



SMALL CAP SHARE COMMENT

Commissioned Commentary

THALASSA HOLDINGS

(AIM:THAL)

Share price 306p

Date: 9th January 2014

Sector: Oil Equipment, Services & Distribution

Market Cap: c£76m (cUS\$122m)

www.thalassaholdingsltd.com

Terrific update to open the year!

The AIM quoted marine seismic group has issued a highly positive pre-close announcement and trading update.

- Significantly exceeding market expectations

Management now anticipates that the Group will significantly exceed market expectations of operating profits, net profits and earnings per share for the year ending 31st December 2013.

Turnover is anticipated to be broadly in line with market expectations, but operating profit is now expected to exceed expectations by more than 10% and earnings per share to exceed by more than 20%. House broker expectations for the full year ending Dec 2013 were previously for turnover of US\$30.6m, pre-tax profit of US\$3.6m and earnings per share of 18.7 cents.

- Capex budgets

As a result of an increase in enquiries during 2013, the Board has now approved an initial capital expenditure budget for 2014 of US\$10m. This to cover the refurbishment of two compressors acquired in May 2013, upgrade certain existing systems and build a mini-PMSS™ unit. The last of these is in anticipation of work during 2014 in the high resolution 3D sector, utilising P-Cable 3D Seismic AS's technology (www.pccable.com).

The Thalassa web site has some excellent photos illustrating the PMSS™:

www.thalassaenergyservicesltd.com/pmss-portable-modular-source-system.asp

- Employee incentivisation

It's also encouraging to note senior management's enthusiasm for employee share ownership with a programme of management share ownership being undertaken to incentivise and reward employees on a long term basis. In order to support this, principal shareholder and Executive Chairman Duncan Soukup has sold 1m shares of the Company to the THAL Discretionary Trust at a price of £2.70 per share and the Trust has also acquired the 1,078,667 shares held by the Company in Treasury at a price of £0.264 per share.

It's worth noting that the Treasury shares were repurchased at an average price of only £0.164 per share and the £0.264 per share sale price to the Trust therefore represents an attractive 10% compound annual rate of return for the Company on that cost. Of perhaps greater significance is that this transaction serves to support key employees in the business over the long term.

- Chairman remains significant holder

Following the sale Mr Soukup remains a significant shareholder with an interest in 3,112,571 shares, equivalent to 12.4% of the issued share capital, which now comprises 25,057,522 Ordinary shares, with no shares held in treasury.

Mr Soukup commented that he has no intention of selling any further shares for the foreseeable future and certainly not the next 12 months.



Investor's Champion Ltd

Langwood House,
63-81 High Street,
Rickmansworth, Herts WD3 4DZ
www.investorchampion.com

THALASSA HOLDINGS
(AIM:THAL)
Share price 306pDate: 9th January 2014**Sector: Oil Equipment, Services & Distribution**

Market Cap: c£76m (cUS\$122m)

www.thalassaholdingsltd.com

Terrific update to open the year!

- Uncorrelated to the broader seismic market

Nearly all the Oslo listed seismic groups struggled in 2013 and even traditional bellwether TGS Nopec Geophysical (TGS:OSL) saw its share price slump 17% in the year.

Thalassa Holdings illustrates the advantage of investing in a small, dynamic and innovative group that offers a different type of exposure to marine oil and gas seismic markets and whose activities are currently less correlated to the broader general seismic market.

Having worked on four of the current nine Permanent Reservoir Monitoring (PRM) oil and gas fields in the world, this small Group is starting to get noticed.

Look out for the results announcement in the week beginning 17 March 2014.

DISCLAIMER

This document is issued by Investors Champion. Investors Champion is a registered trade mark of Investors Champion Ltd who does not undertake investment business in the UK and therefore does not buy or sell shares, although it and individuals and companies associated with it may own shares. Investor's Champion Ltd does not make recommendations.

The conclusions and opinions expressed in this commentary accurately reflect the views of Investor's Champion Ltd. The company commented on in this Commissioned Commentary pays a fee to Investor's Champion Ltd in order for the commentary to be made available. While the information in the commentary is believed to be correct, this cannot be guaranteed.

This commentary is issued in good faith but without legal responsibility and is subject to change or withdrawal without notice. This information does not constitute advice or a personal recommendation or take into account the particular investment objectives, financial situations or needs of individual clients. You are recommended to seek advice concerning suitability from your investment advisor.

This commentary is provided for the use of the professional investment community, market counterparties and sophisticated and high net worth investors as defined in the rules of the regulatory bodies. It is not intended to be made available to unsophisticated individuals. In the UK, any such individual who comes into possession of this commentary should consult their properly authorised professional adviser, or undertake one of the 'self certified' sophisticated investor tests that are available.

Investors should be aware that past performance is not necessarily a guide to the future and that the price of shares, and the income derived from them, may fall as well as rise and the amount realised may be less than the original sum invested. For AIM shares, it is the opinion of the regulator that risks are higher. Furthermore the marketability of these shares is often restricted.

This commentary is based on current public information that we consider reliable, but we do not represent it is accurate or complete and it should not be relied on as such. This commentary is not an offer to sell or the solicitation of an offer to buy or sell any security in any jurisdiction where such an offer or solicitation would be illegal. Our commentaries are distributed primarily electronically and, in some cases, in printed form. No part of this commentary may be reproduced or distributed in any manner without the written permission of Investors Champion Ltd. Investors Champion Ltd specifically prohibits the re-distribution of this report, via the Internet or otherwise, and accepts no liability whatsoever for the actions of third parties in this respect. This document must not be accessed or used in any way that would be illegal in any jurisdiction.