SMALL CAP SHARE COMMENT
Commissioned Commentary

THALASSA HOLDINGS
(AIM:THAL)
Share price 129p

Date: **19th April 2013**
Sector: Oil Equipment, Services & Distribution
Market Cap: c£21m
www.thalassaholdingsltd.com

Institutional support for placing, Chairman buys more and full year results in line

---

The AIM quoted marine seismic operator has issued plenty of positive news over the last few months and recently announced news of a placing to raise £5.4m to help support further growth.

- Placing statistics

Approximately £5.4m is being raised through a placing of 4,500,000 new shares at a price of 120 pence per share, with the proceeds being used to acquire additional seismic acquisition equipment, including further PMSS™ components and also funds to support working capital.

The broadening of the institutional shareholder base should be highly beneficial with F&C Asset Management, Hargreave Hale and Close Asset Management each having disclosable interests of more than 4%. Executive Chairman Duncan Soukup's acquisition of a further 447,750 shares at the placing price is also a sign of confidence in the future. Mr Soukup is now interested in 4,612,571 shares, being approximately 28.2% of the ordinary share capital.

The Group's PMSS™ equipment is installed on vessels in order to provide the seismic (sound) source to allow Oil and Gas Exploration & Production companies to primarily perform Permanent Reservoir Monitoring ("PRM") or Life of Field Seismic. The equipment is also extremely versatile giving THAL the opportunity to use the equipment more widely than if they were restricted only to PRM work.

The significant raise for a business of its small size in testing market conditions is testimony to the Group's obvious appeal among institutional, as well as retail, investors.

- Positive full year results

Full year results for the year ending 31st December 2012 announced at the end of March were extremely encouraging although only offer a taste of the far greater opportunities that lie ahead.

Revenue for the 12 months was up 477% to US$14.0m, operating profit up 330% to US$ 1.5m and diluted earnings per share up 150% to US$0.10. It is difficult to make a fair comparison with the prior year ending 31st December 2011 as WGP Exploration Ltd, the Company's long term operating partner, was only acquired in November 2011 and the 2011 results therefore only include 2 months trading from the acquired business.

Revenue of US$ 14.0m generated from operations included the completion of the 15th Life of Field Seismic ("LoFS") survey at BP's Valhall field in the North Sea, the survey completed for SMG as part of their Arctic exploration programme and the completion of the survey for Spring Energy using the P-Cable 3D seismic technology.

Operating profit of $2.043m (before depreciation) resulted in an operating cash inflow of US$1.924m and closing cash at the year end up 25.9% to US$2.5m. The Group remained debt free.

Administrative expenses of US$2.9m increased by 138% largely due to inclusion of a full year of WGP Exploration Ltd's costs following its acquisition in November 2011, relating predominantly to personnel costs.

THALASSA HOLDINGS
(AIM:THAL)
Share price 129p

Date: **19th April 2013**
Sector: Oil Equipment, Services & Distribution
Market Cap: c£21m
www.thalassaholdingsltd.com

Institutional support for placing, Chairman buys more and full year results in line

The year ending 31st December 2011 only included 2 months of costs from the date of acquisition, a total of US$0.3m.

The depreciation charge of US$0.6m (US$0.4m) in the period relates to the two owned PMSS™ units and capital additions including the two compressors purchased during the period. An assessment of the equipment was undertaken in the period as part of the annual impairment review and concluded that no impairment charge was required in the period (2011: US$ 0.5m).

Operating profit was impacted by foreign currency losses of US$193,000. While most of the Group's revenues are US$ denominated foreign exchange exposure for expenditure is in various currencies including GBP, Euro and Norwegian Krone. Where costs are known, measures are put in place to mitigate the Group's exposure to foreign exchange movements. However, in 2012, the Group incurred an increase in expenditure in certain currencies, predominantly NOK, resulting in a currency loss in the period. The majority of the foreign exchange losses incurred in 2012 have since been reversed in 2013.

- Modest head office costs

Note 7. in the full year results, "Related party transactions" is worth clarifying. The Executive Chairman and head office support staff are remunerated through a consultancy and administrative services agreement, originally entered into on 23 July 2008 with a company in which the Chairman has a beneficial interest. For the year ending December 2012 the Group was invoiced US$ 440,000 for consultancy and administrative services, including US$ 200,000 of consultancy fees. We would suggest that this a relatively modest level of head office costs for a business of this size. Furthermore, Mr Soukup and operating partner WGP also waived their fees of US$324,571 and US$9,314 respectively in 2009. Mr Soukup also waived all interest accrued on related party loans during 2010 totalling US$104,367 plus a further US$215,240 of fees and interest accrued and owed to his management company.

Net assets at 31st December were US$10.279m.

- Hidden value in Treasury shares

It's worth noting there were 1,462,000 shares held in Treasury at 31st December 2012 acquired at an aggregate cost of US$384,226 or 26 cents per share and in the books at this value. With current share price 132p or approx US$2 there is evidently some extra hidden value!

- Founder options exercised

During the period there was a material increase in the number of shares in issue following Executive Chairman Duncan Soukup's exercise of all his founder's options, being 2,125,000 shares. While the exercise of these options is clearly very dilutive it's worth pointing out that Mr Soukup did not derive any premium from establishing the business initially and advanced the company substantial sums in support of establishment costs. He also committed a further significant sum at float and previously waived his entitlement to fees for years 2008, 2009 and 2010. The exercise of the founder options results in the effective blended share price of his stake of approximately 30p per share.

SMALL CAP SHARE COMMENT
Commissioned Commentary

THALASSA HOLDINGS

(AIM:THAL)
Share price 129p

Date:**19th April 2013**
Sector: Oil Equipment, Services & Distribution
Market Cap: c£21m
www.thalassaholdingsltd.com

Institutional support for placing, Chairman buys more and full year results in line

- Exciting outlook for 2013…and beyond

The Group's backlog has never been greater. Post year end the Group announced a contract and supplemental agreement with SMG Ecuador, the Ecuador business of State Sevmorgeo Company www.sevmorgeo.com ("SMG"), the Russian geological sea survey company, with an estimated aggregate value of approximately US$ 6.7m. An important aspect of this is the extension the Group's seismic 'shooting season' through expansion into the southern hemisphere.

The Letter of Intent relating to 2 proposed contracts with Statoil, the Norwegian oil major, with a potential aggregate value of approximately US$85m over 9 years is a significant milestone in the Group's history, both in terms of long term revenue visibility and also as an endorsement of the PMSS™ solution for use in LoFS projects.

At the prior financial year end the Group had only US$2.6m of contracted revenue for 2012.

- Broker estimates

House broker expectations for the year ending December 2013 are currently for revenue of US$28.6m, pre-tax profit of US$2.4m and eps of 16.9 cents (11.13p at current ex-rates). While 2013 looks very exciting, with the huge Statoil contract only scheduled to start on 1st October 2013 this story is all about 2014 and beyond.

For 2014 estimated revenue is currently forecast to be US$20.6m, pre-tax profit US3.0m and eps 21.3 cents (14.07p) resulting in a 2 year PER of 11.4x at the current share price, with seemingly plenty of scope for material upgrades.

Investor's Champion Ltd
Langwood House,
63-81 High Street.
Rickmansworth, Herts WD3 4DZ
www.investorschampion.com