



# **Thalassa Holdings Ltd**

## **Interim Report**

**Six months to  
30 June 2011**

Registered Number: 1433759

## **Directors, Secretary and Advisers**

<b>Directors</b>	C Duncan Soukup, <i>Executive Chairman</i> Graham Cole FCA, FSI, <i>Non-executive Director</i> James H Grossman, <i>Non-executive Director</i> David M Thomas, <i>Non-executive Director</i>
<b>Registered Office</b>	Folio Chambers Road Town, Tortola British Virgin Islands
<b>Company Secretary</b>	Christopher J Langrick ACA
<b>Nominated Adviser and Broker</b>	Daniel Stewart & Company Plc Becket House 36 Old Jewry London EC2R 8DD
<b>Solicitors to the Company</b> (as to English Law)	Pinsent Masons LLP 30 Crown Place London EC2A 4ES
<b>Solicitors to the Company</b> (as to BVI Law)	Conyers Dill & Pearman Romasco Place, Wickhams Cay 1 PO Box 3140 Road Town, Tortola British Virgin Islands VG1110
<b>Auditors</b>	Moore Stephens LLP 150 Aldergate Street London EC1A 4AB
<b>Registrars</b>	Capita Registrars (Jersey) Limited 12 Castle Street St Helier Jersey JE2 3RT
<b>Company website</b>	<a href="http://www.thalassaholdingsltd.com">www.thalassaholdingsltd.com</a>

<b>Contents</b>	<b>Page</b>
Chairman’s Statement .....	1
Consolidated Interim Statement of Income .....	3
Consolidated Statement of Comprehensive Income .....	4
Consolidated Interim Statement of Financial Position .....	5
Consolidated Interim Statement of Cash Flows.....	6
Consolidated Interim Statement of Changes in Equity.....	7
Notes to the Consolidated Interim Financial Information .....	8
Independent Auditors’ Review Report on Interim Financial Information to Thalassa Holdings Ltd .....	11

## Chairman's Statement

### Highlights

#### Operations

- Second seismic source deployed and work commenced on New Contract in North Atlantic, announced 15 April 2011.
- Successful completion of thirteenth Life of Field Seismic (LoFS) survey over the Valhall Field in the North Sea, announced 31 May 2011.

#### Financials - 1st Half 2011

- Revenues on continuing operations for the 6 months to 30 June 2011 were US\$ 464,777 versus US\$ nil for H1 2010.
- Operating Profit before depreciation for the 6 months to 30 June 2011 was US\$ 58,885 versus a loss of US\$ (366,407) for H1 2010.
- Net Loss for the period, which reflects the deduction of depreciation of US\$ (110,937) amounted to US\$ (55,424).
- Net (Loss) per share for the period was US\$(0.01) versus a loss of US\$(0.05) per share (from operations, excluding gains on investments) for the same period in 2010.

#### Financial Review:

Group results for the 6 months to 30 June 2011 show an increase in revenue to US\$ 464,777 as compared to the first half of 2010 of US\$ nil, as revenue from operations only commenced in the second half of 2010. Revenue in the first half was generated from the seismic shoot on the Valhall field that completed in May 2011 and from the new contract in the North Atlantic with WGP and a US based multi-national oil service company that was announced on 15 April 2011, and on which work started in June 2011.

Cost of sales of US\$ 19,484 (H1 2010: US\$ 17,723) and Administrative Expenses of US\$ 386,408 (H1 2010: US\$ 348,684) have resulted in Operating profit before depreciation of US\$ 58,885 compared to a loss of US\$ (366,407) for the comparative period.

Operating loss is stated after Depreciation of US\$ 110,937 (H1 2010: US\$ nil) resulting in a loss of US\$ (52,052) (H1 2010: loss US\$ 366,407).

Net interest expense of US\$ (23,399) and foreign currency gains of US\$ 20,027 have resulted in a net loss for the period of US\$ (55,424) as compared to a net profit of US\$ 185,153 in H1 2010 that includes net Investment Income generated of US\$ 512,540 from financial investment activities, all of which have been curtailed in 2011.

Basic loss per share was US\$ (0.01) and diluted loss per share was US\$ (0.01) compared to basic and diluted loss per share of US\$ (0.05) and US\$ (0.04) respectively in the prior period (excluding Investment Income).

Net assets at 30 June 2011 amounted to US\$ 7,407,660, resulting in a net asset value per share of US\$ 1.03 (£0.64) in comparison to US\$ 1.04 (£0.69) for the prior period.

Cash outflow for the period amounted to US\$ (189,239) relating largely to cash flow from operating activities.

## **Outlook 2<sup>nd</sup> Half and Full Year 2011**

### **Operations**

- Both Source Systems will be operating for the first time in the Company's history; one is in use on BP's Valhall field and the second is being used in the North Atlantic.

### **Financials**

- The Board expects strongly improved results (from Operations) for the second half and the Full Year 2011.
- Revenues from Operations for the second half and for the Full Year 2011 are expected to exceed US\$ 535,000 and US\$ 1,000,000 respectively versus US\$ 404,086 for the second half and Full Year 2010 (N.B. Operations only commenced in the second half of 2010).
- Operating Profits before depreciation for the second half and for the Full Year 2011 are expected to exceed US\$ 340,000 and US\$ 400,000 respectively versus US\$ 175,654 for the second half 2010 and an operating Loss of (US\$ 190,751) for the Full Year 2010.
- Net Income for the second half and for the Full Year 2011 is expected to exceed US\$ 200,000 and US\$ 145,000 respectively versus US\$ 280,968 for the second half 2010 and a Net Loss from Operations (excluding gains on investments) of (US\$ 100,183) for the Full Year 2010.

### **Outlook for 2012**

With both systems currently in operation, the Board is now investigating new avenues for increasing the Company's operational capabilities and enhancing shareholder value. Oil continues to be a scarce commodity with exploration occurring in ever more hostile environments, such as the Arctic. The Company's PMSS units have demonstrated their value in both Permanent Reservoir Monitoring (PRM)/Life of Field Seismic (LoFS) by increasing extraction efficiencies and also by aiding exploration capabilities giving the company a good platform from which to grow.

C. Duncan Soukup  
Chairman  
1<sup>st</sup> September 2011

## Consolidated Interim Statement of Income

		Six months ended 30 June 2011 Unaudited US\$	Six months ended 30 June 2010 Unaudited US\$
<b>Continuing operations</b>			
Revenue		464,777	-
Cost of sales		(19,484)	(17,723)
<b>Gross profit / (loss)</b>		<b>445,293</b>	<b>(17,723)</b>
Administrative expenses	4	(386,408)	(348,684)
<b>Operating profit before depreciation</b>		<b>58,885</b>	<b>(366,407)</b>
Depreciation		(110,937)	-
<b>Operating (Loss)</b>		<b>(52,052)</b>	<b>(366,407)</b>
Interest income		1,610	127
Interest expense		(25,009)	(10,538)
Other gains and losses - foreign currency gains		20,027	48,217
Investment income <sup>(1)</sup>		-	572,733
Investment expense <sup>(1)</sup>		-	(60,193)
Share of profit of associate		-	1,214
<b>(Loss)/Profit before taxation</b>		<b>(55,424)</b>	<b>185,153</b>
Tax		-	-
<b>(Loss)/Profit for the financial period</b>		<b>(55,424)</b>	<b>185,153</b>
<b>(Loss)/Earnings per share</b>			
Basic	3	<b>(0.01)</b>	<b>0.03</b>
Diluted	3	<b>(0.01)</b>	<b>0.02</b>

(1): Income and Expenses in 2010 from Financial Investing activities, of US\$ 572,733 and US\$ (60,193) respectively, have been reclassified from Revenue to Investment Income / Expense for the period to 30<sup>th</sup> June 2010. Revenue reflects operating activity only since all non-core investing activities were curtailed at the start of the year. Operating Expenses of US\$ (17,723) have also been reclassified to Cost of Sales.

The notes on pages 8 to 10 form an integral part of this consolidated interim financial information.

**Consolidated Statement of Comprehensive Income**

	Six months ended 30 June 2011 Unaudited US\$	Six months ended 30 June 2010 Unaudited US\$
<b>Profit for the financial period</b>	(55,424)	185,153
<b>Other comprehensive income:</b>		
Financial assets - available-for-sale - fair value movement	-	(545,526)
<b>Total comprehensive income</b>	<u>(55,424)</u>	<u>(360,373)</u>

The notes on pages 8 to 10 form an integral part of this consolidated interim financial information.

## Consolidated Interim Statement of Financial Position

		At 30 June 2011 Unaudited US\$	At 31 December 2010 Audited US\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Tangible fixed assets		7,659,081	7,723,349
		<b>7,659,081</b>	<b>7,723,349</b>
<b>Current assets</b>			
Inventory		81,109	-
Loans and receivables		-	21,268
Trade and other receivables		89,809	66,083
Cash and cash equivalents		315,751	504,989
<b>Total current assets</b>		<b>486,669</b>	<b>592,340</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	4	478,282	605,170
Loans	4	259,808	247,435
<b>Total current liabilities</b>		<b>738,090</b>	<b>852,605</b>
<b>Net current assets</b>		<b>(251,421)</b>	<b>(260,265)</b>
<b>Net assets</b>		<b>7,407,660</b>	<b>7,463,084</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital		85,000	85,000
Share premium		7,264,414	7,264,414
Treasury shares		(313,725)	(313,725)
Retained earnings		371,971	427,395
<b>Equity attributable to owners of the parent</b>		<b>7,407,660</b>	<b>7,463,084</b>

The notes on pages 8 to 10 form an integral part of this consolidated interim financial information.

These financial statements were approved by the board on 1st September 2011.

**Signed on behalf of the board by:**

**C. Duncan Soukup**



## Consolidated Interim Statement of Cash Flows

	Six months ended 30 June 2011 Unaudited US\$	Six months ended 30 June 2010 Unaudited US\$
<b>Cash flows from operating activities</b>		
<b>Operating (Loss)/Profit before depreciation</b>	<b>58,885</b>	<b>(366,407)</b>
Increase in inventory	(81,109)	-
Decrease in loans and receivables	21,268	59,432
Increase in trade and other receivables	(23,726)	(19,286)
(Decrease)/Increase in trade and other payables	(126,888)	120,140
Acquisition of investments	-	(1,094,132)
Disposal of investments (cost)	-	1,169,769
<b>Cash used by operations</b>	<b>(151,570)</b>	<b>(130,484)</b>
Interest paid	(25,009)	(10,538)
<b>Net cash flow from operating activities</b>	<b>(176,579)</b>	<b>(141,022)</b>
<b>Cash flows from investing activities</b>		
Investment Income	-	572,733
Investment Expense	-	(60,193)
Interest received	1,610	127
<b>Net cash flow from investing activities</b>	<b>1,610</b>	<b>512,667</b>
<b>Cash flows from financing activities</b>		
Other gains and losses – foreign exchange	20,027	48,217
Increase in shareholder loan	12,373	505,417
Purchase of equipment	(46,669)	-
<b>Net cash flow from financing activities</b>	<b>(14,269)</b>	<b>553,634</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(189,238)</b>	<b>925,279</b>
Cash and cash equivalents at the start of the period	504,989	135,738
<b>Cash and cash equivalents at the end of the period</b>	<b>315,751</b>	<b>1,061,017</b>

The notes on pages 8 to 10 form an integral part of this consolidated interim financial information.

## Consolidated Interim Statement of Changes in Equity

for the six months ended 30 June 2011 (unaudited)

Note	Share Capital US\$	Share Premium US\$	Treasury shares US\$	Other reserves US\$	Retained earnings / (losses) US\$	Total Equity US\$
<b>Balance as at 1 January 2010</b>	85,000	7,125,634	(482,653)	510,208	(118,864)	7,119,325
Total comprehensive income for the period	-	-	-	(545,526)	185,153	(360,373)
<b>Balance as at 30 June 2010</b>	<b>85,000</b>	<b>7,125,634</b>	<b>(482,653)</b>	<b>(35,318)</b>	<b>66,289</b>	<b>6,758,952</b>
<b>Balance as at 1 January 2011</b>	85,000	7,264,414	(313,725)	-	427,395	7,463,084
Total comprehensive income for the period	-	-	-	-	(55,424)	(55,424)
<b>Balance as at 30 June 2011</b>	<b>85,000</b>	<b>7,264,414</b>	<b>(313,725)</b>	<b>-</b>	<b>371,971</b>	<b>7,407,660</b>

The notes on pages 8 to 10 form an integral part of this consolidated interim financial information.

## **Notes to the Consolidated Interim Financial Information**

### **1. General information**

Thalassa Holdings Ltd (the “Company”) is a BVI business company, incorporated and registered in the British Virgin Islands on 26 September 2007. The Company was established as a holding company, and currently has three subsidiaries, Thalassa Energy Services Ltd (“TESL”), Thalassa Public Investments Ltd (“TPUIL”) and Thalassa Private Investments Ltd (“TPRIL”) (together with Thalassa Holdings Ltd, the “Group”). TPUIL and TPRIL are no longer operating as all financial investment activity was curtailed in 2010.

TESL was established to acquire marine seismic equipment, specifically a Portable Modular Source System (“PMSS™”). TESL has two PMSS™ units. The equipment can be installed on a vessel in order to provide the seismic (sound) source to allow exploration and production companies to perform reservoir monitoring.

The condensed consolidated interim financial information was approved for issue by the Company’s Board of Directors on 1<sup>st</sup> September 2011. This financial information is unaudited but has been reviewed by the Company’s auditors.

### **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 to those applied by the Company in its consolidated financial statements as at and for the period ended 31 December 2010 except for the following:

- 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,
- prior year income and expenses from financial investing activities have been reclassified from Revenue to Investment Income / Expense. Revenue reflects operating activity only since all non-core investing activities were curtailed at the start of the year.

#### **2.1. Basis of preparation**

The consolidated interim financial information for the six months ended 30 June 2011 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 2010 except as stated in Note 2.

#### **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

	<b>Six months ended 30 June 2011 Unaudited</b>	<b>Six months ended 30 June 2010 Unaudited</b>
The calculation of earnings per share is based on the following (loss) / profit and number of shares:		
Profit / (loss) for the period (US\$)	<u>(55,424)</u>	<u>185,153</u>
Weighted average number of shares of the Company:		
Basic	7,200,000	6,500,000
Diluted	<u>9,580,000</u>	<u>8,880,000</u>
Earnings / (loss) per share:		
Basic (US\$)	(0.01)	0.03
Diluted (US\$)	<u>(0.01)</u>	<u>0.02</u>

Net (Loss) per share, for the period, of US\$ (0.01) per share is comparable to a net (loss) per share from the prior period of US\$ (0.05) per share (from operations after excluding gains on investments). The prior period comparative is calculated by deducting net investment income from financial investing activities that have since been curtailed of US\$ 512,540 from the profit for the period of US\$ 185,153.

#### 3.1 Diluted weighted average number of share of the Company

The basic weighted average number of shares of the Company have been adjusted in order to calculate the diluted weighted average number of shares of the Company for the share options detailed below. Further details of which can be found in the Financial Statements for the period to 31 December 2010.

- Founding shareholder options – 2,125,000 shares
- Non-Executive Director share options – 255,000 shares

### 4. Related party balances and transactions

At 30 June 2011, the amount owed to the Chairman as a result of a loan provided from him to the Company was US\$ 259,808. This loan is secured against the assets of the company and bears interest at 10%.

Also during the period, the Company was invoiced US\$ 222,000 of fees (H1 2010: US\$ 248,584) and US\$ 12,085 of interest (H1 2010: US\$ 4,668) from a company in which the Chairman has a beneficial interest. Such fees include legal, financial and administrative services provided to the Company. At 30 June 2011, the amount owed to this company was US\$ 362,043.

## **5. Share options**

During the period none of the share options were exercised, lapsed or issued.

## **6. Post balance sheet events**

In August 2011 the Company made a payment of US\$ 178,759 to a company in which the Chairman has a beneficial interest. This includes a balance outstanding of US\$ 163,718 for legal, financial and administrative services brought forward from the prior year, and interest of US\$ 15,041.

On 23 July, the Non-Executive Director three year options to subscribe for up to 85,000 shares in the Company lapsed. It is expected that new options will be issued on similar terms.

## **7. Copies of the Interim Report**

The interim report is available on the Company's website: [www.thalassaholdingsltd.com](http://www.thalassaholdingsltd.com).