165
Other comprehensive result						
Items that may be subsequently reclassified to profit or loss:						
50	177	-94	Currency translation differences		83	19
50	177	-94	Other comprehensive result for the period		83	19
158	216	-40	Total comprehensive result for the period		175	184
35,543,750	35,543,750	35,543,750	Number of shares outstanding	7	35,543,750	35,543,750
35,543,750	35,543,750	35,543,750	Number of shares outstanding (after dilution)	7	35,543,750	35,543,750
35,543,750	35,194,986	35,191,690	Weighted number of shares	7	35,193,329	35,543,750
3.02	1.11	1.52	Earnings per share, SEK		2.63	4.64
3.02	1.11	1.52	Earnings per share (after dilution), SEK		2.63	4.64

Consolidated balance sheet in summary

MSEK	Note	30 Jun 2015	31 Mar 2015	31 Dec 2014
ASSETS				
Non current assets				
Oil and gas properties	4	1,426	1,546	1,303
Office equipment		1	1	1
Investment in associates	6	13	36	41
		1,440	1,584	1,345
Current assets				
Other receivables		108	56	80
Prepaid expenses		18	20	19
Cash and cash equivalents		323	400	372
		449	477	471
TOTAL ASSETS		1,888	2,061	1,816
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Share capital		6	6	6
Additional paid in capital		552	552	552
Other reserves		278	372	198
Retained earnings		909	958	919
Total shareholders' equity	7	1,744	1,888	1,675
Non current liabilities				
Loan facility	8	-	-	-
Provisions	9	28	29	25
		28	29	25
Current liabilities				
Accounts payable		5	1	2
Other current liabilities		111	143	110
Accrued expenses		1	1	2
		116	144	115
Total liabilities		144	173	141
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1,888	2,061	1,816
Pledged assets	10	1,652	1,654	1,789
Contingent liabilities	11	-	-	-

Consolidated statement of changes in equity in summary

MSEK	Share capital	Paid in capital	Other reserves	Retained earnings	Total equity
Opening balance 1 January 2014	6	552	-27	569	1,100
Comprehensive income					
Result for the first quarter 2014	-	-	-	58	58
Result for the second quarter 2014	-	-	-	107	107
Result for the third quarter 2014	-	-	-	167	167
Result for the fourth quarter 2014	-	-	-	18	18
Year end result	-	-	-	350	350
Other Comprehensive income					
Currency translation differences first quarter 2014	-	-	-31	-	-31
Currency translation differences second quarter 2014	-	-	50	-	50
Currency translation differences third quarter 2014	-	-	95	-	95
Currency translation differences fourth quarter 2014	-	-	131	-	131
Total other comprehensive income	-	-	245	-	245
Total comprehensive income	-	-	219	919	1,696
Transactions with owners					
Purchase of own shares	-	-	-20	-	-20
Total transactions with owners	-	-	-20	-	-20
Closing balance 31 December 2014	6	552	198	919	1,675
Opening balance 1 January 2015	6	552	198	919	1,675
Comprehensive income					
Result for the first quarter 2015	-	-	-	39	39
Result for the second quarter 2015	-	-	-	53	53
Period result	-	-	-	93	93
Other Comprehensive income					
Currency translation differences first quarter 2015	-	-	177	-	177
Currency translation differences second quarter 2015	-	-	-94	-	-94
Total other comprehensive income	-	-	83	-	177
Total comprehensive income	-	-	281	93	216
Transactions with owners					
Purchase of own shares	-	-	-3	-	-3
Dividends paid	-	-	-	-35	-35
Share redemption	-	-	-	-70	-70
Total transactions with owners	-	-	-3	-106	-109
Closing balance 30 June 2015	6	552	278	909	1,744

Consolidated cash flow statement in summary

Second quarter 2014	First quarter 2015	Second quarter 2015	MSEK	Note	First half 2015	First half 2014
Cash flow from operations						
134	13	75	Operating result		88	216
0	0	0	Interest received		0	
-22	-3	-2	Interest paid	8	-5	-41
-	-	-	Income tax		-	0
0	0	8	Adjustment for exploration costs	4	8	0
50	63	86	Adjustment for depletion, depreciation and other non cash related items	4	149	97
162	72	167	Total cash flow from operations before change in working capital		240	273
4	22	-49	Change in receivables		-27	-27
-20	25	-25	Change in liabilities		0	24
146	119	93	Cash flow from operations		212	270
Investment activity						
-79	-131	-50	Investment in oil and gas properties	4	-181	-125
11	-	23	Dividend from associated companies	6	23	11
-0	-	-2	Investment in other fixed assets		-2	0
-69	-131	-29	Cash flow from investment activity		-160	-114
Financing activity						
-	-3	-	Purchase of own shares		-3	-
-400	-	-	Bond repayment		-	-400
-	-	-35	Dividends paid		-35	-
-	-	-70	Share redemption		-70	-
-18	-	0	Long term credit facility		0	-18
-418	-3	-106	Cash flow from financing activity		-109	-418
-341	-15	-42	Period cash flow		-57	-262
363	372	400	Cash and cash equivalents at the beginning of the period		372	295
11	44	-36	Exchange gains/losses on cash and cash equivalents		8	-0
33	400	323	Cash and cash equivalents at the end of the period		323	33

Parent company income statement in summary

Second quarter 2014	First quarter 2015	Second quarter 2015	MSEK	Note	First half 2015	First half 2014
-	-	-	Net sales of oil and gas		-	-
-5	-	-	Depletion, depreciation and amortisation		-	-5
3	2	4	Other income		6	5
0	-4	-1	Net profit/loss of associates	6	-5	1
-0	-	0	Other losses/gains, net		0	-0
-6	-6	-14	Administrative expenses		-20	-10
-8	-8	-11	Operating result		-19	-9
2	30	1	Financial income and similar items		32	6
-25	-	-17	Financial expenses and similar items	8	-17	-49
-0	-	0	Write down of shares in group company		0	-0
-23	30	-15	Net financial loss		14	-44
-31	22	-26	Result before tax		-4	-52
-	-	-	Income tax		-	-
-31	22	-26	Result for the period*		-4	-52
35,543,750	35,543,750	35,543,750	Number of shares outstanding	7	35,543,750	35,543,750
35,543,750	35,543,750	35,543,750	Number of shares outstanding (after dilution)	7	35,543,750	35,543,750
35,543,750	35,194,986	35,191,690	Weighted number of shares	7	35,193,329	35,543,750

* As there are no items in the parent company's other comprehensive income, no separate report on total comprehensive income is presented.

Parent company balance sheet in summary

MSEK	Not	30 Jun 2015	31 Mar 2015	31 Dec 2014
ASSETS				
Total non current assets		70	91	88
Total current assets		136	237	224
TOTAL ASSETS		206	329	313
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity	7	196	325	306
Total non current liabilities	8	-	-	-
Total current liabilities		11	3	6
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		206	329	313
Pledged assets	10	1	1	1
Contingent liabilities	11	-	-	-

Parent company statement of changes in equity in summary

MSEK	Restricted equity		Non restricted equity			Total equity
	Share capital	Statutory reserve	Share premium reserve	Retained earnings	Net result	
Opening balance 1 January 2014	6	71	481	-277	-103	179
Transfer of prior year net result	-	-	-	-103	103	-
Comprehensive income						
Result for the first quarter 2014	-	-	-	-	-21	-21
Result for the second quarter 2014	-	-	-	-	-31	-31
Result for the third quarter 2014	-	-	-	-	-11	-11
Result for the fourth quarter 2014	-	-	-	-	211	211
Year end result	-	-	-	-	148	148
Total comprehensive income	-	-	-	-	148	148
Transactions with owners						
Purchase of own shares	-	-	-20	-	-	-20
Total transactions with owners	-	-	-20	-	-	-20
Closing balance 31 December 2014	6	71	461	-379	148	306
Opening balance 1 January	6	71	461	-379	148	306
Transfer of prior year net result	-	-	-	148	-148	-
Comprehensive income						
Result for the first quarter 2015	-	-	-	-	22	22
Result for the second quarter 2015	-	-	-	-	-26	-26
Period result	-	-	-	-	-4	-4
Total comprehensive income	-	-	-	-	-4	-4
Transactions with owners						
Purchase of own shares	-	-	-3	-	-	-3
Dividends paid	-	-	-	-35	-	-35
Share redemption	-	-	-	-70	-	-70
Total transactions with owners	-	-	-3	-106	-	-109
Closing balance 30 June 2015	6	71	457	-334	-4	196

Notes

General information

Tethys Oil AB (publ) ("the Company"), organisation number 556615-8266, and its subsidiaries (together "the Group" or "Tethys Oil") are focused on exploration for and production of oil and natural gas. The Group has interests in licences in Oman, Lithuania and France.

The Company is a limited liability company incorporated and domiciled in Stockholm, Sweden. The Company is listed on NASDAQ OMX Stockholm.

Accounting principles

The six months report 2015 of the Tethys Oil Group has been prepared in accordance with IAS 34 and the Annual Accounts Act. The six months report 2015 of the Parent company has been prepared in accordance with the Annual Accounts Act and the Recommendation RFR 2 – "Accounting for legal entities", issued by the Swedish Financial Accounting Standards Council. The same accounting principles were used as described in the Annual report 2014.

Exchange rates

For the preparation of the financial statements for the reporting period, the following exchange rates have been used.

Currency	30 June 2015		30 March 2015		31 December 2014	
	Average	Period end	Average	Period end	Average	Period end
SEK/CHF	8.85	8.87	8.74	8.69	7.53	7.91
SEK/EUR	9.41	9.28	9.47	9.27	9.15	9.53
SEK/LTL	n.m.*	n.m.*	n.m.*	n.m.*	2.64	2.70
SEK/USD	8.36	8.23	8.29	8.74	6.88	7.77

* The associated companies in Lithuania changed the reporting currency to Euro as per 1 January 2015.

Second quarter 2015 comparison with second quarter 2014		Effect of currency exchange rates on operating result, MSEK	First half 2015 comparison with First half 2014
second quarter 2014	first quarter 2015		with First half 2014
88	4	Net sales of oil and gas	76
-27	-1	Depreciation, depletion and amortization	-24
0	0	Exploration costs	0
-	0	Other income	0
-34	-2	Operating expenses	-30
0	0	Net profit/loss from associate	0
-	0	Other losses/gains, net	0
-2	0	Administrative expenses	-2
24	1	Summary of currency exchange rate effect on operating result	21

The table above presents the currency exchange effect on operating result compared with the above comparative periods, by applying the average exchange rate of the respective comparative period on the second quarter and first half 2015 accounts.

Fair value

The nominal value of accounts payables, cash and bank and accounts receivables is a fair approximation of those line items.

IAS 39 valuation categories and related balance sheet items

MSEK	30 June 2015		
	Financial assets and liabilities at fair value through profit or loss	Other receivables and cash and bank	Other liabilities
Other receivables	-	108	-
Cash and bank	-	323	-
Accounts payables	-	-	5
Other current liabilities	-	-	111
MSEK	31 December 2014		
	Financial assets and liabilities at fair value through profit or loss	Other receivables and cash and bank	Other liabilities
Other receivables	-	80	-
Cash and bank	-	372	-
Accounts payables	-	-	2
Other current liabilities	-	-	110

Note 1, Risks and uncertainties

The Group's activities expose it to a number of risks and uncertainties which are continuously monitored and reviewed. The main risks and uncertainties are operational and financial risks described below.

Operational risk

At its current stage of development Tethys Oil is partly commercially producing oil and partly exploring for and appraising undeveloped known oil and/or natural gas accumulations. The operational risk is different in these parts of Tethys Oil's operations. The main operational risk in exploration and appraisal activities is that the activities and investments made by Tethys Oil and its partners will not evolve into commercial reserves of oil and gas. The oil price is of significant importance to Tethys Oil in all parts of operations as income and profitability is and will be dependent on prices prevailing from time to time. Significantly lower oil prices will reduce current and expected profitability in projects and can make projects sub economic. Lower oil prices could also decrease the industry interest in Tethys Oil's projects regarding farmout or sale of assets. There are no oil price hedges in place as per 30 June 2015.

Another operational risk factor is access to equipment in Tethys Oil's project. Especially in the drilling/development phase of a project the group is dependent on advanced equipment such as rigs, casing, pipes etc. A shortage of these supplies can present difficulties for Tethys Oil to fulfil projects. Through its operations Tethys Oil is furthermore subject to political risk, environmental risk and the risk of not being able to retain key personnel.

Financial risk

By operating in several countries, Tethys Oil is exposed to fluctuations in a number of currencies. Income is and will also most likely be denominated in foreign currencies, US dollars in particular. Furthermore, Tethys Oil has since inception been equity financed through share issues and financed by asset divestment. Additional capital may be needed to finance Tethys Oil's future operations and/or for acquisition of additional licences. The main risk is that this need may occur during less favourable market conditions.

A more detailed analysis of the Group's risks and uncertainties and how the Group addresses these risks, are given in the Annual report for 2014.

Note 2, Net sales of oil and gas

Second quarter 2014	First quarter 2015	Second quarter 2015		First half 2015	First half 2014
			Net sales		
350,059	308,892	545,019	Barrels sold, bbl	853,911	630,841
245	163	265	Net sales, MSEK	428	440
106	64	58	Oil price, USD/bbl	60	106

Tethys Oil is selling all of its oil through Mitsui Energy Trading Singapore, which is part of Mitsui & Co Ltd. All oil sales come from Blocks 3 & 4 Oman and are made on a monthly basis.

Note 3, Segment reporting

The Group's accounting principle for segments describes that operating segments are based on geographic perspective. The operating result for each segment is presented below.

Group income statement Jan–Jun 2015						
MSEK	Dubai	Lithuania	Oman	Sweden	Other	Total
Net sales	–	–	428	–	–	428
Depreciation, depletion and amortisation	0	–	-133	0	–	-133
Exploration costs	–	–	-8	–	–	-8
Other income	–	–	–	–	–	–
Operating expenses	–	–	-168	–	–	-168
Net profit/loss from associates	–	-5	–	–	–	-5
Other losses/gains, net	–	–	–	0	–	0
Administrative expenses	-2	–	-4	-20	0	-27
Operating result	-2	-5	115	-20	0	88
Total financial items						5
Result before tax						93
Income tax						–
Result for the period						93

Group income statement Jan–Jun 2014						
MSEK	Dubai	Lithuania	Oman	Sweden	Other	Total
Net sales	–	–	440	–	–	440
Depreciation, depletion and amortisation	-0	–	-100	-5	–	-105
Exploration costs	–	–	–	-0	-0	-0
Other income	–	–	–	–	–	–
Operating expenses	–	–	-105	–	–	-105
Net profit/loss from associates	–	1	–	–	–	1
Other losses/gains, net	–	–	–	-0	–	-0
Administrative expenses	-2	–	-2	-10	-0	-15
Operating result	-2	1	233	-10	-0	216
Total financial items						-52
Result before tax						165
Income tax						0
Result for the period						165

Note 4, Oil and gas properties

Country	Licence name	Phase	Expiration date	Remaining commitments	Tethys Oil, %	Partners (operator in bold)
Oman	Block 3,4	Production	Jul 2040	None	30%	CCED , Mitsui
France	Attila	Exploration	2015 ³	None	40%	Galli Coz
France	Alès	Exploration	2015	MUSD 1.5 ⁴	37.5%	MouvOil
Lithuania	Gargzdai ⁵	Production	No expiration date	None	25%	Odin, GeoNafta
Lithuania	Rietavas ⁵	Exploration	Sep 2017	MLTL 6.2	30%	Odin, private investors
Lithuania	Raseiniai ⁵	Exploration	Sep 2017	MLTL 6.6	30%	Odin, private investors

MSEK	30 Jun 2015	31 Mar 2015	31 Dec 2014
Producing cost pools	1,425	1,537	1,296
Non-producing cost pools	1	8	7
Total oil and gas properties	1,426	1,546	1,303

MSEK		Book value	Other non-cash adjustments	Currency exchange diff	DD&A ⁶	Exploration costs	Investments	Book value
Country	Asset type	30 Jun 2015	1 Jan-30 Jun 2015	1 Jan-30 Jun 2015	1 Jan-30 Jun 2015	1 Jan-30 Jun 2015	1 Jan-30 Jun 2015	1 Jan 2015
Oman Block 3&4	Producing	1,425	1	80	-133	-	181	1,296
Oman Block 15	Non-producing	-	-	0	-	-8	0	7
France Attila	Non-producing	-	-	-	-	-	0	-
France Alès	Non-producing	-	-	-	-	-	0	-
New ventures	Non-producing	1	-	-	-	-	0	-
Total		1,426	1	80	-133	-8	181	1,303

MSEK		Book value	Other non-cash adjustments	Currency exchange diff	DD&A ⁶	Exploration costs	Investments	Book value
Country	Asset type	31 Dec 2014	1 Jan-31 Dec 2014	1 Jan-31 Dec 2014	1 Jan-31 Dec 2014	1 Jan-31 Dec 2014	1 Jan-31 Dec 2014	1 Jan 2014
Oman Block 3&4	Producing	1,296	36	199	-213	-	263	1,011
Oman Block 15	Non-producing	7	-	1	-	-	6	0
France Attila	Non-producing	-	-	-	-	-1	1	-
France Alès	Non-producing	-	-	-	-	-	-	-
New ventures	Non-producing	0	-	-	-	-	-	0
Total		1,303	36	200	-213	-1	269	1,012

Second quarter 2014	First quarter 2015	Second quarter 2015	Investments Block 3&4, MSEK	First half 2015	First half 2014
25	43	2	Drilling – Exploration/Appraisal	30	35
33	23	16	Drilling – Development	47	55
7	30	19	G&G	57	9
7	21	6	Facilities	25	12
11	23	1	Pipeline	17	15
1	3	0	Tethys sole cost	2	2
-5	-11	5	Other capex	3	-7
76	130	50	Total Investments Block 3&4	181	122

3 In accordance with the licence terms, Tethys Oil has in connection with the licence extension filed a mandatory application of relinquishment of part of the licence which is still pending approval from French authorities.

4 Tethys Oil has a commitment towards the partner MouvOil and the French authorities to pay for seismic and drilling. The work is estimated to amount to MUSD 1.5.

5 The interest in the three Lithuanian licences are indirectly held through a shareholding in two Danish private companies, which in turn hold shares in Lithuanian companies holding 100 per cent of the licences. The two Danish companies, Odin Energi and Jylland Olie, are not consolidated in Tethys Oils financial statements due to the ownership structure, which is why there are no oil and gas properties related to the licences. The ownership of Jylland Olie and Odin Energi are presented in the balance sheet under Shares in associated companies.

6 Depletion, depreciation and amortisation

MSEK		
Oil & gas assets Block 3&4		
Closing balances	30 Jun 2015	31 Dec 2014
Drilling – Exploration/Appraisal	274	230
Drilling – Development	575	498
G&G	261	187
Facilities	540	488
Pipeline	157	132
Mitsui repayment	185	173
Tethys sole cost	33	30
Other capex	24	23
Accumulated depletion	-624	-466
Total oil and gas properties Block 3&4	1,425	1,295

Note 5, Operating expenses

Second quarter 2014	First quarter 2015	Second quarter 2015	MSEK	First half 2015	First half 2014
40	92	61	Production costs	153	103
4	-	14	Well workovers	14	4
1	-17	19	Over- / Underlift	2	-1
46	75	93	Total	168	105

Note 6, Associates

Tethys Oil holds an indirect interest of three Lithuanian companies holding three licences; Gargzdai, Rietavas and Raseiniai licences. The interest is held through two Danish private companies part of the Odin Group of companies, Odin Energi and Jylland Olie. The table below presents the ownership and the result from associates as per 30 June 2015.

Tethys Oil AB	Ownership		Ownership		Ownership
	Odin Energi	50%	Jylland Olie	40%	Jylland Olie 40%
	UAB Minijos Nafta	50%	UAB TAN Oil	75%	UAB TAN Oil 75%
	Gargzdai licence	100%	Raseiniai licence	100%	UAB LL Investicos 100%
					Rietavas licence 100%
Tethys Oil's indirect interest	25%		30%		30%

Second quarter 2014	First quarter 2015	Second quarter 2015	UAB Minijos Nafta	First half 2015	First half 2014
Profit and loss from associates, MSEK					
5	19	27	Gross revenue	46	58
-0	-2	-4	Royalty	-6	-5
5	17	22	Net revenue	39	53
-1	-5	-7	Depreciation	-12	-8
-0	-18	-1	Appraisal/development costs	-19	-1
-3	-11	-14	Operating expenditures	-25	-33
-0	-3	-3	Administrative expenditures in Lithuanian company	-6	-4
1	-20	-3	Operating result	-23	7
0	1	1	Financial income	2	1
-0	-	-1	Financial expenditures	-1	-1
1	-19	-3	Profit before tax	-22	7
-0	2	0	Tax	2	-4
1	-17	-3	Net result from associate	-20	3
0	-4	-1	Tethys Oil's total share of net result from associate	-5	1

MSEK	30 Jun 2015	31 Dec 2014
1 January	41	184
Acquisitions	-	-
Tethys share of net profit from associates	-5	2
Dividend from associates	-23	-11
Depletion	-	-8
Impairment cost		-127
Balance end of period	13	41

For an overview of the ownership structure of Tethys Oil's interest in Lithuania, please see page 42 in the Annual Report 2014.

Note 7, Shareholders' equity

As per 30 June 2015, the number of outstanding shares in Tethys Oil amounts to 35,543,750 (35,543,750), with a quota value of SEK 0.17 (0.17). All shares represent one vote each.

At the Annual meeting 2015, it was resolved to implement an incentive programme to employees in Tethys Oil. The company may issue up to 356,000 warrants where each warrant entitles to subscription to one new share in Tethys Oil. The warrants have a three year duration and the strike price of the warrants are above the share price as per the reporting date in this report, which is why the warrant are not included in the fully diluted number of shares. As per 30 June 2015, 325,000 warrants were issued and the total cost for the incentive programme amounted to MSEK 5.3.

As per 30 June 2015, Tethys Oil held 352,060 of its own shares which were purchased during the first quarter 2015 and fourth quarter 2014 at an average price of SEK 67. The share repurchase programme is based on a mandate from the AGM held in May 2014 and repurchased shares are still part of the total number of outstanding shares but however not included in the number of shares in circulation, which amount to 35,193,329 for the six months period ending 30 June 2015 and 35,191,690 shares for the three months period ending 30 June 2015.

After 30 June 2015, Tethys Oil has acquired a further 218,090 of its own shares, and per the date of this report Tethys Oil holds 570,150 of its own shares.

Note 8, Non current liabilities

In February 2014, it was announced that Tethys Oil signed a four-year, up to MUSD 100, senior revolving reserve based lending facility with BNP Paribas. Security for the facility is the interest in the Block 3&4 licence. The interest rate of the credit facility is floating between LIBOR + 3.75 per cent to LIBOR + 4.00 per cent per annum, depending on the level of utilization of the facility. As per 30 June 2015 there was no outstanding debt, i.e. there was no borrowed amount from the new credit facility.

Note 9, Provisions

Tethys Oil estimates that Tethys Oil's share of site restoration regarding Block 3&4 amounts to MSEK 28 (25). A consequence of this provision is that oil and gas properties increase with an equal amount.

Note 10, Pledged assets

As per 30 June 2015, pledged assets amounted to MSEK 1,652 (1,789). Pledged assets are mainly a continuing security with regard to the credit facility where Tethys Oil has entered into a pledge agreement. The pledge relates to all shares in the subsidiary Tethys Oil Block 3&4 Ltd for the benefit of the lenders in the credit facility and the value of the pledge is equal to the shareholders' equity value in Tethys Oil Block 3&4 Ltd. Of pledged assets, MSEK 1 (1) relate to a pledge in relation to office rental.

Note 11, Contingent liabilities

There are no outstanding contingent liabilities as per 30 June 2015, nor for the comparative period.

Key ratios

Second quarter 2014	First quarter 2015	Second quarter 2015	Group	First half 2015	First half 2014
Operational items					
658,123	784,207	858,453	Production before government take, bbl	1,642,659	1,266,705
7,232	8,714	9,434	Production per day, bbl	9,075	6,998
350,059	308,892	545,019	Net sales after government take, bbl	853,911	630,841
105.89	63.80	57.77	Achieved oil price, USD/bbl	59.95	106.19
Items regarding the income statement and balance sheet					
245	163	265	Net sales, MSEK	428	440
192	76	153	EBITDA, MSEK	229	322
78%	46%	58%	EBITDA-margin, %	53%	73%
134	13	75	Operating result, MSEK	88	216
55%	8%	28%	Operating margin, %	20%	49%
107	39	53	Net result, MSEK	93	165
44%	24%	20%	Net margin, %	22%	37%
33	400	323	Cash and cash equivalents, MSEK	323	33
1,284	1,888	1,744	Shareholders' equity, MSEK	1,744	1,284
1,367	2,061	1,888	Balance sheet total, MSEK	1,888	1,367
Capital structure					
93.95%	91.60%	92.37%	Solvency, %	92.37%	93.95%
-0.23%	-19.68%	-16.91%	Leverage ratio, %	-16.91%	-0.23%
93.95%	91.60%	92.37%	Adjusted equity ratio, %	92.37%	93.95%
69	131	29	Investments, MSEK	160	114
-3	-371	-295	Net debt, MSEK	-295	-3
Profitability					
8.99%	2.19%	3.13%	Return on shareholders' equity, %	5.41%	13.83%
9.46%	2.45%	4.25%	Return on capital employed, %	6.81%	15.28%
Key figures per employee					
17	18	18	Average number of employees	18	17
Number of shares					
n.a.	n.a.	3.00	Dividend per share, SEK	3.00	n.a.
4.1	3.38	2.64	Cash flow used in operations per share, SEK	6.02	7.6
35,544	35,544	35,544	Number of shares on balance day, Thousands	35,544	35,544
36.13	53.11	49.08	Shareholders' equity per share, SEK	49.08	36.13
35,544	35,195	35,192	Weighted number of shares on balance day, Thousands	35,193	35,544
3.02	1.11	1.52	Earnings per share, SEK	2.63	4.64
3.02	1.11	1.52	Earnings per share after dilution, SEK	2.63	4.64

For definitions of key ratios please refer to the 2014 Annual Report.
The abbreviation n.a. means not applicable.

Financial calendar

Nine month report 2015 (January – September 2015) on 3 November 2015

Year-end report 2015 (January – December 2015) on 9 February 2016

Three month report 2016 (January – March 2016) on 3 May 2016

Six month report 2016 (January – June 2016) on 16 August 2016

Board assurance

The board of directors and the managing director certify that the half year 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, 18 August 2015

Tethys Oil AB (publ)

Org. No. 556615-8266

Dennis Harlin
Chairman of the board

Per Brilioth
Director

Magnus Nordin
Managing director

Katherine Støvring
Director

Geoffrey Turbott
Director

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



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