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Thalassa Holdings Limited - THAL 2016 Trading Update and 2017 Outlook
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Thalassa Holdings Ltd
(Reuters: THAL.L, Bloomberg: THAL:LN)
("Thalassa", "the Company" or "the Group")
2016 Trading Update and 2017 outlook

The Board of Thalassa announces that it expects profit for the year ended 31 December 2016 to exceed market expectations. It estimates that Thalassa Group will report revenue of approximately \$14.0 million and profit before tax (excluding consolidation of the holding in The Local Shopping REIT plc using the equity method) of approximately \$2.2 million. 2016 year-end cash position is estimated at \$7.7 million.

The above-expectation performance is primarily due to the partial release of contingencies, which are no longer necessary, and non-operating gains from currency and commodity hedging of in excess of \$1 million. In addition, the Group still has a Self Insured Reserve (which covers any eventual excess payment due on insurance claims) of \$250,000 and a further reserve in the region of \$500,000 to cover maintenance, refurbishment and upgrades to fixed assets. The exact amount of such further expenditure will not be known until closer to the date of the first mobilisations in 2017 and may result in reserves being released to profit.

The Board expects to announce the results for the year ended 31 December 2016 during week commencing 10 April 2017, subject to timely completion of the audit.

Duncan Soukup, Chairman of Thalassa, commented: "Given conditions in the industry at the beginning of 2016, the Board is extremely pleased to be able to announce successful operational and financial results for 2016, which may increase further following the conclusion of our review of reserves. As result of which, the Board has resolved to replace the current stock buy back programme, once completed, under which the Company has bought back a total of 3,108,657 of its own shares since February 2015 at a cost of £1,343,257.80, with a new plan to repurchase up to £2 million of the Company's shares.

"The Board's current view for 2017 is one of cautious (but unpredictable) optimism. The price of oil has recovered to current levels of ca. \$52 (WTI) and riding the coattails of the largest reflationary intervention in the history of mankind, global economic activity is improving...slowly. However, the global recovery is not convincing as it is not associated with substantially higher employment. In fact,

given how far behind the curve the Central Banks of the USA, UK and Germany are, the current recovery looks to us to be far weaker than meets the eye. This worries us significantly as it could result in one of two scenarios, neither of which would be good for sustained, long-term economic growth. The first alternative is that Central Bankers ignore the bond markets and leave interest rates at historic lows for too long; the result would be a bout of short term, high(er) inflation followed by excessive tightening which could derail the current recovery. The second alternative is that Central Bankers tighten too quickly and cut the recovery off before it is firmly established.

"Given the recent US Presidential and Brexit results, which some would refer to as the rise of "Populism", upcoming elections in France and Germany, continued economic problems in Greece and Italy, and potentially heightened political tension between the Trump Administration and China, or should I say the USA and every other country in the World, 2017 is shaping up to be even more unpredictable than 2016.

"Holding one's breath and jumping is not a prudent economic or business model which is why the THAL Board is reticent to present any long term forecasts in the current political and economic environment. In fact, given the upcoming elections in France and Germany and the inauguration of President Trump, we would go so far as to say that even short-term predictions are nothing more than speculative guesses.

"Given the perspective outlined above your Board is strongly of the opinion that cash, cash generation and caution are the appropriate tenants of Group management in 2017....as they were in 2016.

"We wish everyone a prosperous 2017."

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Note to Editors:

Thalassa Holdings Ltd, incorporated and registered in the BVI and quoted on AIM, is a holding company currently with positions in the Energy Services and Defence and Homeland Security Industries.

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