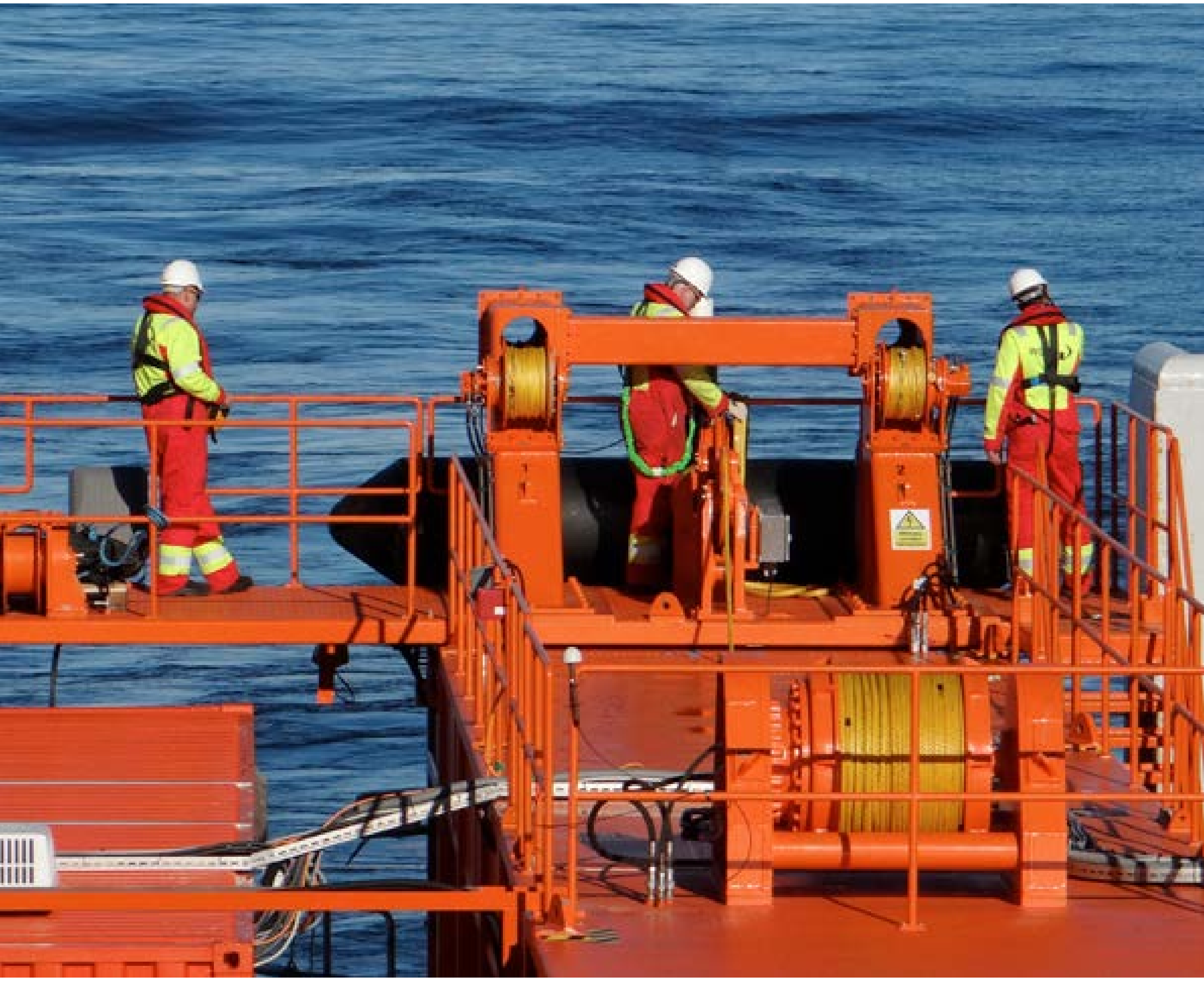


# Annual Report and Accounts

Year to 31 December 2013

Front cover: View from the back deck of the Siem Sailor showing the winches forming part of Statoil's D-PMSS™

Inside front cover: WGP crew operating the winch control unit on Statoil's D-PMSS™

# Contents

# Highlights

## Financial Highlights

- Revenue up 119% to US$30.6m (2012: US$14.0m).
- Operating Profit up 180% to US$4.2m (2012: US$1.5m).
- Operating margin up 300 bps to 13.7% (2012: 10.7%).
- Net Profit up 258% to US$4.3m (2012: US$1.2m).
- Earnings Per Share (diluted)* up 160% to US$0.26 (£0.16) (2012: US$0.10 (£0.06)).
- Book value up 397% to US$51.2m (2012: US$10.3m).
- Debt US$nil (2012: US$nil).
- Cash up 1,188% to US$32.2m (2012: US$2.5m).
- Capital raised £22.5m net (US$35.5m) through two placings totalling 11.74m shares.

*based on weighted average number of shares in issue of 16,567,796

## 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 completed and mobilised in October 2013.
- 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").

## Acquisitions

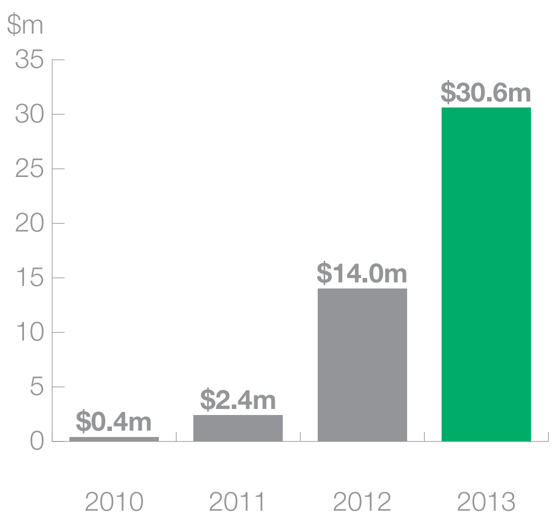
- Acquisition of the intellectual property and other assets of GO Science Limited.

## 2014 New Contracts

- New contract with SAExploration, Inc.
- New multi-client contract with TGS-NOPEC.

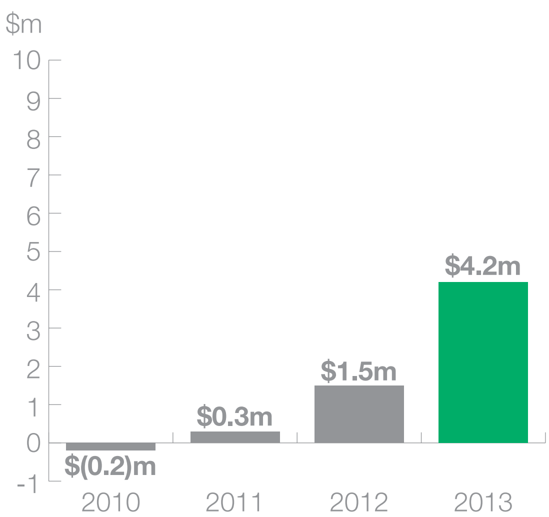
**Revenue**

US$30.6m **+119%**




**Operating Profit**

US$4.2m **+180%**



Gun floats forming part of Statoil's D-PMSS™


WGP crew working on the back deck of the Siem Sailor

# Chairman's Statement

## Overview

I am pleased to report an exceptional set of results for the Company for the year ended 31 December 2013.

The award of the Statoil contract was a significant milestone. Unfortunately due to adverse weather conditions, we have yet to complete the first good shot point, however, this is now expected in April 2014. In 2013 we also completed the first phase of the contract with SMG Ecuador as reported in the 2013 interim results.

In 2013 the Company successfully raised US$35.5m (net). I am delighted by the support we have received from a number of leading UK institutional investors. The increase in cash has significantly strengthened the Company's balance sheet and provides us with sufficient working and expansion capital.

As announced on 8 January 2014 the Board approved an initial capital expenditure budget for 2014 of US$10m to refurbish the two compressors acquired in May 2012, to upgrade certain existing systems, and to build a mini-PMSS™ unit in anticipation of work during 2014 in the high resolution 3D sector utilising P-Cable 3D Seismic AS's technology. Our new mini-PMSS™ should be ready for deployment in May 2014 as part of the recently announced Multi-Client contract with TGS.

During the period the Company also completed the acquisition of the intellectual property and other assets of GO Science Limited for consideration of £1.86m. Whilst the Unmanned Aerial Vehicle (UAV) market is well established (due to US military demand for combat drones) the Autonomous Underwater Vehicles (AUV) market is significantly smaller and still at a very early stage of development. The use of AUV's in commercial projects in the oil and gas industry is currently limited to control of assets, using cameras, sonar and side sonar for bathymetric mapping.

GO Science's technology has the potential to be at the forefront of the next generation of seismic data acquisition.

## Outlook for 2014

- New contract with SAExploration, Inc. to provide shallow water source handling and deployment services for seismic acquisition projects in the North Prudhoe Bay, Alaska. Mobilisation is anticipated to commence in June 2014 and the survey is expected to last approximately 90 days.
- New multi-client contract between the Company's subsidiary WGP Survey Ltd and TGS-NOPEC Geophysical Company ASA ("TGS") to collaborate on a project to jointly acquire and own multi-client seismic data on 10 survey blocks (approximately 500km$^2$) in the Barents Sea.
- Continuation of the Statoil contract with deployment over Snorre due to commence in April 2014.

The pipeline remains strong with the Company's current level of order enquiry and tenders submitted in excess of US$142m (2012: US$91.5m).

Finally I would like to thank the staff for their continued hard work and dedication.

**C. Duncan Soukup**
Chairman

19 March 2014

# WGP 2013 Operational Review

WGP Group's strategy of '**Exploration and Beyond**', was certainly fulfilled in 2013. Our objective is to focus on activities that we see as having current and future growth potential. We provide bespoke exploration solutions in frontier and challenging locations as well as permanent reservoir monitoring ("PRM") services with the objective of increasing production yields.

During 2013 we commenced two key projects:

An **exploration** contract was performed for SMG offshore Ecuador on behalf of PetroAmazonas. The scope of the project was initially to provide a seismic source solution to work in conjunction with SMG's seabed node crew(s) to complete a 3D seabed survey in the Bay of Guayaquil; this entailed the provision of one of the Group's PMSS™ units, installed on a locally supplied vessel. WGP's remit expanded during the course of the project to include the provision and subsequent installation of node handling equipment, on non-survey specific vessels of opportunity.

Secondly, a milestone contract was awarded by Statoil. WGP was engaged to support the permanent reservoir monitoring efforts over the Snorre and Grane fields in the Norwegian sector of the North Sea as part of the **production** of the reservoirs aimed at increasing and optimising their overall output.

WGP designed, built and sold to Statoil a ground-breaking D-PMSS™ and will over the next 5-9 years operate this equipment twice a year over two fields, Snorre and Grane.

The D-PMSS™ system was pre-assembled and commissioned onshore Stavanger during Q3 2013, broken down, re-assembled and mobilised on the client provided "Siem Sailor". A program of equipment functionality and performance tests were completed offshore towards the end of 2013 in anticipation of a full program of work over both fields in 2014.

In addition to the prime operational activity of WGP, there were other notable events during the year including:

- Late data sales from the 2012 High Resolution 3D P-Cable survey completed on behalf of Spring Energy (subsequently acquired by Tullow Oil) to a major E&P company which was awarded a licence block in the Norwegian 22nd Round, and which was keen to utilise the data as part of their appraisal of the block.
- Participation in a number of industry events, notably the 2nd Permanent Reservoir Monitoring Workshop organised by the EAGE (European Association of Geophysical Engineers) held in Stavanger during the summer which provided WGP the opportunity to present to clients and peers, its perspective on the future of containerised source systems.

With a mindset and culture of '**Zero Harm**', WGP's Health & Safety record was enhanced during the year, and whilst operating in remote locations and often under time constraints, safety always remained paramount. With over 86,500 man hours recorded, there were zero LTI's (lost time incidents) and a continued emphasis on a proactive approach through the focus on 'Observation Cards' and enhancement of WGP's Safety Management System.

In 2014 WGP will continue to attempt to identify further opportunities in both frontier exploration and reservoir monitoring. The company will also strive to develop new technology and next generation solutions.

Mark Burnett, CEO WGP Exploration

Work on the back deck of the Siem Sailor during mobilisation of Statoil's D-PMSS™

Pre-assembly of Statoil's D-PMSS™ showing gun floats and handling frame

# Financial Review

Group results for the year to 31 December 2013 showed an increase of 119% in revenue to US$30.6m (2012: US$14.0m). Gross profit increased by 90% to US$9.3m (2012: US$4.9m) and operating profit (EBIT) by 180% to US$4.2m (2012: US$1.5m). Profit attributable to shareholders increased by 258% to US$4.3m (2012: US$1.2m) giving basic and diluted earnings per share of US$0.26 (£0.16) (2012 Basic: US$0.12 (£0.08), 2012 Diluted: US$0.10 (£0.06)).

Revenue increased by 119% in 2013 to US$30.6m (2012: US$14.0m), largely generated from the manufacture, sale of equipment and delivery of services to Statoil and for seismic survey services to SMG in Ecuador.

Cost of sales increased by 134% in 2013 to US$21.3m (2012: US$9.1m) resulting in a gross margin of 30.4% (2012: 35.3%), the decrease in margin representing the different mix in 2013 of services and the build and sale of equipment as compared to service only related activity in 2012.

Administrative expenses increased by 51.7% in 2013 to US$4.4m (2012: US$2.9m), commensurate with the expansion of the business and growth in revenue in the year.

Operating profit increased by 180% in 2013 to US$4.2m (2012: US$1.5m) representing a 28% increase in operating margin from 10.7% to 13.7% in the year.

Depreciation increased by 16.7% to US$0.7m (2012: US$0.6m) reflecting depreciation of the Group's equipment and amortisation of the intellectual property acquired from GO Science Ltd in the year. An assessment of the equipment was undertaken in the period as part of the annual impairment review and concluded that no impairment charge was required (2012: US$ nil).

Net financial income/(expense) of US$0.7m included foreign exchange gains in the period partially offset by interest and share option charges.

Net assets at 31 December 2013 amounted to US$51.2m (2012: US$10.3m).

The Company had zero debt at the period end.

Net cash flow from operating activities amounted to US$(0.9)m largely as a result of the outstanding trade receivable balance of US$6.6m at the period end of which US$2.8m has subsequently been received.

Net cash outflow from investing activities amounted to US$(5.7)m largely due to the acquisition of the business assets of GO Science Ltd (US$2.9m), a loan to the THAL Discretionary Trust (US$1.9m) and purchase of equipment (US$0.9m).

Net cash flow from financing activities amounted to US$36.3m comprising US$35.4m from the two placings of shares in the year and disposal of treasury shares (US$0.9m).

Revenue
US$30.6m +119%

Operating profit
US$4.2m +180%

Cash
US$32.2m +1,188%

Net assets
US$51.2m +397%

# Directors' Report

The Directors present their report and the audited financial statements for the period ended 31 December 2013.

## Business review and Principal activities

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 has two directly owned subsidiaries in the Energy Services Industry: WGP Group Ltd ("WGP") focused on marine geophysical services in production enhancement, exploration and surveying and GO Science Group Ltd ("GO"), an AUV research and development company (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 Group. Its subsidiaries are:

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

The Group's interest in each of the subsidiaries is 100%, other than WGPS, where it owns 50%.

**GO Science Group Ltd** is a wholly owned subsidiary of Thalassa with a single subsidiary:

GO Science 2013 Ltd ("GO 2013")

## Results and dividends

The Group made a profit attributable to shareholders for the period ended 31 December 2013 of US$4.3m (2012: US$1.2m). The Directors do not recommend the payment of a dividend.

## Directors and Directors' Interests

The Directors of the Company who held office during the period and to date, including details of their interest in the share capital of the Company, are as follows:

| Name | Date Appointed | Shares held | Share options |
|---|---|---|---|
| Executive Director | | | |
| C Duncan Soukup | 26 September 2007 | 4,112,571 | 100,000 |
| A Francis Smulders | 9 October 2013 | - | 50,000 |
| Non-Executive Directors | | | |
| Graham Cole | 2 April 2008 | 39,870 | 10,000 |
| David M Thomas | 2 April 2008 | - | 10,000 |
| Robert J Anderson | 26 September 2013 | 5,661 | 100,000 |

## Directors' remuneration

| | 2013 | | | 2012 | | |
|---|---|---|---|---|---|---|
| | Directors Fees $ | Consultancy Fees $ | Share Options Issued in Period | Directors Fees $ | Consultancy Fees $ | Shares Options Issued in Period |
| Executive Directors | | | | | | |
| Duncan Soukup | 1,000 | 200,000 | - | 1,000 | 200,000 | 100,000 |
| Francis Smulders | - | - | 50,000 | - | - | - |
| Non-Executive Directors | | | | | | |
| Graham Cole | 1,000 | - | - | 1,000 | - | 10,000 |
| David Thomas | 1,000 | - | - | 1,000 | - | 10,000 |
| Robert Anderson | - | 10,997 | 100,000 | - | - | - |
| Jim Grossman | - | - | - | 1,000 | - | - |
| **Total remuneration** | **3,000** | **210,997** | **150,000** | **4,000** | **200,000** | **120,000** |

## Substantial Shareholdings

As of 18 March 2014, the Company had been advised of the following substantial shareholders:

| Name | Holding | % |
|---|---|---|
| Henderson Global Investors | 4,008,958 | 16.0 |
| Duncan Soukup | 3,112,571 | 12.4 |
| THAL Discretionary Trust | 3,078,667 | 12.3 |
| Standard Life | 2,173,000 | 8.7 |
| Lynchwood Nominees Limited | 1,562,823 | 6.2 |
| Hargreave Hale | 791,000 | 3.2 |
| Other | 10,330,503 | 41.2 |
| **Total number of shares in issue** | **25,057,522** | **100** |

## Related Party Transactions

Details of all related party transactions are set out in note 9 to the financial statements.

## Financial risks

Details of the financial risks and strategy of the Group are set out in note 21.

# Directors' Report continued

## Directors' Responsibilities

The Directors have elected to prepare the financial statements for the Group in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group, for safeguarding the assets and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

International Accounting Standard 1 requires that financial statements present fairly for each financial period the Group's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable International Financial Reporting Standards as adopted by the European Union. A fair presentation also requires the Directors to:

- select and apply appropriate accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

All of the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Group's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

The financial statements are published on the Group's website. The maintenance and integrity of the Group's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

## AGM

The Annual General Meeting will be held at Le Cabanon, Pointe des Douaniers, 06320 Cap d'Ail, France on 29 April 2014 at 12.00 noon. A notice of the meeting is attached to this Annual Report.

## Auditors

A resolution to reappoint Moore Stephens LLP as the Company's auditors will be submitted to the shareholders at the Annual General Meeting.

**Approved by the Board and signed on its behalf by**

**C.Duncan Soukup**
Chairman

# Independent Audit Report to the Shareholders' of Thalassa Holdings Ltd

## Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Thalassa Holdings Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31st December 2013 and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the company's members, as a body, in accordance with our terms of engagement. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Thalassa Holdings Limited and its subsidiaries as at 31st December 2013, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

150 Aldersgate Street
London
EC1A 4AB

**Moore Stephens LLP**
Chartered Accountants

# Consolidated Statement of Income
for the year ended 31 December 2013

| | Note | 2013 $ | 2012 $ |
|---|---|---|---|
| **Continuing operations** | | | |
| Revenue | *2.9* | 30,551,967 | 14,007,070 |
| Cost of sales | | (21,259,292) | (9,067,000) |
| **Gross profit** | | **9,292,675** | **4,940,070** |
| Administrative expenses | | (4,366,937) | (2,896,329) |
| **Operating profit before depreciation** | | **4,925,738** | **2,043,741** |
| Depreciation | *10,12* | (685,173) | (562,695) |
| **Operating profit** | *3* | **4,240,565** | **1,481,046** |
| Net financial income/(expense) | *4* | 721,227 | (228,154) |
| **Profit before taxation** | | **4,961,792** | **1,252,892** |
| Taxation | *5* | (575,722) | (3,503) |
| **Profit for the year** | | **4,386,070** | **1,249,389** |
| **Attributable to:** | | | |
| Equity shareholders of the parent | | 4,285,931 | 1,203,184 |
| Non-controlling interest | | 100,139 | 46,205 |
| | | **4,386,070** | **1,249,389** |
| **Earnings per share - US$ (using weighted average number of shares)** | | | |
| Basic | *6* | **0.26** | **0.12** |
| Diluted | *6* | **0.26** | **0.10** |

The notes on pages 19 to 33 form an integral part of this consolidated financial information.

# Consolidated Statement of Comprehensive Income
for the year ended 31 December 2013

| | 2013 | 2012 |
|---|---|---|
| | **$** | **$** |
| **Profit for the financial period** | **4,386,070** | **1,249,389** |
| **Other comprehensive income:** | | |
| Exchange differences on re-translating foreign operations | 197,185 | (845) |
| **Total comprehensive income** | **4,583,255** | **1,248,544** |
| | | |
| **Attributable to:** | | |
| Equity shareholders of the parent | 4,483,116 | 1,202,339 |
| Non-Controlling interest | 100,139 | 46,205 |
| **Total Comprehensive income** | **4,583,255** | **1,248,544** |

The notes on pages 19 to 33 form an integral part of this consolidated financial information.

# Consolidated Statement of Financial Position

as at 31 December 2013

| | Note | 2013 $ | 2012 $ |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Goodwill | 11 | 368,525 | 368,525 |
| Intellectual property | 12 | 2,870,043 | - |
| Property, plant and equipment | 10 | 8,153,119 | 7,853,856 |
| Available for sale financial assets | 13 | 38,675 | 38,675 |
| **Total non-current assets** | | **11,430,362** | **8,261,056** |
| **Current assets** | | | |
| Inventory | 14 | 690,008 | 81,777 |
| Loans | 7 | 1,885,583 | - |
| Trade and other receivables | 15 | 7,078,753 | 628,078 |
| Cash and cash equivalents | | 32,235,155 | 2,482,469 |
| **Total current assets** | | **41,889,499** | **3,192,324** |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 16 | 2,084,595 | 1,173,839 |
| **Total current liabilities** | | **2,084,595** | **1,173,839** |
| **Net current assets** | | **39,804,904** | **2,018,485** |
| **Net assets** | | **51,235,266** | **10,279,541** |
| **Shareholders' Equity** | | | |
| Share capital | 17 | 250,575 | 133,175 |
| Share premium | | 44,668,608 | 8,517,782 |
| Treasury shares | 17 | (279,982) | (384,226) |
| Other reserves | | 177,536 | (19,649) |
| Retained earnings | | 6,272,185 | 1,986,254 |
| **Total shareholders' equity** | | **51,088,922** | **10,233,336** |
| Non-controlling interest | | 146,344 | 46,205 |
| **Total equity** | | **51,235,266** | **10,279,541** |

The notes on pages 19 to 33 form an integral part of this consolidated financial information.

These financial statements were approved and authorised by the board on 19 March 2014.

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

**C. Duncan Soukup**
Chairman

# Consolidated Statement of Cash Flows

for the year ended 31 December 2013

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| **Cash flows from operating activities** | | |
| **Operating profit for the period before depreciation** | **4,925,738** | **2,043,741** |
| (Increase) in inventory | (608,231) | (81,777) |
| (Increase) in trade and other receivables | (6,450,675) | (69,697) |
| Increase/(decrease) in trade and other payables | 2,623,293 | (120,710) |
| Net foreign exchange (gain)/loss | (1,109,570) | 193,870 |
| Taxation | (69,119) | (3,503) |
| **Cash used in/generated from operations** | **(688,564)** | **1,961,924** |
| Interest paid | (166,749) | (37,762) |
| **Net cash flow from operating activities** | **(855,313)** | **1,924,162** |
| **Cash flows from investing activities** | | |
| Acquisition of investments | - | (38,675) |
| Acquisition of intellectual property | (2,913,201) | - |
| Investment income | - | 1,397 |
| Interest received | 30,958 | 1,236 |
| Purchase of equipment | (941,278) | (1,397,764) |
| Loan to THAL Discretionary Trust | (1,885,583) | - |
| **Net cash flow from investing activities** | **(5,709,104)** | **(1,433,806)** |
| **Cash flows from financing activities** | | |
| Issue of ordinary share capital | 35,366,920 | 21,288 |
| Disposal of treasury shares | 950,183 | - |
| **Net cash flow from financing activities** | **36,317,103** | **21,288** |
| **Net increase in cash and cash equivalents** | **29,752,686** | **511,644** |
| Cash and cash equivalents at the start of the period | 2,482,469 | 1,970,825 |
| **Cash and cash equivalents at the end of the period** | **32,235,155** | **2,482,469** |

The notes on pages 19 to 33 form an integral part of this consolidated financial information.

# Consolidated Statement of Changes in Equity

for the year ended 31 December 2013

| | Share Capital US$ | Share Premium US$ | Treasury shares US$ | Other Reserves US$ | Retained earnings US$ | Total Shareholders Equity US$ | Non Controlling Interest US$ | Total Equity US$ |
|---|---|---|---|---|---|---|---|---|
| **Balance as at 31 December 2011** | **111,887** | **8,517,782** | **(384,226)** | **(18,804)** | **783,070** | **9,009,709** | **-** | **9,009,709** |
| Shares issued on exercise of options | 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** |
| Issue of Ordinary Share Capital | 117,400 | 35,304,887 | - | - | - | 35,422,287 | - | 35,422,287 |
| Sale of treasury shares | - | 845,939 | 104,244 | - | - | 950,183 | - | 950,183 |
| Total comprehensive income for the period | - | - | - | 197,185 | 4,285,931 | 4,483,116 | 100,139 | 4,583,255 |
| **Balance as at 31 December 2013** | **250,575** | **44,668,608** | **(279,982)** | **177,536** | **6,272,185** | **51,088,922** | **146,344** | **51,235,266** |

The notes on pages 19 to 33 form an integral part of this consolidated 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 two operating subsidiaries, WGP Group Ltd ("WGP") and GO Science Group Ltd ("GO")(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 Professional Services Ltd ("WGPP")
- WGP Survey Ltd ("WGPS")

GO Science Group Ltd is a wholly owned subsidiary of Thalassa and is an AUV research and development company with one subsidiary:

- GO Science 2013 Ltd ("GO 2013")

The Group's interest in each of the subsidiaries is 100%, other than WGPS, where it owns 50%.

## 2. Accounting policies

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

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. Accounting principles, amendments and interpretations not yet effective

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

IFRS 9, 'Financial Instruments', had an effective date for accounting periods beginning on or after 1 January 2015. However, the standard since it was originally issued in November 2009, has undergone subsequent amendments, in October 2009, December 2011 and November 2013. The November 2013 amendment removed the effective date, which will be added once the standard has been finalised. Currently IFRS 9 outlines the recognition and measurement of financial assets, financial liabilities and the derecognition criteria for financial assets. Financial assets are to be measured either at amortised cost or fair value through profit and loss, with an irrevocable option on initial recognition to recognise some equity financial assets at fair value through other comprehensive income. A financial asset currently can only be measured at amortised cost if the Group has a business model to hold the asset to collect contractual cash flows and the cash flows arise on specific dates and are solely for payment of principal and interest on the principal outstanding. On adoption of the standard the Group will have to redetermine the classification of its financial assets specifically for available-for-sale and held-to-maturity financial assets.

Most financial liabilities will continue to be carried at amortised cost, however, some financial liabilities will be required to be measured at fair value through profit and loss (for example derivatives) with changes in the liabilities' credit risk to be recognised in other comprehensive income.

The derecognition principles of IAS 39, 'Financial Instrument: Recognition and Measurement', have been transferred to IFRS 9. There is unlikely to be an impact on the Group from this section of the standard when it is applied.

The hedge accounting requirements issued in November 2013, have been liberalised from that allowed previously. The requirements will be based on whether an economic hedge is in existence, with less restriction to prove whether a relationship will be effective than current requirements. As the principles have been liberalised it will make it more difficult for entities to discontinue hedge accounting, rather the company will need to rebalance a hedging relation that is no longer effective rather than discontinue the relation.

The Group has not evaluated the full extent of the impact that the standard will have on its financial statements. However the standard has not been EU endorsed.

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 with IFRS 10, and will only apply to separate financial statements when IFRS 10 is applied. The Group has not evaluated the full extent of the impact that the standard will have on its financial statements but given that most of the subsidiaries are wholly owned, IFRS 10 is likely to have little impact on the Group.

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, 'Interest 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'. The Group is not party to joint ventures which are equity accounted for and therefore IFRS 11 is likely to have little impact on the Group.

IFRS 12, 'Disclosures of Interests in Other Entities', is effective for accounting periods beginning on or after 1 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. The Group will include any addition disclosures in respect of its investments from the date at which the standard is effective.

IAS 32 (amendment), 'Offsetting Financial Assets and Financial Liabilities'. The IAS 32 amendment clarifies the existing offsetting requirements and therefore is unlikely to have any impact on the group. The amendment is effective for annual periods beginning on or after 1 January 2014.

## 2.2. 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.

## 2.3. 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 plant and equipment, goodwill and intellectual property. 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. Intellectual property is amortised and also reviewed annually for indication of impairment.

Judgement is also made in respect of the accounting treatment of the THAL Discretionary Trust. Management's assessment is based on various indicators including activities, decision-making, benefits and risks of the Trust. Based on this assessment management consider that the THAL Discretionary Trust should not be consolidated.

### 2.4. Property, plant and equipment

Property, plant and equipment 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.

### 2.5. Intangible assets

#### 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) 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.

#### Patents and trademarks

Patents and trademarks with a finite useful life acquired from third parties either separately or as part of the business combination are capitalised at cost and amortised over their remaining useful lives on a straight line basis and recognised within depreciation in the income statement.

### 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.

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.

### 2.7. 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.

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.

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.

### 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.

**Share Capital** - Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of taxation, from the proceeds.

**Treasury shares** - Where any Group company purchases the Company's equity share capital, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued.

Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

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 share premium reserve 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 premium reserve.

Refer to Note 19 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. 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. Operating profit for the year

The operating profit for the year is stated after charging:

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| Consultancy fees | 646,025 | 244,072 |
| Wages and salaries | 1,006,725 | 998,370 |
| Social security costs | 103,303 | 129,414 |
| Pension costs | 43,617 | 56,977 |
| Audit fees | 32,497 | 46,396 |

Included within consultancy fees / wages and salaries is US$3,000 in relation to amounts paid for directors' remuneration (2012: US$ 4,000).

## 4. Net financial income/(expense)

| | 2013 $ | 2012 $ |
|---|---|---|
| Share option expenses | (55,367) | – |
| Interest on bank deposits | - | 1,236 |
| Loan interest receivable | 30,958 | - |
| Bank interest payable | (41,749) | (37,762) |
| Loan interest payable | (125,000) | - |
| Foreign currency gains / (losses) | 912,385 | (193,025) |
| Investment income | - | 1,397 |
| | **721,227** | **(228,154)** |

Loan interest payable relates to a short term loan facility in March 2013 and repaid in full in April 2013.

## 5. Income tax expense

| | 2013 $ | 2012 $ |
|---|---|---|
| Current tax | 575,722 | 3,503 |
| Deferred tax | - | - |
| **Total Tax** | **575,722** | **3,503** |

| | $ | $ |
|---|---|---|
| Profit before tax | 4,961,792 | 1,252,892 |
| Tax at applicable rates | 154,891 | 3,503 |
| Adjustment in relation to previous periods | 69,119 | - |
| Withholding Tax | 351,712 | - |
| **Total Tax** | **575,722** | **3,503** |

The applicable tax rates in relation to the Group's profits are BVI 0%, UK 23.25% and Norway 28%.

## 6. Earnings per share

| | 2013 $ | 2012 $ |
|---|---|---|
| The calculation of earnings per share is based on the following profit and number of shares: | | |
| Profit for the period (US$) | **4,285,931** | **1,203,184** |
| | | |
| Weighted average number of shares of the Company: | | |
| **Basic** | **16,352,316** | **9,914,407** |
| Share options | 215,480 | 1,961,120 |
| **Diluted** | **16,567,796** | **11,875,527** |
| | | |
| Earnings per share: | | |
| Basic (US$) | 0.26 | 0.12 |
| Diluted (US$) | 0.26 | 0.10 |
| | | |
| Number of shares outstanding at the period end: | | |
| **Number of shares in issue** | **25,057,522** | **13,317,522** |
| Treasury shares | (1,078,667) | (1,462,000) |
| **Basic number of shares in issue** | **23,978,855** | **11,855,522** |
| Share options | 340,000 | 200,000 |
| **Diluted number of shares in issue** | **24,318,855** | **12,055,522** |

## 7. Loans and receivables

| | 2013 $ | 2012 $ |
|---|---|---|
| Loans and Receivables | 1,885,583 | - |

Loans and receivables includes a loan of US$1,854,625 plus accrued interest of US$30,958 to the THAL Discretionary Trust. 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 Trustees wish to make awards at their discretion.

On April 17 2013, the Trust acquired 416,667 ordinary shares in the Company at £1.20 per share.

On August 1 2013, the Trust acquired 383,333 ordinary shares in the Company at £1.63 per share.

The above transactions were financed by a loan from the Company.

## 8. Segment information

The Group has one operating segment being operations from geophysical project management, services and the supply of equipment. The split of revenue for the period was as follows.

| | Total $ | Sale of Services $ | Sale of Goods $ |
|---|---|---|---|
| Revenue | 30,551,967 | 10,268,189 | 20,283,778 |

The Group has 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.

## 9. 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 US$1,000 of Director fees were also invoiced to the Group. As at 31 December 2013, the amount owed to this company was US$1,000 (2012: US$258,283).

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 fees invoiced by the company in which the Chairman has a beneficial interest and the balance of US$365,950 settled by cash.

Under a consultancy agreement entered into on 6 November 2013, a company in which Mr Robert Anderson has a beneficial interest, invoiced the Group US$10,997 (2012: US$nil) in relation to consultancy fees and expenses. The amount owed to this company as at 31 December 2013 was US$5,121 (2012: US$nil).

On 17 April 2013 the THAL Discretionary Trust acquired 416,667 Ordinary Shares in the Company at £1.20 financed by a loan from the Company of £500,000.40.

As per the announcement on 2 August 2013 the Company sold 383,333 Ordinary Shares out of treasury to the THAL Discretionary Trust at a price of £1.63 per ordinary share, financed by a loan from the Company of £624,832.79.

As per the announcement on 8 January 2014 the Company sold 1,078,667 Ordinary Shares out of treasury to the THAL Discretionary Trust at a price of £0.264 per ordinary share, financed by a loan of £3,054,768 from the Company. Mr Soukup is a trustee of the Trust.

## 10. Property, plant and equipment

| | Plant and equipment 2013 $ | Plant and equipment 2012 $ |
|---|---|---|
| **Cost** | | |
| Cost at 1 January | 9,340,893 | 7,943,129 |
| Additions | 941,278 | 1,397,764 |
| **Cost at 31 December** | **10,282,171** | **9,340,893** |
| **Depreciation** | | |
| Depreciation at 1 January | (1,487,037) | (924,342) |
| Charge for the period | (642,015) | (562,695) |
| **Depreciation at 31 December** | **(2,129,052)** | **(1,487,037)** |
| **Closing net book value at 31 December** | **8,153,119** | **7,853,856** |

As outlined in note 2.4, 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 impairment charge to be recorded for the period.

## 11. Goodwill

| | 2013 $ | 2012 $ |
|---|---|---|
| **Cost** | | |
| Cost at 1 January | 368,525 | 368,525 |
| **Cost at 31 December** | **368,525** | **368,525** |
| **Accumulated Impairment** | | |
| At 1 January | - | - |
| Charge for the period | - | - |
| **At 31 December** | **-** | **-** |
| **Carrying Amount** | | |
| **At 31 December** | **368,525** | **368,525** |

Goodwill relates to the acquisition of WGP Exploration Ltd in November 2011.

## 12. Intellectual property

| **Patents & Trademarks** | **2013 $** | **2012 $** |
|---|---|---|
| **Cost** | | |
| Cost at 1 January | - | - |
| Additions | 2,913,201 | - |
| **Cost at 31 December** | **2,913,201** | **-** |
| **Accumulated amortisation and impairment** | | |
| At 1 January | - | - |
| Charge for the period | (43,158) | - |
| **At 31 December** | **(43,158)** | **-** |
| **Carrying Amount** | | |
| **At 31 December** | **2,870,043** | **-** |

Intellectual property includes the cost of intangible assets acquired from GO Science Ltd in the period.

## 13. Investments - Available for sale financial assets

| | **2013 $** | **2012 $** |
|---|---|---|
| **Available for sale investments** | | |
| At the beginning of the period | 38,675 | - |
| Acquisitions | - | 38,675 |
| **At 31 December** | **38,675** | **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 value at the period end has been assessed and unchanged from the value at acquisition.

## 14. Inventories

| | **2013 $** | **2012 $** |
|---|---|---|
| Parts and equipment | 209,872 | 81,777 |
| Work in progress | 480,136 | - |
| **At 31 December** | **690,008** | **81,777** |

## 15. Trade and other receivables

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| Trade receivables | 6,577,280 | 133,846 |
| Other receivables | 302,133 | 409,346 |
| Prepayments | 199,340 | 84,886 |
| **Total trade and other receivables** | **7,078,753** | **628,078** |

As at 31 December 2013, the analysis of trade receivables that were past due but not impaired was as follows:

| | Total<br>$ | Neither past due nor impaired<br>$ | 0-30 days<br>$ | 30-90 days<br>$ | 90+ days<br>$ |
|---|---|---|---|---|---|
| 2013 | 6,577,280 | 39,912 | 2,122,773 | 1,319 | 4,413,276 |

The outstanding balance as at 18 March 2014 was US$3.8m.

## 16. Trade and other payables

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| Trade payables | 335,608 | 1,080,722 |
| Other payables | 197,885 | 74,164 |
| Corporation tax payable | 491,406 | - |
| Accruals | 1,059,696 | 18,953 |
| **Total trade and other payables** | **2,084,595** | **1,173,839** |

## 17. Share capital

| | As at 31 Dec 2013<br>$ | As at 31 Dec 2012<br>$ |
|---|---|---|
| Authorised share capital:<br>100,000,000 ordinary shares of $0.01 each | 1,000,000 | 1,000,000 |
| Allotted, issued and fully paid:<br>25,057,522 ordinary shares of $0.01 each | 250,575 | 133,175 |

| | Number of shares | Number of Treasury shares | Treasury shares $ |
|---|---|---|---|
| Balance at 31 December 2012 | 13,317,522 | 1,462,000 | (384,226) |
| Shares issued | 11,740,000 | | - |
| Shares sold | - | 383,333 | 104,244 |
| **Balance at 31 December 2013** | **25,057,522** | **1,078,667** | **(279,982)** |

Share capital represents 25,057,522 ordinary shares of US$ 0.01 each.

Treasury shares represents the cost of the Company buying back its shares. There were 1,078,667 shares held in Treasury as at 31 December 2013.

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

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 (US$8.2m).

On 5 November 2013, the Company issued 7,240,000 ordinary shares of US$0.01 each in nominal value at a price of 250 pence per Ordinary Share (US$28.9m).

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.

## 18. 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 2013, the Group had capital of US$51,235,266 (2012: US$10,279,541). The Group does not have any externally imposed capital requirements.

## 19. Share – based payments

Thalassa Holdings Ltd share options

| | Director share options | Non - Executive director share options | Other share options |
|---|---|---|---|
| Outstanding at 1 January 2013 | 100,000 | 20,000 | 80,000 |
| Options granted | 50,000 | 100,000 | - |
| Options lapsed | - | - | (10,000) |
| **Outstanding at 31 December 2013** | **150,000** | **120,000** | **70,000** |

### 19.1. 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.

On 9 October 2013 50,000 share options were granted to Francis Smulders at a strike price of £2.535. The options have been granted for a period of three years.

### 19.2. Non-Executive Director share options

On 21 November 2012 20,000 share options were granted, 10,000 to David Thomas and 10,000 to Graham Cole at a strike price of £0.521. The options have been granted for a period of three years.

On 9 October 2013 100,000 share options were granted to Robert Anderson at a strike price of £2.535. The options have been granted for a period of three years.

### 19.3. 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.

### 19.4. 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 2013 | 91,000 |
| Options lapsed | (91,000) |
| Outstanding at 31 December 2013 | - |

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.

All of the WGP employee options lapsed during the year to 31 December 2013.

### 19.5. Share option charges

On 9 October 2013, 150,000 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 £185,850 (US$298,921) based on a fair value per option of £1.239. The principal inputs into the model were as follows:

| | 2013 | 2012 |
|---|---|---|
| Number of Options Granted | 150,000 | 200,000 |
| Vesting Period | 2 years | 3 years |
| Option strike price | £2.54 | £0.521 |
| Current share price (at granting date) | £2.54 | £0.521 |
| Volatility | 75.0% | 50.0% |
| Risk-free interest rate | 0.5% | 0.5% |
| Life of Option | 2 years | 3 years |

The volatility is based on historical volatility of the Group's shares of 75% considering the general stock market conditions and the industry.

The charge to share option expense in the period was US$55,367.

### 19.6 Weighted average exercise price

Details of the number and weighted average exercise price of options granted, exercised, expired and forfeited during the year are as follows:

| | 2013 | | 2012 | |
|---|---|---|---|---|
| | Weighted average exercise price $ | Number of options | Weighted average exercise price $ | Number of options |
| At the beginning of the year | 0.84 | 200,000 | 0.01 | 2,125,000 |
| Forfeited during the year | 0.84 | (10,000) | - | - |
| Exercised during the year | - | - | 0.01 | (2,125,000) |
| Granted during the year | 4.08 | 150,000 | 0.83 | 200,000 |
| Outstanding at the reporting date | 2.27 | 340,000 | 0.84 | 200,000 |

| | 2013 | 2012 |
|---|---|---|
| Exercisable at the reporting date | 190,000 | 200,000 |

The weighted average remaining contractual life of the options is 2.0 years.

## 20. 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 2013 | 2012 |
|---|---|---|---|
| WGP Group Ltd | British Virgin Islands | 100% | 100% |
| WGP Energy Services Ltd | British Virgin Islands | 100% | 100% |
| WGP Exploration Ltd | United Kingdom | 100% | 100% |
| WGP Technical Services Ltd | British Virgin Islands | 100% | 100% |
| WGP Professional Services Ltd | British Virgin Islands | 100% | - |
| WGP Survey Ltd | British Virgin Islands | 50% | 50% |
| GO Science Group Ltd | British Virgin Islands | 100% | - |
| GO Science 2013 Ltd | United Kingdom | 100% | - |

WGP Professional Services Ltd was incorporated 14 March 2013 as a 100% owned subsidiary of WGP Group Ltd.

GO Science Group Ltd was incorporated 16 September 2013 as a 100% owned subsidiary of Thalassa Holdings Ltd.

GO Science 2013 Ltd was incorporated 25 September 2013 as a 100% owned subsidiary of GO Science Group Ltd.

## 21. Financial instruments

The Group's financial instruments comprise cash and cash equivalents together with various items such as trade and other receivables and trade payables 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 US$2,205,181 (2012: £100,000) which is restricted 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 2013.

### Foreign exchange risk

The Group undertakes hedging activities from time to time to mitigate foreign exchange risk. There were no hedging instruments open at the period end.

An increase in foreign exchange rates of 5% at 31 December 2013 would have increased the profit and net assets by US$145,604 (2012: US$95,360). A decrease of 5% would have had an equal and opposite impact. The majority of the Group's balances are held in USD. As 31 December 2013 approximately 35% of amounts owing to suppliers are held in GBP, 49% in NOK and 7% in EUR.

### Credit risk

Group credit risk is predominantly a matter of individual corporate risk. However Group companies also operate in frontier and challenging regions which has the potential to add risk and uncertainty both from an operational and financial point of view. Whenever and wherever possible the Group attempts to mitigate this risk.

In line with other international companies, the Group is exposed to geopolitical risks and the possibility of sanctions which could adversely affect our ability to perform operations or collect receivables from our clients. This risk is un-insurable and un-hedgeable.

The company's customers include large multinational E&P companies and other geophysical service providers. In 2013, a significant proportion of the Groups revenue was generated from 2 customers. As at 31 December 2013, trade receivables outstanding amounted to US$6.6m of which US$5.9m was from these 2 customers. This balance has been substantially reduced since the end of the reporting period (see note 23 Subsequent Events).

### 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. All financial liabilities are generally payable within 30 days and do not attract any other contractual cash flows. Based on current forecasts the Group has sufficient cash to meet future obligations.

## 22. Contingent liabilities

Under the terms of the Groups manufacturing and sale agreements, the Group may be required to repurchase equipment from 2017 onwards, at rates intended to reflect fair value.

## 23. Subsequent events

As a result of an increase in enquires during 2013, the Company announced on 8 January 2014 that the Board had approved an initial capital expenditure budget for 2014 of US$10.0m to refurbish the two compressors acquired in May 2012, upgrade certain existing systems and build a mini-PMSS™ unit in anticipation of work during 2014 in the high resolution 3D sector utilising P-Cable 3D Seismic AS's technology.

As per the announcement on 8 January 2014 the Company sold 1,078,667 Ordinary Shares to the THAL Discretionary Trust out of treasury at a price of £0.264 per ordinary share.

As per the announcement on 8 January 2014 the Company provided a loan of £3,054,768 to the THAL Discretionary Trust.

On 25 February 2014, the Company announced a new contract award with SAExploration to provide shallow water source handling and deployment services for seismic acquisition projects in the North Prudhoe Bay, Alaska. Mobilisation is anticipated to commence in June 2014 and the survey is expected to last approximately 90 days.

On 5 March 2014, the Company announced that it's subsidiary, WGP Survey Ltd, and TGS NOPEC Geophysical Company ASA have executed a contract to collaborate on a project to jointly acquire and own multi client seismic data on 10 survey blocks (approximately 500km$^2$) in the Barents Sea. The project, is expected to mobilise in May 2014 and last up to six months.

The trade receivables outstanding as at 19 March 2014 was US$3.8m as compared to US$6.6m as at 31 December 2013.

## 24. Copies of the consolidated financial statements

The consolidated financial statements are available on the Company's website: www.thalassaholdingsltd.com.

# Notice of the Annual General Meeting

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING (the "Meeting") of Thalassa Holdings Ltd (the "Company") will be held at Le Cabanon, Pointe des Douaniers 06320 Cap d'Ail, France on 29 April 2014 at 12:00 noon for the purpose of considering and, if thought fit, passing the following simple resolutions:

1. To receive and consider the financial statements for the year to 31 December 2013 together with the reports of the directors and the auditors thereon.
2. To authorise the Directors to appoint auditors of the Company for the year ending 31 December 2014 and to authorise the Directors to determine the auditor's remuneration.
3. To re-elect Duncan Soukup as a Director of the Company, who is retiring and offering himself for re-election.
4. To re-elect Graham Cole as a Director of the Company, who is retiring and offering himself for re-election.
5. To re-elect David Thomas as a Director of the Company, who is retiring and offering himself for re-election.
6. To re-elect Francis Smulders as a Director of the Company, who is retiring and offering himself for re-election.
7. To re-elect Robert Anderson as a Director of the Company, who is retiring and offering himself for re-election.

Dated 19 March 2014

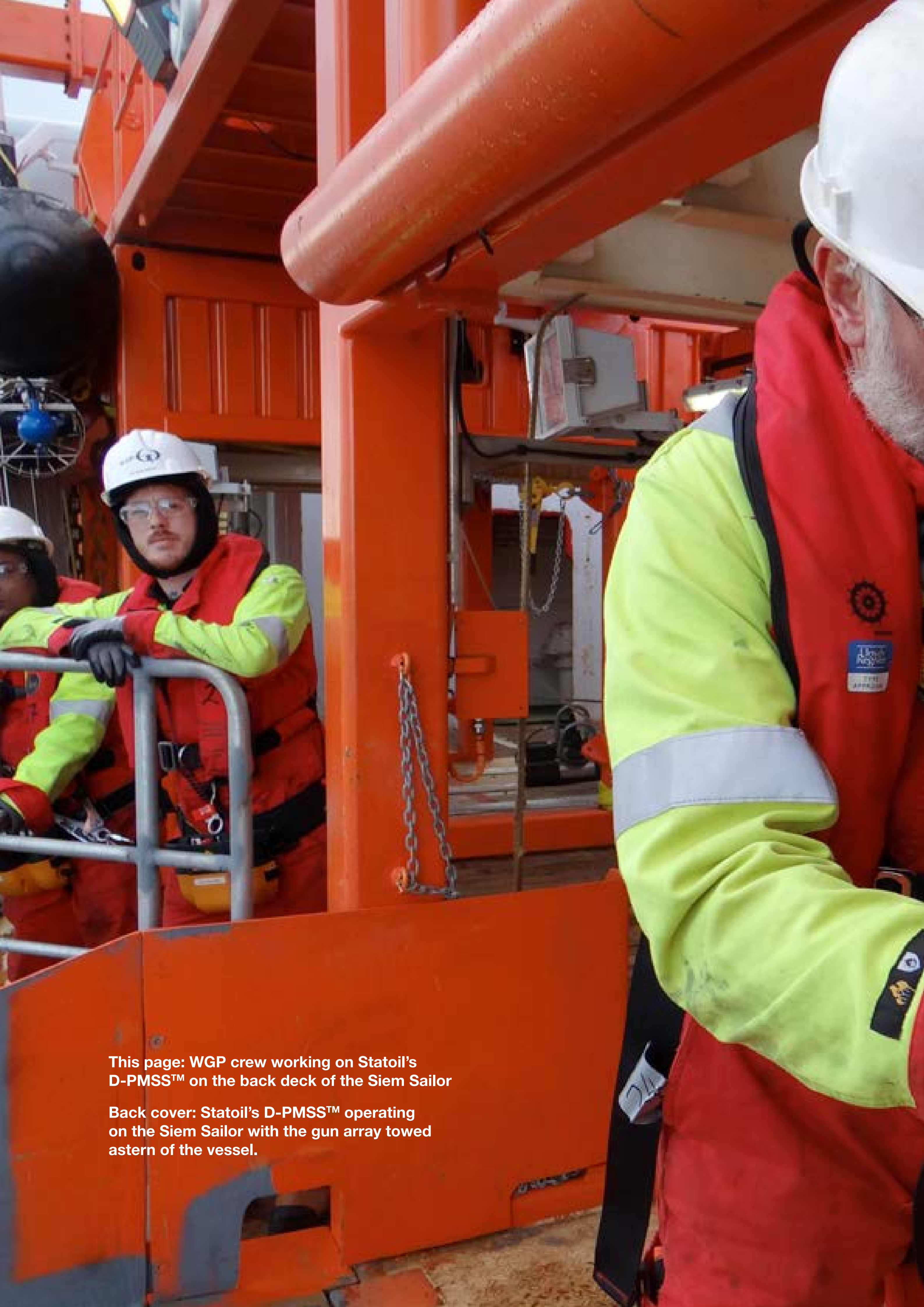
By Order of the Board

Notes

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his place. A proxy need not also be a Member of the Company
2. To appoint a proxy, you should complete the Form of Proxy enclosed with this Notice of Annual General Meeting. To be valid the Form of Proxy together with the power of attorney or other authority (if any) under which it is signed must be completed and returned by post or by hand to the Company's Registrar, Capita Registrars Limited, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU , not later than 48 hours before the time fixed for the Meeting or any adjourned meeting.
3. In the case of joint holders, if two or more persons hold shares jointly each of them may be present in person or by proxy at the Meeting and may speak as a shareholder; if only one of the joint owners is present in person or by proxy, he may vote on behalf of all joint owners; and if two or more are present in person or by proxy they must vote as one.
4. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the annual general meeting to be held on the time and date set out at the top of the notice and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
5. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with CRESTCo's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID : RA10) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
6. CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
7. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

# Directors, Secretary and Advisers

| | |
|---|---|
| **Directors** | C Duncan Soukup, *Chairman*<br>A Francis Smulders, *Director*<br>Graham Cole FCA, FSI, *Director*<br>David M Thomas, *Director*<br>Robert J Anderson, *Director* |
| **Registered Office** | Folio Chambers<br>P.O. Box 800, Road Town, Tortola<br>British Virgin Islands |
| **Company Secretary** | Julian Henley-Price |
| **Nominated Adviser and Broker** | WH Ireland Limited<br>24 Martin Lane<br>London<br>EC4R 0DR |
| **Solicitors to the Company (as to English Law)** | Pinsent Masons LLP<br>30 Crown Place<br>Earl Street<br>London<br>EC2A 4ES |
| **Solicitors to the Company (as to BVI Law)** | Conyers Dill & Pearman<br>Romasco Place, Wickhams Cay 1<br>PO Box 3140<br>Road Town, Tortola<br>British Virgin Islands VG1110 |
| **Auditors** | Moore Stephens LLP<br>150 Aldersgate Street<br>London EC1A 4AB |
| **Registrars** | Capita Asset Services<br>12 Castle Street<br>St Helier<br>Jersey JE2 3RT |
| **Company website** | www.thalassaholdingsltd.com<br>www.wgp-group.com<br>www.goscience.co.uk |



This page: WGP crew working on Statoil's D-PMSS™ on the back deck of the Siem Sailor

Back cover: Statoil's D-PMSS™ operating on the Siem Sailor with the gun array towed astern of the vessel.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www.wgp-group.com

WGP

www.thalassaholdingsltd.com

THALASSA

www.goscience.co.uk

GO Science