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Thursday 13 May, 2010

Thalassa Holdings

Response to Renewable Power &

RNS Number : 8682L
Thalassa Holdings Limited
13 May 2010

Thalassa Holdings Ltd

("the Company", Ticker Reuters THAL.L Bloomberg THAL LN)

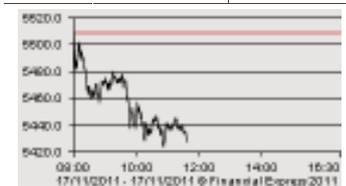
Response to Renewable Power & Light plc

("RPL", Ticker Reuters RPL.L Bloomberg RPL LN)

The board of the Company notes RPL's announcement of 21st April 2010 and wishes to comment as follows:

1. It is very disappointed to see that the board of RPL appear to have persistently made defamatory allegations against the Company and Mr Soukup personally. Neither the Company nor Mr Soukup condone such behaviour and thinks it more productive and respectful to shareholders of RPL to focus on the facts.
2. If elected, the new board of RPL intends, after reviewing the current situation and net cash position of RPL, to report to shareholders and present an investing policy as soon as possible thereafter. RPL shareholders will be cognisant of the fact that it is first necessary to establish RPL's 'actual' financial condition before being in a position to formulate a narrowly defined investing policy as required under the AIM Rules.
3. The RPL board has accused the Company of trying to gain control of RPL by attempting to influence board composition rather than paying full value to shareholders. In January 2010 Mr Soukup and his colleagues had a number of meetings and conversations with members of RPL's board. During these meetings and conversations RPL's representatives made it quite clear that they thought there was more value in utilising RPL as an investment vehicle than completing the current Investing Policy which had been approved by shareholders in August 2009. The Company's representatives suggested that they would like to see RPL acquire one or more targets in a reverse takeover transaction and they informed the RPL board members that given their ability to block a liquidation of RPL that they would appreciate it if RPL would abort plans to liquidate the Company or to undertake any actions that would reduce cash or be inconsistent with this objective prior to it being tabled to shareholders. It was agreed that the Company would, in due course, nominate a number of board representatives and would seek to work with the current board to acquire a business through a reverse takeover transaction. Indeed in this connection Mr Soukup signed an NDA for a project that Messrs Reynolds and Lambie wished to propose as a potential reverse opportunity but which had been rejected by other RPL shareholders. Notwithstanding the rejection by other RPL shareholders, the Company had an open mind and was willing to explore ALL potential transactions to increase shareholder value.
4. Unfortunately, it became impossible to pursue a constructive working relationship with the current RPL board for a number of reasons culminating in the RPL board's approach to the proposed True North disposal.

FTSE 100 FTSE All-Share FTSE 250 AIM



1 Day * | 1 Week | 3 Months | 1 Year Loss: -1.52%

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Latest directors dealings

- 11:44 am Harmony Gold Mining (HRM)
- 11:43 am Victrex PLC (VCT)
- 11:03 am Air Partner PLC (AIP)
- 11:02 am RSM Tenon Group (TNO)
- 10:45 am F&C Asset Management (FCAM)

All directors dealings today

5. The proposed True North Transaction was tabled to, and rejected by, the requisite majority of shareholders on 15 February 2010. The RPL board is critical of the Company's decision to vote against the proposed resolutions (but not, it seems, of the other shareholders who chose to exercise their right to vote against it). The Company is focussed on RPL's residual value and was concerned that the proposed True North Transaction (under the terms of which RPL was committed to discharge \$1.513m of liabilities), represented a simple route to complete the disposal process rather than a route to extract maximum value from the remaining assets (net of liabilities). Further information was requested by the Company, which was provided reluctantly and only after signing an NDA. The Company considered that some of the information provided was material to any shareholder in making a decision with regard to the True North transaction and led the Company to take a decision to vote against the proposal. The board of RPL should consider why it felt it appropriate to withhold this information from the other RPL shareholders when it was clearly pertinent to any shareholder wishing to understand the composition and nature of the \$1.513 million of "liabilities".
6. The offer made by the Company for RPL's US subsidiary was a genuine offer but one that was also intended to highlight the Company's view that the transactions proposed by both the RPL board and the Company were virtually impossible to evaluate. The board of RPL has been very dismissive of the Company's formal communication of the offer. In order that shareholders may have full transparency the full text of the Company's offer letter is attached. The RPL board had argued that if the sale of the US subsidiary was delayed, the shareholders would be disadvantaged. Surprisingly, the board of RPL never considered it appropriate to contact the Company if it felt that the offer was in any way deficient. In fact the RPL board never engaged with the Company thereby denying Shareholders the potential of a higher offer.
7. RPL has accused Thalassa of damaging shareholder value when the sole motivation of the Company's investment has been to increase it. Not only is their view fundamentally mistaken it is also a highly ironic accusation given that the current board of RPL in the three years since the admission of RPL to trading on AIM has destroyed substantial shareholder value. The board of RPL has presided over a company that has amassed losses of \$65.467 million whilst paying advisors in the region of \$8.7 million; paying themselves cash remuneration of \$8.25 million; and apparently awarding themselves a further \$4.5 million in share based compensation.

The figures below are extracted from corporate documents on the RPL web site and are, to the best of the Company's knowledge, a true and accurate presentation. We would, however, emphasise that due to the restatement of certain figures and the complex presentation of the data presented below, we cannot guarantee the accuracy of these figures and as such shareholders should not rely upon them to reach any investment or voting decision.

The Company would welcome clarification and full consolidated disclosure of all payments made to directors and advisors since the AIM IPO so that shareholders can judge for themselves whether they have received value for money. In any event this may be difficult to understand given that RPL has never reported a profit.

DIRECTORS AND EMPLOYEES REMUNERATION AND FEES

Remuneration	2006 (\$k)	2007 (\$k)	2008 (\$k)	2009 (\$k)	TOTAL (\$k)
Mike Reynolds	16	267	219	169	671
Tim Hurstad	0	233	918	312	1,463
Alex Lambie	12	70	66	59	207
Victor Fryling	12	207	325	296	840
David Lewis	1,273	1,618	0	0	2,891
Donald Verbick	0	365	1,194	350	1,909
Mark Draper	12	70	70	59	211
David Pinkman	10	48	0	0	58
Directors	1,335	2,878	2,792	1,245	8,250
Other employees	199	1,151	2,163	545	4,058
Annual total \$	1,534	4,029	4,955	1,790	12,308
Annual total £	783	2,017	3,422	1,124	7,346
Year end £/\$ rate	1.9591	1.9973	1.4479	1.5928	

PROFESSIONAL FEES AND EXPENSES INCURRED IN PLACINGS

Fees	2006 (\$k)	2007 (\$k)	2008 (\$k)	2009 (\$k)	TOTAL (\$k)
USDS	8,032	734			8,766
GBPE	4,100	367			4,467
Year end £/\$ rate	1.9591	1.9973			

OPTIONS GRANTED

Options	2006 (\$k)	2007 (\$k)	2008 (\$k)	2009 (\$k)	TOTAL (\$k)
Fair value granted	2,232	197	551	0	2,980
EBT value	0	0	1,436	0	1,436

REMUNERATION FEES & OPTION

TOTAL USD\$k	25,490
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8. Public criticism of one of RPL's largest shareholders and its Chairman would appear to

be a futile attempt to deflect from the current RPL board's disastrous record and does nothing to hide their own failings. In this respect the Company would direct RPL shareholders to Notes 6 and 7 of the 2009 Annual Accounts which clearly demonstrates that the directors' interests were not aligned with those of Shareholders. The Company finds it difficult to conceive how, in 2008, the board could justify paying two directors \$2.112 million whilst shareholders sustained losses of \$42.1 million during the same period.

9. In the Company's opinion it is the \$65 million of accumulated losses that has resulted in the 98% decline in RPL's share price not any actions taken by the Company or Mr. Soukup. The RPL share price chart highlights this demise and can be seen at:

<http://uk.finance.yahoo.com/q/bc?t=5y&s=RPL.L&f=on&z=m&q=l&c>

10. The RPL board has tried to discredit Mr Soukup by making references to Mr Soukup's past business conduct in a defamatory manner, Mr Soukup has nothing to be ashamed of and is proud of his investment and governance records. Under the heading Tactics to Gain Control, RPL cast aspersions on Mr Soukup's business tactics, stating that "Consequently, the current Board do not believe that they are being replaced (or, in the case of Mr Hunstad, retained) for the reasons alleged in the Members' Statement, but rather because this behaviour is consistent with the past business conduct employed by certain public companies in which Mr Soukup was a director to seek to take control of the direction of those companies, rather than making an offer to acquire the remaining shares in those companies." For the record Mr. Soukup does not seek to gain control of companies with a view to avoiding making an offer to shareholders but rather to work with incumbent management, whenever possible to enhance or create value for shareholders. This is exactly the same approach taken with RPL as stated in point 3 above.
11. The RPL board highlights its collective experience. However, all the experience described in the impressive CVs of the incumbents relate to substantial companies, and their ability, and indeed interest, in taking forward a company as small as RPL has now become questionable in the Company's opinion. The Company and its proposed directors' experience in taking companies worth only a few hundreds of thousands or millions of Pounds, tightly controlling costs, and adding value. They have a track record of not drawing income from shell companies like RPL, preferring to take an equity position in order to align their interests fully with other shareholders. This does not appear to be the approach adopted by the current board members. The current RPL board's view of the appropriateness of paying Carron Energy £3,500 per month for accounting services is evidence of this view.
12. The RPL board is concerned that if RPL is de-listed from AIM, there would be limited restrictions on the actions the proposed new board could take and limited protections for minority shareholders. This comment could, of course, be applied to the current board. Would shareholders feel they are better protected by a board which remunerates itself in the style of the current incumbents or a board which is extremely frugal in terms of how it spends shareholders' money and which has a vested interest in conserving RPL's cash by virtue of representing parties with a significant stake in the business?
13. The RPL board places great emphasis on the fact that the Company is not in favour of the current investment strategy of RPL. For the avoidance of doubt the Company's position, is that it is not in favour of a continuation of a strategy which effectively authorised the liquidation of RPL's assets and the return of cash to shareholders. This process was substantially completed with the distributions to shareholders of 10p and 8p per share, leaving a residual value of some 3p per share. Continuation of the current strategy provides shareholders with a maximum further return of this residual value, and it is perhaps understandable why RPL's current board appear to have no further aspirations. However, part of the proposed board's core expertise is enhancing the value of small quoted companies with no business and a modest amount of cash, ideally a value well in excess of the underlying cash. The Company's objective is to build value for all shareholders rather than accept that there is no further value to be had.
14. Finally, the Company notes RPL's board and their advisors' consistent failure to spell Mr Soukup's name correctly in both public and private documentation and hopes that is not indicative of their general lack of attention to detail.

Commenting, Duncan Soukup Chairman of the Company said: "I am seriously annoyed by the shameful hypocrisy of RPL's board which has destroyed shareholder value during their tenure whilst handsomely remunerating themselves and RPL's advisors. The current RPL board has been given ample opportunity to resign prior to the forthcoming general meeting but have decided rather to justify their existence by attacking Thalassa and myself. This approach will not cover up the losses or the collapse in RPL's share price, nor will it hide the apparent staggering greed of the current and past board members who have used RPL like a private piggy bank. It is exactly this sort of behaviour that inflames public opinion against people in the City. I am personally embarrassed by the actions of the current and past board members who in my opinion should be ashamed by their avarice and who appear better qualified to serve in Westminster than in an environment where remuneration should be tied to positive performance not failure."

"I am hopeful that all shareholders will vote in favour of the Company's nominees and for the removal of the current board with the exception of Mr Hunstad."

Copy of offer letter to RPL

11 February 2010

Mr Michael G. Reynolds
Chairman
Renewable Power and Light plc
9 Queen Street
London W1J 5PE
UK

Dear Mr Reynolds

Renewable Power and Light plc ("RPL")

Thalassa Holdings Ltd and/or CityPoint Holdings Ltd and/or their assigns write to make a formal offer for RPL's US subsidiary, RPL Holdings Inc, for a consideration of no less than USD\$1,001 which represents a premium of 100,000% to the current offer from True North Power Group LLC. In the first instance I would welcome the opportunity to discuss this offer with RPL's Board in further detail. In the event that the Board are willing to enter into an exclusivity agreement with us, we would be willing to carry out due diligence with a view to possibly increasing this offer.

However, I would like to make this point very clear to the Board; I consider the current proposal to shareholders to be badly advised and NOT in the best interests of shareholders.

Furthermore, I consider the proposal to sell the Company's US subsidiary for \$1 without giving shareholders any financial detail to be insulting to shareholders.

Finally, notwithstanding the insane premium of 100,000% (probably a first in the History of the London Stock Exchange!) that we are offering to the \$1 offer that the Board has recommended as being in the best interests of shareholders, I do not know how shareholders could evaluate the merit of this offer any more than they can evaluate the transaction that the Board are currently recommending!

Should you require verification of access to funds, we are prepared to lodge the full amount of the proposed consideration with reputable London solicitors of our choice.

I am aware that if we agree acquisition terms then such transaction would itself require shareholder approval by virtue of RPL being in an offer period. In the event that shareholders approve a disposal to ourselves it is clear that the sale agreement the subject of the circular of 27 January 2010 would be frustrated and the proposed purchaser could have no claim against RPL as a matter of law. I am advised that there is no legal reason to prevent your board from adjourning the planned GM for as long as would be reasonably necessary to consider this proposal.

In the event that it becomes clear from proxy voting that the Company does not have the necessary level of support for the disposal to True North Power Group LLC, we would be happy to withdraw this offer and consider with you alternatives that may be of greater economic value to shareholders generally.

I look forward to hearing from you.

Yours sincerely,

C Duncan Soukup
Director

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