Regulatory Story

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26 March 2013

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Thalassa Holdings Ltd

(Reuters: THAL.L, Bloomberg: THAL:LN)

("**Thalassa**" or the "**Company**")

Final results for the year ended 31 December 2012 and notice of AGM

Financial Highlights

- Revenue up 477% to US$ 14.0m (2011: US$ 2.4m).
- Operating Profit up 330% to US$ 1.5m (2011: US$ 0.3m).
- Net Profit up 238% to US$ 1.2m (2011: US$ 0.4m).
- Earnings Per Share (diluted) up 150% to US$ 0.10 (£0.06) (2011: US$ 0.04 (£0.03)).
- Book value per share (diluted) up 11.8% to US$ 0.85 (£0.53) (2011: US$ 0.76 (£0.47)).
- Cash as at 31 December 2012 up 25.9% to US$ 2.5m (2011: US$ 2.0m).
- No borrowings as at 31 December 2012 (2011:US$ nil).

Operational Highlights

- Successful completion of the 15th Life of Field Seismic ("LoFS") survey for BP over the Valhall Field in the North Sea, the fourth LoFS survey at Valhall to be carried out using the Group's Portable Modular Source System ("PMSS™").
- Successful completion of turnkey contract with Joint Stock Company Sevmorgeo ("SMG") to provide seismic acquisition services in the Arctic.
- Successful completion of seismic acquisition services using P-Cable 3D seismic technology for Spring Energy in the North Sea.

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Chairman's Statement

I am happy to report record financial performance at every level in 2012. The 15th LoFS survey over the Valhall Field in the North Sea in the first half and the SMG Arctic and Spring Energy projects in the second half were all completed successfully and, had it not been for appalling weather in the North Atlantic during Q3 2012, results would have been even better.

Outlook for 2013

- New contract and supplemental agreements announced with SMG, the Russian geological sea survey company in Ecuador, with an estimated aggregate value of approximately US$ 6.7m.
- 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.

The award of the recently announced Statoil Letter of Intent (27 February 2013) is a significant milestone in the Group's history, both in terms of long term revenue visibility and also as an endorsement of our PMSS™ solution for use in LoFS projects.

In addition to the Statoil Letter of Intent, the Company has also announced (18 January 2013) a contract with SMG Ecuador, a subsidiary of SMG, providing marine seismic acquisition services in Ecuador.

As a result, the Company has made significant headway in extending the Group's shooting season through expansion into the southern hemisphere.

In light of the Statoil Letter of Intent, the recent contract win for SMG in Ecuador and a significant increase in potential customer enquiries, the long term growth prospects are excellent.

I would like to thank the staff for their continued commitment, dedication and performance in what have been some extremely challenging conditions.

C. Duncan Soukup, Chairman, 25 March 2013

Operational Review

Valhall LoFS

The Group successfully completed the fifteenth LoFS survey over the Valhall field in the North Sea for BP, being the fourth LoFS survey at Valhall to be carried out using the Group's PMSS™. As per previous surveys, the PMSS™ was mobilised on the M/V Stril Myster, a field platform vessel that is converted into a seismic source vessel for the duration of each project lasting approximately 6 weeks, including time for mobilisation and de-mobilisation.

Only one survey was completed during 2012 due to increased 3D seismic activity in the region.

SMG - Arctic Operations

In 2012 the Group was contracted by SMG to provide a solution to acquire seismic data in the Russian sector of the Arctic Ocean focusing on the East Siberian and Laptev seas.

To perform the project, a PMSS™ coupled with a towed streamer system (cable / recording / handling system) was installed on the back deck of the Russian Ice Breaker "Dikson" in Kirkenes, northern Norway. During the survey, the "Dikson" was also escorted by the icebreaker "Kapitan Dranitsyn", to act as a lead vessel through pack ice. Our PMSS™ was able to operate in the Arctic waters during a 45 days period between mid-August and the end of September, during which some 5,300 line km's of 2-D towed streamer data and Ocean Bottom Seismometers (OBS node) data was acquired.

To achieve over 5,000 survey km's without incident or damage to in-water equipment when working in such challenging conditions, with sea water temperatures down to -2°C, demonstrates not only the flexibility and ability of the PMSS™ to operate in different environments, but also the Group's expertise in providing bespoke marine geophysical services and solutions.

Spring Energy - P-Cable High Resolution 3D

During 2012 the Group also successfully completed a seismic data acquisition survey on the Norwegian Continental Shelf for Spring Energy.

The contract, using our joint venture partner P-Cable's high resolution 3D system, included the acquisition of six valuable high-resolution 3D data sets over 134km^2 of shallow target anomalies in the Barents Sea, which was carried out despite being affected by very poor weather in the North Atlantic. Notwithstanding this, the quality of the data sets acquired endorsed the Group's belief in the concept of the P-Cable system and its potential for new opportunities in the future.

Outlook for 2013

On 27 February 2013, the Company announced that its WGP subsidiary had received and executed a letter of intent with Statoil AS, the Norwegian oil major, to provide long-term seismic acquisition services for the permanent reservoir monitoring of the Snorre and Grane oil fields in the Norwegian sector of the North Sea. The seismic acquisition contract, excluding any extensions, has a value of approximately US$ 32m and up to approximately US$ 65m if Statoil exercises the options to extend the contract by a further four years.

The letter of intent also covers Statoil's purchase of a bespoke dual portable modular system (D-PMSS™), which WGP shall maintain and operate throughout the duration of the acquisition contract. The value of this contract is US$ 19.8m. The Company has received a purchase order for the D-PMSS™ from Statoil and the procurement process has commenced. Statoil has agreed to meet all costs incurred by WGP in the event that the final contracts are not executed.

On 18 January 2013, the Group announced a contract with SMG Ecuador, the Ecuador business of SMG, involving the provision and operation of the PMSS™ as part of seismic data acquisition surveys being conducted in Ecuador. A number of supplemental agreements have also been announced including:

- the supply of 11 containers containing ocean bottom nodes and instrument rooms;
- the sourcing of a vessel and supply of additional services; and
- the supply of node handling equipment and associated services.

The expected aggregate value of the contract and supplemental agreements is approximately US$ 6.7m, an increase of 60% from the initial contract.

The Group has made a great start to 2013 with both the SMG Ecuador project and the recently announced Statoil Letter of Intent. The pipeline of enquiry remains strong for both permanent reservoir monitoring activity and niche projects requiring bespoke solutions.

Mark Burnett, CEO WGP Exploration Ltd

Financial Review

Group results for the year to 31 December 2012 show revenue of US$ 14.0m, an increase of 477% compared to 2011 (2011: US$ 2.4m). Gross Profit in the year was US$ 4.9m, a 101% increase compared to 2011 (US$ 2.5m). Operating profit (EBIT) was US$ 1.5m, an increase of 330% from 2011 (US$ 0.3m). Profit for the financial period attributable to shareholders of the parent was US$ 1.2m, an increase of 238% over the prior period (US$ 0.4m).

Basic earnings per share was US$ 0.12 (£0.08) and diluted earnings per share was US$ 0.10 (£0.06) as compared to basic earnings per share of US$ 0.05 (£0.03) and diluted earnings per share of US$ 0.04 (£0.03) in the prior period.

Revenue of US$ 14.0m generated from operations includes the completion of the 15th 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.

Cost of sales of US$ 9.1m includes direct operational costs largely relating to the provision and fabrication of equipment, charter fees, personnel and project management costs on marine seismic acquisition services.

Administrative expenses of US$ 2.9m (US$ 1.2m), increased by 138% largely due to inclusion of a full year of WGP Exploration Ltd's costs (US$ 2.0m) following its acquisition in November 2011, relating predominantly to personnel costs. The year ended 31 December 2011 only included 2 months of costs from the date of acquisition, a total of US$ 0.3m.

Operating profit before depreciation was US$ 2.0m compared to US$ 1.2m for the comparative period.The depreciation charge of US$ 0.6m (US$ 0.4m) in the period relates to the two owned PMSS^{TM} 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).

Net financial income/(expense) includes foreign exchange losses in the period of US$0.2m. Most of the Group's revenues are US$ denominated with foreign exchange exposure for expenditure in various currencies including GBP, Euro and Norwegian Krone. Where costs are known, measures will be 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.

Net assets at 31 December 2012 amounted to US$ 10.3m (2011: US$ 9.0m). Net asset value per share (diluted) was US$ 0.85 (£0.53) in comparison to US$ 0.76 (£0.47) for the prior period.

The Company had no borrowings during the period.

Net cash flow from operating activities amounted to US$ 1.9m, with net cash outflow from investing activities amounting to US$1.4m largely due to the purchase of capital equipment.

Cash at the period end was US$ 2.5m.

Consolidated Statement of Income
for the year ended 31 December 2012

	Note	2012 US$	2011 US$
Continuing operations			
Revenue	*2.9*	14,007,070	2,427,985
Cost of sales		(9,067,000)	31,275
Gross profit		**4,940,070**	**2,459,260**
Administrative expenses		(2,896,329)	(1,216,877)
Operating profit before depreciation	*3*	**2,043,741**	**1,242,383**
Depreciation	*8*	(562,695)	(398,611)
Impairment of fixed assets	*8*	-	(499,060)
Operating profit		**1,481,046**	**344,712**
Net financial income/(expense)	*4*	(228,154)	10,963
Profit before taxation		**1,252,892**	**355,675**

Taxation		(3,503)	-
Profit for the year		**1,249,389**	**355,675**
Non-controlling interest		(46,205)	-
Profit attributable to shareholders of the parent		**1,203,184**	**355,675**
Earnings per share			
Basic	*5*	**US$ 0.12**	**US$ 0.05**
Diluted	*5*	**US$ 0.10**	**US$ 0.04**

Consolidated Statement of Comprehensive Income
for the year ended 31 December 2012

	2012	2011
	US$	**US$**
Profit for the financial period	**1,203,184**	**355,675**
Other comprehensive income:		
Exchange differences on re-translation of foreign operations	(845)	(18,804)
Total comprehensive income	**1,202,339**	**336,871**

Consolidated Statement of Financial Position
as at 31 December 2012

		2012	2011
	Note	**US$**	**US$**
Assets			
Non-current assets			
Goodwill		368,525	368,525
Tangible fixed assets	*8*	7,853,856	7,018,787
Available for sale investments	*9*	38,675	-
Total non-current assets		**8,261,056**	**7,387,312**
Current assets			
Inventory	*10*	81,777	-
Trade and other receivables	*11*	628,078	558,381
Cash and cash equivalents		2,482,469	1,970,825
Total current assets		**3,192,324**	**2,529,206**
Liabilities			
Current liabilities			
Trade and other payables	*12*	1,173,839	906,809
Total current liabilities		**1,173,839**	**906,809**
Net current assets / (liabilities)		**2,018,485**	**1,622,397**
Net assets		**10,279,541**	**9,009,709**
Shareholders Equity			
Share capital	*13*	133,175	111,887
Share premium	*13*	8,517,782	8,517,782
Treasury shares	*13*	(384,226)	(384,226)
Other reserves		(19,649)	(18,804)
Retained earnings		1,986,254	783,070

Total Shareholders Equity	**10,233,336**	**9,009,709**
Non-controlling Interest	46,205	-
Total Equity	**10,279,541**	**9,009,709**

These financial statements were approved and authorised by the board on 25 March 2013.

C. Duncan Soukup, Chairman

Consolidated Statement of Cash Flows
for the year ended 31 December 2012

	2012	2011
	US$	**US$**
Cash flows from operating activities		
Operating profit for the period before depreciation	**2,043,741**	**1,242,383**
(Increase) / decrease in inventory	(81,777)	-
(Increase) / decrease in loans and receivables	-	21,268
(Increase) / decrease in trade and other receivables	(69,697)	535,433
Increase / (decrease) in trade and other payables	267,030	(1,605,796)
Net foreign exchange gain/(loss)	(193,870)	12,639
Taxation	(3,503)	-
Cash used by operations	**1,961,924**	**205,927**
Interest paid	(37,762)	(23,396)
Net cash flow from operating activities	**1,924,162**	**182,531**
Cash flows from investing activities		
Acquisition of investments	(38,675)	-
Investment income	1,397	1,379
Interest received	1,236	1,688
Purchase of equipment	(1,397,764)	(180,008)
Acquisition of WGP	-	1,778,182
Net cash flow from investing activities	**(1,433,806)**	**1,601,241**
Cash flows from financing activities		
Increase / (decrease) in Shareholder loans	-	(247,435)
Issue of Ordinary Share Capital	21,288	-
Treasury shares	-	(70,501)
Net cash flow from financing activities	**21,288**	**(317,936)**
Net increase in cash and cash equivalents	511,644	1,465,836
Cash and cash equivalents at the start of the period	1,970,825	504,989
Cash and cash equivalents at the end of the period	**2,482,469**	**1,970,825**

Consolidated Statement of Changes in Equity
for the year ended 31 December 2012

	Share Capital	Share Premium	Treasury shares	Other Reserves	Retained earnings / (losses)	Total Shareholders Equity	Non-controlling interest	Total Equity
	US$	US$	US$	US$	US$	US$	US$	US$
Balance as at 31 December 2010	**85,000**	**7,264,414**	**(313,725)**	**-**	**427,395**	**7,463,084**	**-**	**7,463,084**
Shares issued on acquisition of WGP	26,887	1,253,368	-	-	-	1,280,255	-	1,280,255
Purchase of treasury shares	-	-	(70,501)	-	-	(70,501)	-	(70,501)
Total comprehensive income for the period	-	-	-	(18,804)	355,675	336,871	-	336,871

Balance as at 31 December 2011	**111,887**	**8,517,782**	**(384,226)**	**(18,804)**	**783,070**	**9,009,709**	**-**	**9,009,709**
Issue of Ordinary Share Capital	21,288	-	-	-	-	21,288	-	21,288
Movement in Non-controlling Interest	-	-	-	-	-	-	46,205	46,205
Total comprehensive income for the period	-	-	-	(845)	1,203,184	1,202,339	-	1,202,339
Balance as at 31 December 2012	**133,175**	**8,517,782**	**(384,226)**	**(19,649)**	**1,986,254**	**10,233,336**	**46,205**	**10,279,541**

Notes to the Consolidated Financial Statements

for the year ended 31 December 2012

1. General information

Thalassa Holdings Ltd (the "Company") is a British Virgin Island ("BVI") International business company ("IBC"), incorporated and registered in the BVI on 26 September 2007. The Company was established as a holding company, and currently has one operating subsidiary, WGP Group Ltd ("WGP") (together with Thalassa Holdings Ltd, the "Group").

WGP Group Ltd is a wholly owned subsidiary of Thalassa which owns the seismic operating assets of the Thalassa Group and whose subsidiaries are:

- WGP Energy Services Ltd ("WESL")
- WGP Exploration Ltd ("WGPE")
- WGP Technical Services Ltd ("WGPT")
- WGP Survey Ltd ("WGPS")

2. Accounting policies

The Group prepares its accounts in accordance with applicable International Financial Reporting Standards ("IFRS") as adopted by the European Union. The consolidated financial statements have been prepared on the historical cost basis except for available for sale investments that have been measured at fair value.

The financial statements are expressed in US dollars, being the functional currency of the company and its subsidiaries other than WGP Exploration Ltd which has a functional currency of pound sterling.

The principal accounting policies are summarised below. They have been applied consistently throughout the period covered by these financial statements.

2.1. Measurement basis

The measurement basis used in the preparation of the financial statements is the historical cost basis except for the following material items in the statement of financial position:

- derivative financial instruments are measured at fair value;
- non-derivative financial instruments at fair value through the profit or loss are measured at fair value; and
- available for sale financial assets are measured at fair value.

2.2. Accounting principles, amendments and interpretations not yet effective

At the financial position date the following significant Standards and Interpretations, which are applicable to the company, were in issue but not yet effective:

IFRS 7 "Disclosures - Transfers of Financial Assets" is concerned with increased disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

IFRS 9 "Financial Instruments" is concerned with the classification and measurement of financial assets and liabilities when determining whether financial assets should be recorded at amortised cost or at fair value, and the associated accounting treatment of embedded derivatives within financial assets. The standard is applicable for accounting periods beginning on or after 1 January 2015 but early adoption is allowed.

IFRS 10 "Consolidated Financial Statements" is effective for accounting periods beginning on or after 1 January 2014. The standard establishes the principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. The new standard provides extensive guidance on applying the principle of control, which then governs the consolidation of an entity. The standard sets out the accounting requirements for the preparation of consolidated financial statements, which are unchanged from those that are required by the current IAS 27, 'Consolidated and Separate Financial Statements'. However IAS 27 has been amended to conform to IFRS 10, and will only apply to separate financial statements when IFRS 10 is applied.

IFRS 11 "Joint Arrangements" is effective for accounting periods beginning on or after 1 January 2014. The standard applies to all entities that are a party to a joint arrangement and will replace IAS 31 Interests in Joint Ventures'. The accounting treatment is dependent on the type of joint arrangement, which is determined by considering the rights and obligations of the investor. On application of IFRS 11, IAS 28 is amended and retitled to 'Investment in Associates and Joint Ventures'.

IFRS 12 "Disclosures of Interests in Other Entities" is effective for accounting periods beginning on or after1 January 2014. The standard requires disclosure of information on the nature of, and risks associated with, interests in other entities; and the effects of those interests on the primary financial statements. The disclosures required relate to interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities.

IFRS 13 "Fair Value Measurement" provides guidance on how to measure fair value when it is required or permitted by other IFRS's and contains extensive disclosure requirements to enable users of financial statements to assess the methods used by entities when developing fair value measurements and the effects of such measurements on financial results. The standard is applicable for accounting periods beginning on or after January 1, 2013 but early adoption is allowed.

The directors do not anticipate that the adoption of Standards and Interpretations in issue but not yet effective will have a material impact on the financial statements.

2.3. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

2.4. Judgement and estimates

The preparation of financial statements in conformity with IFRS requires the Directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key judgement areas relate to the carrying value of the plant and equipment and goodwill. The carrying value of the PMSS™ units may significantly differ from their market value. It is affected by management's assessment of its fair value and indicators of impairment. If the carrying value of a PMSS™ exceeds the recoverable amount then an impairment charge is recognised. Goodwill is reviewed annually for indication of impairment.

2.5. Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation and any provision for impairment. Cost includes the purchase price, including import duties, non-refundable purchase taxes and directly attributable costs incurred in bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended. Cost also includes capitalised interest on borrowings, applied only during the period of construction.

Fixed assets are depreciated on a straight line basis over 15 years from the point at which the equipment is deployed and put into use.

2.6. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first in first out principle and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

The net realisable value is the cost less any impairment recognised. Inventories are expensed as utilised in the Group's operations.

2.7. Impairment of Assets

An assessment is made at each reporting date of whether there is any indication of impairment of any asset, or whether there is any indication that an impairment loss previously recognised for an asset in a prior period may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's value in use or its net selling price.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the statement of income in the period in which it arises. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation / amortisation), had no impairment loss been recognised for the asset in a prior period. A reversal of an impairment loss is credited to the statement of income in the period in which it arises.

2.8. Investments

Available for sale investments are initially measured at cost, including transaction costs. Gains and losses arising from changes in fair value of available for sale investments are recognised directly in other comprehensive income, until the security is disposed or is deemed to be impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is included in the statement of income for the period.

2.9. Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue relates substantially to amounts earned in relation to geophysical project management and technical consultancy services and the deployment and operation of the PMSS™ equipment. Revenue is recognised by reference to the stage of completion of the contract.

2.10. Taxation

The Company is incorporated in the BVI as an IBC and as such is not subject to tax in the BVI.

WGP Exploration Ltd is incorporated in the UK and is therefore subject to UK tax regulations. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date. Tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise tax is recognised in the income statement.

2.11. Foreign currency

Transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rate of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the financial position date. Exchange differences arising are included in the statement of income for the period. Exchange differences on the retranslation of operations denominated in foreign currencies are included in Other Comprehensive Income.

2.12. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets until such a time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit and loss in the period incurred.

2.13. Financial instruments and risk management

Financial assets and liabilities are recognised on the Group's statement of financial position when the Group becomes party to the contractual provisions of the instrument.

Loans and receivables are initially measured at fair value and are subsequently measured at amortised cost, plus accrued interest, and are reduced by appropriate provisions for estimated irrecoverable amounts. Such provisions are recognised in the statement of income.

Trade receivables are initially measured at fair value and are subsequently measured at amortised cost, do not carry any interest, and are reduced by appropriate provisions for estimated irrecoverable amounts. Such provisions are recognised in the statement of income.

Cash and cash equivalents comprise cash in hand and demand deposits and other short-term highly liquid investments with maturities of three months or less at inception that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade payables are not interest-bearing and are initially valued at their fair value and are subsequently measured at amortised cost.

Equity instruments are recorded at fair value, being the proceeds received, net of direct issue costs.

Financial instruments require classification of fair value as determined by reference to the source of inputs used to derive the fair value. This classification uses the following three-level hierarchy:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2.14. Share Based Payments

Fair valued share based payments

Where new share options have been granted in the period, a charge is made to the consolidated statement of income and a reserve created to record the fair value of the awards in accordance with IFRS 2 'Share-based Payment'. A charge is recognised in the income statement in relation to share options granted based on the fair value (the economic value) of the grant, measured at the grant date. The charge is spread over the vesting period. The valuation methodology takes into account assumptions and estimates of share price volatility, future risk-free interest rate and exercise behaviour and is based on the Black-Scholes method. When share options are exercised there is a transfer from the share option reserve to share capital and share premium account.

At the end of each reporting period the Group revises its estimate of the number of share options that are expected to vest taking into account those which have lapsed or been cancelled. It recognises the impact of the revision to original estimates, if any, in the profit or loss, with a corresponding adjustment to share option reserve.

Intrinsically valued share based payments

The intrinsic value model is applied where fair value cannot be reliably estimated. Share options are measured at intrinsic value, initially at the date granted and subsequently at each reporting date until the corresponding options are exercised, forfeited or lapse. The effects of revaluations are recognised in the statement of income.

Refer to Note 15 for details of all share-based payments.

2.15. Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

2.16. Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see note 2.15 above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3. Operating profit for the year

The operating profit for the year is stated after charging:

	2012	2011
	US$	**US$**
Consultancy fees	244,072	202,912
Wages and salaries	998,370	164,204
Social security costs	129,414	15,826
Pension costs	56,977	4,334
Audit fees	46,396	39,370

Included within consultancy fees / wages and salaries is US$ 4,000 in relation to amounts paid for non-executive directors' remuneration (2011: US$ 3,000).

4. Net financial income/(expense)

	2012	2011
	US$	**US$**
Interest on bank deposits	1,236	1,688
Bank interest payable	(37,762)	(2,776)
Loan interest payable	-	(20,620)
Foreign currency gains / (losses)	(193,025)	31,292
Investment Income	1,397	1,379
	(228,154)	**10,963**

5. Earnings per share

	2012	2011
The calculation of earnings per share is based on the following profit and number of shares:		
Profit for the period (US$)	**1,203,184**	**355,675**
Weighted average number of shares of the Company:		
Basic	9,914,407	7,526,823
Diluted	11,875,527	9,794,344
Earnings per share:		
Basic (US$)	0.12	0.05

Diluted (US$)	0.10	0.04

Number of shares outstanding at the period end:		
Number of shares in issue	**13,317,522**	**11,188,707**
Treasury shares	(1,462,000)	(1,462,000)
Basic number of shares in issue	**11,855,522**	**9,726,707**
Share options	200,000	2,125,000
Diluted number of shares in issue	**12,055,522**	**11,851,707**

6. Segment information

The Group has a single operating segment being operations from geophysical project management and services and one geographical segment, being the global market as a whole, as the Group's asset deployment is not limited to a specific area of the world.

7. Related party transactions

Under the consultancy and administrative services agreement entered into on 23 July 2008 with a company in which the Chairman has a beneficial interest, the Group was invoiced US$ 440,000 for consultancy and administrative services provided to the Group including US$ 200,000 of consultancy fees. An additional $1,000 of Director fees were also invoiced to the Group. At 31 December 2012, an amount of US$125,138 of fees brought forward from the prior period and US$ 20,154 in interest owed to this company were waived. As at 31 December 2012, the amount owed to this company was US$ 258,283 (2011: US$ 125,138).

8. Tangible fixed assets

	2012	**2011**
Plant and Equipment	**US$**	**US$**
Cost		
Cost at 1 January	7,943,129	7,749,869
Assets acquired from the acquisition of WGP	-	13,252
Additions	1,397,764	180,008
Cost at 31 December	**9,340,893**	**7,943,129**
Depreciation		
Depreciation at 1 January	(924,342)	(26,520)
Exchange adjustments	-	(151)
Charge for the period	(562,695)	(398,611)
Impairment during the period	-	(499,060)
Depreciation at 31 December	**(1,487,037)**	**(924,342)**
Closing net book value at 31 December	**7,853,856**	**7,018,787**

As outlined in note 2.7, an assessment is made at each financial position date as to whether there is any indication of impairment of any asset. An impairment review of the equipment has been undertaken and the management have concluded that there is no additional impairment charge to be recorded for the period.

9. Investments - Available for sale investments

	2012	**2011**
	US$	**US$**
Available for sale investments		
At the beginning of the period	-	-
Acquisitions	38,675	-
Disposals	-	-
At 31 December	**38,675**	**-**

Financial instruments require classification of fair value as determined by reference to the source of inputs used to derive the fair value. At the point of acquisition, the investment was classified as Level 1, as it was listed on a recognised stock exchange, but subsequently reclassified to Level 3 following its de-listing. The valuation is based on the value at acquisition.

10. Inventories

	2012	**2011**
	US$	**US$**
Parts and Equipment	81,777	-
At 31 December	**81,777**	**-**

11. Trade and other receivables

	2012 US$	2011 US$
Trade debtors	133,846	386,226
Other debtors	409,346	97,882
Prepayments	84,886	74,273
Total trade and other receivables	**628,078**	**558,381**

12. Trade and other payables

	2012 US$	2011 US$
Trade creditors	1,080,722	288,168
Other creditors	74,164	90,220
Corporation tax payable	-	154,530
Accruals	18,953	373,891
Total trade and other payables	**1,173,839**	**906,809**

13. Share capital and share premium

	2012 US$	2011 US$
Authorised share capital:		
100,000,000 ordinary shares of $0.01 each	1,000,000	1,000,000
Allotted, issued and fully paid:		
8,500,000 ordinary shares of $0.01 each	85,000	85,000
2,688,707 ordinary shares of $0.01 each	26,887	26,887
3,815 ordinary shares of $0.01 each issued during the period	38	-
2,125,000 ordinary shares of $0.01 each issued during the period	21,250	-
13,317,522 ordinary shares of $0.01 each	133,175	111,887

	Number of shares	Share capital	Share premium	Treasury shares
Balance at 1 January 2012	11,188,707	111,887	8,517,782	(384,226)
Cost of share issues	2,128,815	21,288	-	-
Balance at 31 December 2012	**13,317,522**	**133,175**	**8,517,782**	**(384,226)**

Share capital represents 13,317,522 ordinary shares of US$ 0.01 each.

Share premium relates to 8,490,000 shares issued with a nominal value of US$ 0.01 issued at a price of US$ 1.00, plus consideration for the acquisition of WGPE US$ 1,253,368 less costs of issue amounting to US$ 1,279,466.

Treasury shares represents the cost of the Company buying back its shares. There were 1,462,000 shares held in Treasury as at 31 December 2012.

Other reserves represents the exchange differences on retranslation of foreign operations.

On 2 July 2012, the Company issued 3,815 ordinary shares as consideration for 164,205 Rock Solid Images Plc shares.

On 22 November 2012, the Company issued 2,125,000 ordinary shares, granted under a deed dated 23 July 2008 in relation to the Chairman's founder options.

The holders of issued shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

14. Capital Management

The Group's capital comprises ordinary share capital, retained earnings and capital reserves, the group has no debt. The Group's objectives when managing capital are to provide an optimum return to shareholders over the short to medium term through capital growth and income whilst ensuring the protection of its assets by minimising risk. The Group seeks to achieve its objectives by having available sufficient cash resources to meet capital expenditure and ongoing commitments.

At 31 December 2012, the Group had capital of US$ 10,279,541 (2011: US$ 9,009,709). The Group does not have any externally imposed capital requirements.

15. Share - based payments

Thalassa Holdings Ltd share options

	Founding shareholder options	Director share options	Non - Executive director share options	Other share options
	15.1	15.2	15.3	15.4
Outstanding at 1 January 2012	2,125,000	-	-	-
Options granted	-	100,000	20,000	80,000
Options lapsed	-	-	-	-
Options exercised	2,125,000	-	-	-
Outstanding at 31 December 2012	**-**	**100,000**	**20,000**	**80,000**
Exercise price	**US$0.01**	**£0.521**	**£0.521**	**£0.521**

15.1. Founding shareholder options

On 23 July 2008 Duncan Soukup was granted a five year option to subscribe for 2,125,000 shares at US$0.01 per share. These options have no impact on reported profit or loss as they were issued in the capacity as a holder of equity shares in the Company and, as such, are not a share based payment transaction.

Duncan Soukup exercised all of his founder's options during the year to 31 December 2012.

15.2. Director Share Options

On 21 November 2012 100,000 share options were granted to Duncan Soukup at a strike price of £0.521. The options have been granted for a period of three years.

15.3. Non-Executive Director share options

On 21 November 2012 20,000 share options were granted to Non-executive Directors at a strike price of £0.521. The options have been granted for a period of three years.

15.4. Employee and Consultant share options

On 21 November 2012 80,000 share options were granted to employees and consultants at a strike price of £0.521. The options have been granted for a period of three years.

15.5. Share options in WGP Energy Services Ltd granted to employees of WGP

WGP Energy Services Ltd share options

	Employees of WGP share options
Outstanding at 1 January 2012	91,000
Options granted	-
Options lapsed	-
Options exercised	-
Outstanding at 31 December 2012	**91,000**

On 23 July 2008, certain employees of WGP were granted five year options in respect of a total of up to 100,000 ordinary shares of WESL at US$1.00 per share, representing 1.4% of WESL's issued share capital.

None of the WGP employee options were exercised or lapsed during the year to 31 December 2012.

15.6. Share option charges

On 21 November 2012, 200,000 share options were granted and were valued using the Black-Scholes option pricing model. The total fair value of the options granted has been estimated at £34,400 based on a fair value per option of £0.177. The principal inputs into the model were as follows:

	2012	**2011**
Number of Options Granted	200,000	n/a
Vesting Period	3 years	n/a
Option strike price	£0.521	n/a
Current share price (at granting date)	£0.521	n/a
Implied volatility	50.0%	n/a
Interest free rate	0.5%	n/a

The volatility is based on historical volatility of the Group's shares in a range between 40-50% considering the general stock market conditions and the industry.

16. Investment in subsidiaries

Details of the Company's subsidiaries at the year end are as follows:

Name of subsidiary	Place of incorporation	Effective Share holding 2012	2011
WGP Group Ltd	British Virgin Islands	100%	n/a
WGP Energy Services Ltd	British Virgin Islands	100%	100%
WGP Exploration Limited	United Kingdom	100%	100%
WGP Technical Services Ltd	British Virgin Islands	100%	n/a
WGP Survey Ltd	British Virgin Islands	50%	n/a

WGP Group Ltd was incorporated 14 February 2012 as a 100% owned subsidiary of Thalassa Holdings Ltd. WGP Energy Services Ltd and WGP Exploration Limited are now 100% owned subsidiaries of WGP Group Ltd.

17. Financial instruments

The Group's financial instruments comprise cash and cash equivalents together with various items such as trade and other debtors and trade creditors etc, that arise directly from its operations. The fair value of the financial assets and liabilities approximates the carrying values disclosed in the financial statements. Included within cash and cash equivalents is an amount of £100,000 (2010: £100,000) which is pledged as a performance bond in relation to sales contracts with a particular customer.

The main risks arising from the Group's financial instruments are interest rate risk, foreign exchange risk, credit risk and liquidity risk.

Interest rate risk

The Group does not undertake any hedging against interest rate risk. The Group finances its operations from the cash balances on the current and deposit accounts. The Group has no borrowings as at 31 December 2012.

Foreign exchange risk

The Group undertakes hedging activities from time to time to mitigate foreign exchange risk.

An increase in foreign exchange rates of 5% at 31 December 2012 would have decreased the profit and net assets by US$ 95,360 (2011: US$ 7,645). A decrease of 5% would have had an equal and opposite impact. The majority of the Group's balances are held in USD. Approximately 6% of amounts owing to suppliers are held in GBP, 14% in NOK and 6% in EUR.

Credit risk

The Group's exposure to credit risk is influenced mainly by individual characteristics of each customer rather than the industry or country in which the customers operate and therefore concentrations of credit risk primarily arise when the Company has significant exposure to individual customers. There is a concentration of credit risk in respect of amounts receivable due to the low volume, high value nature of the Company's contracts. The maximum credit risk exposure relating to financial assets is represented by their carrying value as at the year end date. The company's customers are large multinational oil and gas companies. The company has established procedures to minimise the risk of default on trade receivables.

The significant proportion of the Group's revenue was generated from 3 customers in the period. At the end of the reporting period there were no amounts outstanding from these 3 customers.

Liquidity risk

The Group's strategy for managing cash is to maximise interest income whilst ensuring its availability to match the profile of the Group's expenditure. Based on current forecasts the Group has sufficient cash to meet future obligations.

18. Subsequent events

On 18 January 2013, the Company announced that its subsidiary, WGP Energy Services Ltd entered into a contract with SMG Ecuador, the Ecuador business of State Sevmorgeo Company ("SMG"), the Russian geological survey company with an initial value of US$ 4.175m involving the provision and operation of the PMSS^{TM} as part of seismic data acquisition surveys being conducted in Ecuador.

On 6 February 2013, the Company announced that it had entered into a supplemental contract with SMG to supply 11 containers containing ocean bottom nodes and instrument rooms as part of seismic data acquisition surveys in Ecuador.

On 27 February 2013, the Company announced that its WGP subsidiary had received and executed a letter of intent with Statoil AS. The seismic acquisition contract, excluding any extensions, is approximately US$ 32m and up to approximately US$ 65m if Statoil exercises the options to extend the contract by a further four years. The letter of intent also covers Statoil's purchase of a bespoke dual portable modular system (D-PMSS^{TM}), which WGP shall maintain and operate throughout the duration of the acquisition contract. The value of this contract is US$ 19.8m.

On 27 February 2013, the Company announced additional supplemental contracts to supply additional services and a vessel as part of seismic data acquisition surveys being conducted by SMG in Ecuador.

On 21 March 2013, the Company announced that its subsidiary, WGP Energy Services Ltd had entered a further agreement with SMG to supply node handling equipment and associated services as part of seismic data acquisition surveys being conducted by SMG Ecuador.

19. Copies of the consolidated financial statements

A copy of the Annual Report and Financial Statements has been posted to shareholders today. Further copies are also available on the Company's website: www.thalassaholdingsltd.com

20. Annual General Meeting

The Annual General Meeting will be held at Le Cabanon, Pointe des Douaniers, 06320 Cap d'Ail, France on 2 May 2013 at 12.00 noon. The Notice of AGM is contained within the Annual Report.

This information is provided by RNS
The company news service from the London Stock Exchange

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