

## Regulatory Story

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**Thalassa Holdings Limited** - THAL Trading Update  
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Thalassa Holdings Limited  
20 January 2016

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**Thalassa Holdings Ltd**

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

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

**Trading Update**

Ahead of the Company's results which will be announced before 30 June 2016, the Board of Thalassa announces that it expects operating results for the year ended 31 December 2015 to exceed analyst expectations for revenue and operating profits, but that this outperformance will be more than offset by estimated impairments of assets (c. \$39.7 million in aggregate or \$1.68 per share at 30 June 2015) by up to \$14 million (\$0.59 per share), due to the continued deterioration and uncertain outlook for the energy sector. Cash at 31 December 2015 amounted to \$20.2 million.

The Company's announcement of 7 December 2015 outlined the anticipated outlook for 2016 revenues, which have not changed. Notwithstanding the fixed-term nature of customer contracts, most long-term contracts in the energy sector are subject to postponement and/or cancellation provisions. Whilst there is currently no indication of cancellation or postponement of any of the Group's contracts, a continued decline in the price of oil could clearly accelerate cuts to E&P Capex budgets across the entire industry.

In an effort to adapt to the current market environment, the Board has conducted a comprehensive strategic review over the past few months, which has resulted in the anticipated write-downs referred to above and an extensive programme of both external (supply chain) and internal cost reductions. Consequently, the Board anticipates that in 2016, the Company should generate a profit from operations but potentially a loss before tax after accounting for central overhead and continuing development costs at ARL.

Notwithstanding the Board's relatively bleak short term outlook, the Board is of the opinion that current market conditions present the Group with acquisition opportunities, which would not exist under normal circumstances and is, therefore, exploring such opportunities, in line with the Company's objectives of generating shareholder value, without limitation to sector or industry.

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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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