Regulatory Story

Go to market news section

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30 July 2013

Thalassa Holdings Ltd

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

("Thalassa" or the "Company")

Results for the 6 months to 30 June 2013

The Company is pleased to announce its financial results for the 6 months ended 30 June 2013. A summary of the results is set out below.

Financial Highlights

- Revenue up 193% to US$11.6m (1H12: US$4.0m).
- Operating Profit up 272% to US$1.3m (1H12: US$0.4m).
- Net Profit up 206% to US$1.0m (1H12: US$0.3m).
- Earnings Per Share (diluted) up 115.3% to US$0.07 (£0.05) (1H12: US$0.03 (£0.02)).
- Book value per share (diluted) up 46.8% to US$1.16 (£0.76) (1H12: US$0.79 (£0.50)).
- Placement of 4.5m shares at £1.20 per share, raising gross proceeds of £5.4m.
- Cash as at 30 June 2013 US$16.8m (FY12: US$2.5m).
- No borrowings as at 30 June 2013 (FY12: US$nil).

Operational Highlights

- Statoil Contract awarded for the manufacture of a new Dual Portable Modular Source System ("D-PMSS™") for US$19.8m and for the provision of long term seismic acquisition services for permanent reservoir monitoring of the Snorre and Grane oil fields in the Norwegian sector of the North Sea for up to US$65.0m.
- Manufacture of the D-PMSS™ unit for Statoil underway.
- Completion of the first phase of the seismic data acquisition surveys conducted in Ecuador on behalf of Sevmorgeo S.A., a subsidiary of Joint Stock Company Sevmorgeo ("SMG").
- Contract with SMG in Ecuador extended into 2H 2013 and 1H 2014 for a further US$4.0m to US$5.4m.

Chairman's Statement

Overview

I am pleased to present shareholders with another set of record results.

2012 was an exceptional year for Thalassa and strengthened the foundation for the growth we are now enjoying in 2013. I would like to point out to our shareholders that WGP has been working in Permanent Reservoir Monitoring ("PRM") for over 10 years and is now, finally, reaping the benefit of early recognition of an untapped growth area in the marine geophysical market.

Recognition, even from within the industry, of the clear benefits of "production enhancement" techniques has been remarkably slow. Fortunately, however, this is now changing rapidly and industry insiders now estimate that the PRM market has the potential to grow to US$20bn over the next 30 years peaking in 2025.

In February, we announced the award of a manufacturing contract from Statoil, Norway as well as a 5 year service contract with 2 two year options to extend. Production of a D-PMSS™ is well advanced and we anticipate delivery in time for the commencement of the first shoot scheduled for October this year. Whilst the terms of the contract are confidential I can say that there is a potential for repurchase of the D-PMSS™ during the life of the project or upon its termination.

The first phase of the contract with SMG in Ecuador, involving the provision and operation of Thalassa's D-PMSS™ as part of seismic data acquisition surveys being conducted in Ecuador was completed. As announced 4 June 2013, I am delighted that SMG has agreed to extend the initial contract entered into on 18 January 2013 which will increase the aggregate value of the work in Ecuador to more than US$10.0m. The work is expected to commence in October 2013 and continue until the April 2014.

The increase in trade and other receivables in the period is predominantly due to the SMG project in Ecuador. We expect settlement of the receivables once mobilisation of the second phase of the project commences.

Outlook

2H 2013

Our current book of business means that the 2H of 2013 should result in a year of further significant progress for the Group and should also result in a healthy net cash balance at year-end earmarked for internal growth.

2014/15

The Company's current level of order-enquiry and tenders submitted for 2014/2015 delivery is in excess of US$100m (1H12: US$38m). Whilst this is a truly enviable situation to be in, the Company's young management team will face the dual challenges of managing a rapid increase in personnel needs, with all the problems associated therewith, as well as increased capital requirements needed to fund the ever increasing size of contract opportunities that we are receiving.

In other words, we are in great shape, with accelerating growth potential but need to be mindful of the risks associated with significant growth.

On behalf of our shareholders, I would like to thank the staff for their continued commitment, dedication and performance.

Financial Review

Group results for the six months to 30 June 2013 show revenue of US$11.6m, an increase of 193% compared to the first half of 2012 (1H12: US$4.0m). Gross Profit in the half year was US$3.9m, a 109% increase compared to 1H12 (US$1.9m). Operating profit (EBIT) was US$1.3m, an increase of 272% from 1H12 (US$0.4m). Profit for the financial period attributable to shareholders of the parent was US$1.0m, an increase of 206% over the prior period (US$0.3m).

Basic earnings per share was US$0.07 (£0.05) and diluted earnings per share was US$0.07 (£0.05) as compared to basic earnings per share of US$0.04 (£0.03) and diluted earnings per share of US$0.03 (£0.02) in the prior period, an increase of 67.7% and 115.3% respectively. This is calculated using the weighted average number of shares outstanding, on a basic basis using 13,730,522 shares outstanding (1H12: 7,526,823) and on a diluted basis using 13,913,567 shares outstanding (1H12: 9,794,344), an increase of 82.4% and 42.1% respectively.

Revenue of US$11.6m generated from operations includes US$7.0m from the project in Ecuador for SMG and US$4.5m recognized in the period in relation to the manufacture of the dual portable modular source system ("D-PMSS™") for Statoil.

Cost of sales of US$7.7m 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 for the project in Ecuador and costs associated with the manufacturing the D-PMSS™ system.

Administrative expenses of US$2.3m increased from US$1.4m in the prior period. The increase in administrative expenses is commensurate with the expansion of the business and the growth in revenue seen in the first half of 2013. 1H13 represents 19.7% of revenue as compared to 34.2% in 1H12.

Operating profit before depreciation was US$1.6m compared to US$0.5m for the comparative period.
The depreciation charge of US$0.3m (US$0.1m) in the period relates to the two owned PMSS™ units plus the two

compressors purchased in the prior 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 (1H12: US$nil).

Net financial income/(expense) of US$0.07m includes foreign exchange gains in the period offset by interest expense.

Tax includes an estimate of the tax liability incurred in the first half from the Group's operations across its different regions of activity.

Net assets at 30 June 2013 amounted to US$19.1m (FY12: US$10.3m). Net asset value per share (diluted) was US$1.16 (£0.76) in comparison to US$0.85 (£0.53) for FY12 and US$0.79 (£0.50) for 1H12.

Net cash flow from operating activities amounted to US$7.7m. Net cash flow from financing activities was US$6.6m relating to the issue of new shares in the period as part of the share placement. New Ordinary Shares totaling 4,500,000 were issued at £1.20 per share raising gross proceeds of £5.4m.

The Company had no borrowings during the period.

Cash at the period end was US$16.8m (FY12: US$2.5m).

Consolidated Income Statement

For the six months ended 30 June 2013

	Note	Six months ended	Six months ended	Year ended
		30 Jun 2013	**30 Jun 2012**	**31 Dec 2012**
		Unaudited	**Unaudited**	**Audited**
		US$	**US$**	**US$**
Continuing operations				
Revenue		11,643,218	3,978,560	14,007,070
Cost of sales		(7,737,486)	(2,113,888)	(9,067,000)
Gross profit		**3,905,732**	**1,864,672**	**4,940,070**
Administrative expenses		(2,293,916)	(1,362,788)	(2,896,329)
Operating profit before depreciation		**1,611,816**	**501,884**	**2,043,741**
Depreciation		(298,400)	(149,187)	(562,695)
Operating profit		**1,313,416**	**352,697**	**1,481,046**
Net Financial Income / (Expense)		72,922	(1,040)	(228,154)
Profit before taxation		**1,386,338**	**351,657**	**1,252,892**
Taxation		(358,632)	(15,666)	(3,503)
Profit for the financial period		**1,027,706**	**335,991**	**1,249,389**
Non-controlling interest		-	-	(46,205)
Profit attributable to shareholders of the parent		**1,027,706**	**335,991**	**1,203,184**
Earnings per share				
Basic (US$)	*3*	**0.07**	**0.04**	**0.12**
Diluted (US$)	*3*	**0.07**	**0.03**	**0.10**
Earnings per share				
Basic (£)	*3*	**0.05**	**0.03**	**0.08**
Diluted (£)	*3*	**0.05**	**0.02**	**0.06**

Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2013

	Six months ended	Six months ended	Year ended
	30 Jun 2013	**30 Jun 2012**	**31 Dec 2012**
	Unaudited	**Unaudited**	**Audited**
	US$	**US$**	**US$**
Profit for the financial period	**1,027,706**	**335,991**	**1,203,184**
Other comprehensive income:			

Exchange differences on re-translation of foreign operations	(39,119)	(10,427)	(845)
Total comprehensive income	**988,587**	**325,564**	**1,202,339**

Consolidated Statement of Financial Position

At 30 June 2013

	At 30 Jun 2013 Unaudited US$	At 30 Jun 2012 Unaudited US$	At 31 Dec 2012 Audited US$
ASSETS			
Non-current assets			
Goodwill	368,525	368,525	368,525
Tangible fixed assets	7,591,232	7,913,479	7,853,856
Available for sale investments	38,675	35,888	38,675
Total non-current assets	**7,998,432**	**8,317,892**	**8,261,056**
Current assets			
Inventory	1,446,000	-	81,777
Loans and receivables	763,000	-	-
Trade and other receivables	5,239,580	2,448,537	628,078
Cash and cash equivalents	16,837,567	1,943,226	2,482,469
Total current assets	**24,286,147**	**4,391,763**	**3,192,324**
LIABILITIES			
Current liabilities			
Trade and other payables	3,787,841	3,374,382	1,173,839
Deferred revenue	9,369,196	-	-
Total current liabilities	**13,157,037**	**3,374,382**	**1,173,839**
Net current assets	**11,129,110**	**1,017,381**	**2,018,485**
Net assets	**19,127,542**	**9,335,273**	**10,279,541**
EQUITY			
Shareholders Equity			
Share capital	178,175	111,887	133,175
Share premium	16,332,196	8,517,782	8,517,782
Treasury shares	(384,226)	(384,226)	(384,226)
Other reserves	(58,768)	(29,231)	(19,649)
Retained earnings	3,013,960	1,119,061	1,986,254
Total Shareholders Equity	**19,081,337**	**9,335,273**	**10,233,336**
Non-controlling interest	46,205	-	46,205
Total Equity	**19,127,542**	**9,335,273**	**10,279,541**

These financial statements were approved by the board on 29 July 2013.

Consolidated Statement of Cash Flows

For the six months ended 30 June 2013

	Six months ended 30 Jun 2013 Unaudited US$	Six months ended 30 Jun 2012 Unaudited US$	Year ended 31 Dec 2012 Audited US$
Cash flows from operating activities			
Operating Profit for the period before depreciation	**1,611,816**	**501,884**	**2,043,741**
Non- cash transactions[1]	440,000	-	-
(Increase) / Decrease in inventory	(1,364,223)	-	(81,777)
(Increase) / Decrease in trade and other receivables	(4,611,502)	(1,890,156)	(69,697)
Increase / (Decrease) in trade and other payables	2,614,002	2,451,907	267,030
Increase / (Decrease) in deferred revenue	9,369,196	-	-
Acquisition of investments	-	(35,888)	-
Net Foreign Exchange gain / (loss)	188,998	(2,845)	(193,870)
Taxation	(358,632)	-	(3,503)

Cash used by operations	**7,889,655**	**(1,024,902)**	**1,961,924**
Interest paid	(155,248)	(9,244)	(37,762)
Net cash flow from operating activities	**7,734,407**	**1,015,658**	**1,924,162**
Cash flows from investing activities			
Acquisition of Investments	-	-	(38,675)
Investment Income	-	-	1,397
Interest received	53	621	1,236
Purchase of equipment	-	(1,043,878)	(1,397,764)
Purchase of fixtures and fittings	(35,776)	-	-
Net cash flow from investing activities	**(35,723)**	**(1,043,257)**	**(1,433,806)**
Cash flows from financing activities			
Issue of Ordinary Share Capital	6,656,414	-	21,288
Net cash flow from financing activities	**6,656,414**	**-**	**21,288**
Net increase / (decrease) in cash and cash equivalents	**14,355,098**	**(27,599)**	**511,644**
Cash and cash equivalents at the start of the period	2,482,469	1,970,825	1,970,825
Cash and cash equivalents at the end of the period	**16,837,567**	**1,943,226**	**2,482,469**

[1] Non cash transactions includes the shares issued to the Chairman in satisfaction of consultancy and administrative services (see note 5) and the shares acquired in the Company by the THAL Discretionary Trust as financed by the Company loan.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2013 (unaudited)

	Share Capital	Share Premium	Treasury shares	Other reserves	Retained earnings / (losses)	Total Shareholders Equity	Minority interest	Total Equity
	US$	US$	US$	US$	US$	US$	US$	US$
Balance as at 1 January 2012	**111,887**	**8,517,782**	**(384,226)**	**(18,804)**	**783,070**	**9,009,709**	**-**	**9,009,709**
Total comprehensive income for the period	-	-	-	(10,427)	335,991	325,564	-	325,564
Balance as at 30 June 2012	**111,887**	**8,517,782**	**(384,226)**	**(29,231)**	**1,119,061**	**9,335,273**	**-**	**9,335,273**
Balance as at 1 January 2013	**133,175**	**8,517,782**	**(384,226)**	**(19,649)**	**1,986,254**	**10,233,336**	**46,205**	**10,279,541**
Issue of Ordinary Share Capital	45,000	8,181,429	-	-	-	8,226,429	-	8,226,429
Placing fees	-	(367,015)	-	-	-	(367,015)	-	(367,015)
Total comprehensive income for the period	-	-	-	(39,119)	1,027,706	988,587	-	988,587
Balance as at 30 June 2013	**178,175**	**16,332,196**	**(384,226)**	**(58,768)**	**3,013,960**	**19,081,337**	**46,205**	**19,127,542**

Notes to the Consolidated Interim Financial Information

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")
- WGP Professional Services Ltd ("WGPP")

2. Significant Accounting policies

The Group prepares its accounts in accordance with applicable International Financial Reporting Standards ("IFRS") as adopted by the EU.

The accounting policies applied by the Company in this unaudited consolidated interim financial information are the same as those applied by the Company in its consolidated financial statements as at and for the period ended 31 December 2012 except for the following:

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable.

In respect of contracts which are long term in nature and contracts for ongoing services, revenue, restricted to the amounts of costs that can be recovered, is recognised according to the value of work done in the period. Revenue in respect of such contracts is calculated on the basis of time spent on the project and estimated work to completion. Revenue is recognised when the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably and is estimated by expected time-cost to completion; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Where the outcome of contracts which are long term in nature and contracts for ongoing services cannot be estimated reliably, revenue is recognised only to the extent of the costs recognised that are recoverable.

Where payments are received in advance in excess of revenue recognised in the period, this is reflected as a liability on the statement of financial position as deferred revenue.

Inventory

Costs associated with contracts which are long term in nature are included in inventories to the extent that they cannot be matched with contract work accounted for as revenue. Amounts included in work in progress are stated at cost, after provision has been made for any foreseeable losses.

2.1. Basis of preparation

The consolidated interim financial information for the six months ended 30 June 2013 has been prepared in accordance with International Accounting Standard No. 34, 'Interim Financial Reporting'. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Company as at and for the period ended 31 December 2012.

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

2.2. Going concern

The financial information has been prepared on the going concern basis as management consider that the Group has sufficient cash to fund its current commitments for the foreseeable future.

3. Earnings per share

	Six months ended 30 Jun 2013 Unaudited	Six months ended 30 Jun 2012 Unaudited	Year ended 31 Dec 2012 Audited
The calculation of earnings per share is based on the following profit / (loss) and number of shares:			
Profit / (loss) for the period (US$)	1,027,706	335,991	1,203,184
Weighted average number of shares of the Company:			
Basic	13,730,522	7,526,823	9,914,407
Diluted	13,913,567	9,794,344	11,875,527
Earnings / (loss) per share:			
Basic (US$)	0.07	0.04	0.12
Diluted (US$)	0.07	0.03	0.10
Basic (GBP)	0.05	0.03	0.07
Diluted (GBP)	0.05	0.02	0.06

4. Loans and receivables

	30 Jun 2013 Unaudited US$	30 Jun 2012 Unaudited US$	31 Dec 2012 Audited US$
Loans and receivables	763,000	-	-

Loans and receivables includes a loan of £500,000 to the THAL Discretionary Trust upon which interest is payable at 3% per annum (reviewed periodically to keep in line with market rates).

The THAL Discretionary Trust is a trust, independent of Thalassa, established for the benefit of individuals or parties to whom the Directors of the trust wish to make awards at their discretion.

On April 17 2013, the Trust acquired 416,667 ordinary shares in the Company at 120 pence per share as financed by the loan from the company.

5. Related party balances and 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 US$2,000 of Director fees were also invoiced to the Group. At 30 June 2013 the amount owed to this company was US$2,000 (1H12: US$235,932).

On 17 April 2013, the Chairman acquired 447,750 ordinary shares of US$0.01 each in the Company at a price of 120 pence per share as part of the placing announced on 12 April 2013. US$440,000 of the total proceeds from this transaction were offset against the consultancy and administrative services invoiced by the company in which the Chairman has a beneficial interest and the balance of US$365,950 settled by cash.

6. Share capital and share premium

	As at 30 Jun 2013 US$	As at 31 Dec 2012 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	38	38
2,125,000 ordinary shares of $0.01	21,250	21,250
4,500,000 ordinary shares of $0.01 each issued during the period	45,000	-
17,817,522 ordinary shares of $0.01 each	178,175	133,175

	Number of shares	Share capital	Share premium	Treasury shares
Balance at 31 December 2012	13,317,522	133,175	8,517,782	(384,226)
Cost of share issues	4,500,000	45,000	7,814,414	-
Balance at 30 June 2013	**17,817,522**	**178,175**	**16,332,196**	**(384,226)**

On 17 April 2013, the Company issued 4,500,000 ordinary shares of US$0.01 each in nominal value at a price of 120 pence per Ordinary Share.

7. Post balance sheet events

No material events to report.

8. Copies of the Interim Report

The interim report is available on the Company's website: www.thalassaholdingsltd.com.

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