THALASSA

Courtesy of Chris Beetles Gallery and *The Times*

Annual Report and Accounts

Year to 31 December 2018

Peter Brookes

Peter Derek Brookes, CBE FRSA RDI (born 1943)

'His target is rarely the ideology of one politician or another. It is the vanity, inanity and mediocrity of the whole damn lot.' (Matthew Parris, *The Times*, 13 October 2009)

Peter Brookes maintains the most consistently high standard of any editorial cartoonist working in Britain today. His daily political cartoons and regular 'Nature Notes', produced for *The Times*, are always inventive, incisive and confidently drawn. They are the fruit of wide experience as a cartoonist and illustrator, and of complete independence from editorial intrusion.

Peter Brookes was born in Liverpool on 28 September 1943, the son of an RAF officer. After failing to finish a three-year pilot's course for the Royal Air Force (1962-65) he took an extra mural degree at London University (1964). He then attended Manchester College of Art (1965-66) and the Central School of Art, London (1966-69), later lecturing at the Central School (1976-78) and Royal College of Art (1979-90). His work has appeared in a number of exhibitions, including a solo show held at the Mel Calman Gallery in 1978.

Peter Brookes succeeded Ranan Lurie as political illustrator and cartoonist for *The Times* in 1982, and became its full-time political cartoonist a decade later. Since 1986, he has also shared the job of cover artist for *The Spectator*, with Nicholas Garland. In addition, he has contributed to many other magazines, including *Radio Times*, *The Times Literary Supplement*, *New Society*, *New Statesman* and *The Listener*. He has also produced illustrations for The Folio Society and Glyndebourne Opera, and has designed covers for Penguin Books and others. He was elected to the membership of the Alliance Graphique Internationale in 1988.

Peter Brookes has been represented by the Chris Beetles Gallery since 1997, when it held an exhibition drawn from the first volume of his fine and funny 'Nature Notes', which originally appeared in the Saturday edition of *The Times*. Subsequent solo shows took place at the gallery in 1999, 2001 and 2004, and his work has been a regular feature of its annual exhibition, 'The Illustrators'.

In recent years, the following collections of Peter Brookes's cartoons have been launched at Chris Beetles Gallery with great success: *The Best of Times* ... (2009), *Hard Times* (2011), *Sign of the Times* (2013) and *Testing Times* (2015).

Peter Brookes is a frequent winner of awards, including the British Press Awards Cartoonist of the Year, the Political Society Cartoonist of the Year, and the Cartoon Art Trust's Caricaturist of the Year. He received a CBE in the New Year's Honours List for 2017.

His work is represented in the collections of the British Cartoon Archive (University of Kent).

CONTENTS

2018 HIGHLIGHTS

Group Results 2018 versus 2017	US$
• Group Profit after tax for the year	$7.0m vs. $1.4m
Continuing Operations	
• Operating Loss before depreciation (EBITDA)	$(4.5)m vs. $(1.6)m
• Group Loss from continuing operations	$(6.4)m vs. $(2.5)m
Discontinued Operations	
• Group Profit from discontinued operations	$13.4m vs. $3.9m
• Group Earnings Per Share (basic and diluted)*1	$0.37/£0.30 vs. $0.06/£0.05
• Book value per share*2	$1.71/£1.34 vs. $1.29/£0.96
• Cash	$17.4m vs. $8.1m
• Debt	$ nil vs. $ nil

*1 based on weighted average number of shares in issue of 18,915,341 (2017: 21,882,648)

*2 based on actual number of shares in issue as at 31 December 2018 of 17,852,275 (2017: 19,812,640)

2018 HIGHLIGHTS

- **WGP**

  Asset Sale of WGP Group ("WGP") completed 1 January 2018

  Initial payment of $1.2m received towards total earn out currently due of $6m. Balance due in September 2019

  Prospect of a further earn out payment associated with award of second specific contract to WGP

- **LSR**

  Offer for The Local Shopping REIT plc ("LSR") announced 6 February 2019

- **ARL**

  Proof of concept of the Autonomous Robotics Ltd ("ARL") 'Flying Node' system progressed during the year

  Acoustic transponder integrated successfully

  Defence industry Board Advisors appointed in 2018

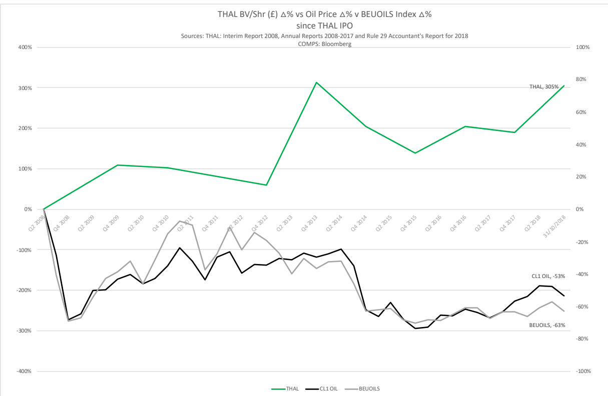
CHAIRMAN'S STATEMENT

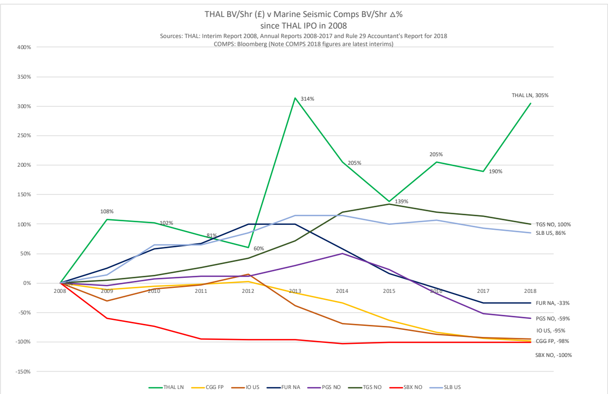
On 1st January 2018 the sale of WGP Group's Assets was completed. Subsequently, Thalassa received an initial payment of $1.2m relating to the performance related earn out. The remaining $4.8m currently due under this agreement is to be settled by 11th September 2019.

In the event that WGP secures a second specific contract, Thalassa stands to receive a further earn out payment of $4m. The Thalassa Board considers that, subject to a relatively stable oil price around the $50/$60 bbl and no delays, WGP would be awarded this contract within the 5-Year time limit agreed with the buyer, which expires 1 January 2023.

Thalassa is now well positioned for life after WGP and the oil industry and has started to implement the strategy laid out in the Company's 2018 Interim Report, released 17 September 2018.

I am happy with the performance we have achieved (15% compound annual growth in NAV per share over 10 years, since inception on 1st July 2008).





On 9 January 2019 Thalassa announced a possible offer for the shares in LSR that it does not currently own. This was followed on 6 February 2019 with a firm offer to be made to purchase all the remaining shares that it does not own in LSR. Much has been written about the logic of this acquisition and under normal circumstances I would be able to elaborate extensively on the background and perceived merits of this transaction for both LSR and Thalassa shareholders. However, as we are in an Offer Period, my ability to comment is restricted by a set of convoluted rules that make an explanation of the rules of cricket to an alien appear simple (as per the back inside cover). I would refer Shareholders to the takeover Offer Document, which will be published no later than 6 March 2019 (and available on our website), which will set out in detail the merits of the Offer and its benefits for both LSR and Thalassa shareholders.

The Company's share buy-back programme continues apace and at the time of writing the Company has repurchased a total of ca.7.8 million shares at an average price of 70.36 pence per share for an aggregate amount of ca. £5.5 million under the programme. Under the current buy-back authority of 16 October 2018 the Company has £1.9 million of facility left. The Board intends to increase the buy-back facility and will continue to entertain its extension if the Company's shares continues to trade at a substantial discount to the Company's NAV.

My thanks to everyone who continues to assist on our investment journey and to the City commentators who continue to entertain us… On 6 February 2019 the Company's shares were admitted on the standard listing segment of the Official List of the UK Listing Authority and admitted to trading on the LSE's main market for listed securities. Simultaneously, the Company's shares were cancelled from AIM. This decision was taken as the Thalassa Board believed a standard listing was better suited to the Company's strategy across Europe. In addition, and as previously announced, should the offer for LSR be successful, the Company has committed to reorganise its share capital with the cancellation of the Preference Shares. The Thalassa Directors believe that in the circumstances of Thalassa acquiring control of LSR and thereby deploying a certain amount of its cash resources, the original rationale and benefit of the Preference Shares fall away.

Duncan Soukup
Chairman

4 March 2019

AUTONOMOUS ROBOTICS LTD (ARL) OPERATIONAL REVIEW

SUMMARY

Proof of concept of the 'Flying Node' system has progressed during 2018 with further development and trials of the prototype Autonomous Underwater Vehicle (AUV). The 'Flying Node' system has principal applications in the offshore seismic market as an ocean bottom node (OBN) and in the Defence and Scientific markets as an ocean bottom sensor system. The node system operation has been simulated to show considerable cost saving while providing high quality OBN seismic data for offshore oil & gas seismic surveys compared with existing technology. The system also offers a novel and cost-effective system for defence and scientific data gathering with an array of nodes positioned on the seabed fitted with bespoke sensors. The complete 'Flying Nodes' system concept for offshore seismic applications is presented in an animation on the ARL website.

Defence industry Board Advisers were appointed in 2018 and various opportunities are being progressed in this market.

The appointment of a new CEO is planned for the first half of 2019 with the CEO's priority to secure external growth funding.

FUNDING

The Company is currently focused on hiring a CEO, whose main priority will be to secure development funding. The Board is hopeful that the position can be filled during the first half of 2019.

EIS/VCT sources of funding can also now be considered as ARL has obtained qualifying company status from HMRC. Several oil companies were approached and showed considerable interest in the Flying Nodes system but completion of proof of Concept is required in 2019 to progress these opportunities.

Funding of ARL in 2018 was provided by Thalassa Holdings Ltd. ARL costs for the year are less than budgeted with development costs reduced to an appropriate level.

OPERATIONS

Various tests of the node performance and software operation were performed in the first half of 2018. Software development and testing of the autonomous operation of the prototype node were completed mid-year with final testing performed during an offshore trial in the third quarter.

The autonomous trial performed offshore in Plymouth harbour was exceeded expectations and demonstrated the node has exceptionally stable underwater flight, accurate autonomous navigation and the ability to land and take off from the seabed.

The transport and communication functions of the AUV were therefore demonstrated successfully during the trial.

For final, proof of concept of the offshore seismic application, an underwater trial of the seismic sensor recording by the node is also required. An initial evaluation of the recording system was performed in the fourth quarter of 2018 and an offshore seismic trial is planned for the first quarter 2019.

ARL appointed Rear Admiral (Ret.) John Westbrook CBE and Commodore (Ret.) Phillip Titterton CBE as Defence Advisers to the Board. A Defence applications road map for the 'Flying Node' system is being progressed with potential funding opportunities also identified.

Additional engineering staff were also recruited which has supported the various tests and trials and progressed the specification of the full development software system and certain aspects of the deployment and recovery system.

Two ARL patents previously applied for were granted in the UK during 2018.

OUTLOOK

The offshore seismic trial of the prototype Flying Node to evaluate the quality of the seismic data recording by the node will complete the proof of concept trials required to demonstrate the main functions of the node for seismic survey application.

After successful completion of this trial more resources can be focused on securing external funding for the full development of the system.

Alternative configurations of the node system and associated development timescales have been created and will be presented to prospective funders.

A roadmap and possible sources of funding will continue to be progressed for the Defence and Scientific markets.

It is with considerable excitement and expectation that we look forward to reporting further success in 2019.

Dave Grant
Chairman

Autonomous Robotics Ltd

4 March 2019

FINANCIAL REVIEW

GROUP RESULTS

Continuing Operations

Total revenue from continuing operations for the year to 31 December 2018 was $0m (2017: $0k) following the completion of the sale of the assets of WGP on 1 January 2018.

Cost of Sales on continuing operations $0.109m (2017: $0.03m) include research and development related costs at ARL, resulting in a **Gross Loss** of $0.106m (2017: gross loss $0.03m).

Administrative expenses on continuing operations were $4.4m (2017: $1.5m) and **depreciation** $0.04m compared to $0.1m in 2017.

Operating Loss was therefore $4.6m (2017: loss $1.7m).

Net financial income/(expense) of $0.5m included net foreign exchange gains, net interest income and net gains from financial investments (2017: loss ($0.6m)).

Share of profits less losses of associated entities was a loss of $2.4m (2017: loss $0.3m) relating to the 25.48% equity interest in The Local Shopping REIT plc ("LSR").

Loss before tax on continuing operations was therefore $6.5m (2017: loss $2.5m).

Tax on continuing operations for the period was a credit of $0.07m relating to R&D tax credits (2017: credit $0.03m).

Loss for the year from continuing operations was therefore $6.3m (2017: loss $2.5m).

Discontinued Operations

Profit for the year from discontinued operations of $13.4m (2017: $3.9m) reflects the profit generated from the assets disposed of on 1 January 2018 as part of the sale of WGP assets.

Profit for the year

This resulted in Group profit for the year of $7.0m (2017: $1.4m).

Net assets at 31 December 2018 amounted to $30.5m (2017: $25.6m) resulting in net assets per share of $1.71 (£1.34) based on 17,852,275 shares in issue versus $1.29 (£0.93) in 2017 including cash of $17.4m equivalent to $0.97 (£0.76) per share (2017: $8.1m and $0.41 (£0.30) per share).

Net cash flow from continuing operations amounted to an outflow of $7.7m as compared to $0.6m in 2017 with net cash flow from discontinued operations $nil (2017: $5.3m).

Net cash from investing activities, amounted to an outflow of $0.02m (2017 $0.90m) relating to continuing operations in the investment in plant and equipment, the purchase of available for sale investments and investments in associates and an inflow of $19.1m (2017: outflow $0.2m) from investing activities from discontinued operations.

Net cash outflow from financing activities amounted to $2.3m relating to the buy back of 1,960,365 Thalassa ordinary shares into Treasury at an average price of £0.88.

Net increase in cash and cash equivalents was $9.3m resulting in Cash and Cash Equivalents at 31 December 2018 of $17.4m (2017: $8.1m).

Functional Currency: Further to the Company's announcement of the Interim Results to 30 June 2018 on 17 September 2018, in respect of the Company's functional currency from US$ to GBP£. The Board has reviewed the situation and concluded that given the uncertainty surrounding the UK's (possible/probable/actual?) departure from the European Union, the Board considers it imprudent to incur the time and cost of changing the Company's reference or reporting currency from US$ to GBP£ until such time as there is clarity on the implications of BREXIT. The Company will, therefore retain the US$ as the Company's functional and reporting currency until further notice. The Board will review this position periodically and update the market of any changes.

DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the year ended 31 December 2018.

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 is a holding company with interests in property, and marine seismic/defence R&D.

WGP Group Ltd is a wholly owned subsidiary of Thalassa Holdings Ltd. The assets of WGP Group Ltd were reflected in the accounts for the year ended 31 December 2017 as Held for Sale and were disposed of on 1 January 2018.

Autonomous Holdings Ltd (formerly GO Science Group Ltd) is a wholly owned subsidiary of Thalassa with a single subsidiary:

Autonomous Robotics Limited ("ARL" - formerly GO Science 2013 Ltd)

WGP Geosolutions Limited is a wholly owned subsidiary of Thalassa with a single subsidiary, WGP Group AT GmbH, both currently non-operational.

RESULTS AND DIVIDENDS

The Group made a profit attributable to shareholders of the parent for the year ended 31 December 2018 of $7.0m (2017: $1.4m). The Directors do not recommend the payment of a dividend.

DIRECTORS AND DIRECTORS' INTERESTS

The Directors of the Company who held office during the year 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	3,562,571	-
Non-Executive Directors			
Graham Cole	2 April 2008	39,870	-
David M Thomas	2 April 2008	-	-
A Francis Smulders	9 October 2013 (resigned 1 May 2018)	20,000	-

DIRECTORS' REMUNERATION

	2018		2017	
	Director Fees $	Consultancy Fees $	Director Fees $	Consultancy Fees $
Executive Directors				
Duncan Soukup	748,000	300,000	527,000	200,000
Non-Executive Directors				
Graham Cole	75,747	-	70,000	-
David Thomas	75,747	-	70,000	-
Francis Smulders	125,000	-	125,000	317,685
Total remuneration	**1,024,494**	**300,000**	**792,000**	**517,685**

SUBSTANTIAL SHAREHOLDINGS

As of 27 February 2019, the Company had been advised of the following substantial shareholders:

Name	Holding Ordinary Shares	%	% Voting including Preference shares
Duncan Soukup	3,562,571	20.0	20.4
Lombard Odier Asset Management (Europe) Limited	3,182,266	17.9	18.3
THAL Discretionary Trust*	3,078,667	17.3	17.7
Mark Costar	800,000	4.5	4.6
Church House Investments Limited	675,000	3.8	3.7
Aurora Nominees Limited	564,992	3.2	3.2
Other	5,883,779	33.3	32.1
Total number of shares in issue	**17,747,275**	**100.0**	**100.0**

In addition to the above the following shares were held:
100,000 shares held by Mr Soukup's wife
50,000 shares held by Mr Soukup's wife as a trustee of the DS Discretionary Trust A
50,000 shares held by Mr Soukup's wife as trustee of The Charitable Trust, a charitable trust.

* C.Duncan Soukup is a trustee of THAL Discretionary Trust

RELATED PARTY TRANSACTIONS

Details of all related party transactions are set out in note 10 to the financial statements.

FINANCIAL RISKS

Details of the financial risks and strategy of the Group are set out in note 26.

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 as applied by the E.U. 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.

DIRECTORS' REPORT CONTINUED

AGM

The Annual General Meeting will be held at Anjuna, 28 Avenue de la Liberté, 06360 Eze France on 24 April 2019 at 11:00 am. A notice of the meeting is attached to this Annual Report.

AUDITORS

A resolution to confirm the appointment Jeffreys Henry 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

4 March 2019

CORPORATE GOVERNANCE STATEMENT

The Company's shares were quoted during 2018 on the Alternative Investment Market ("AIM") of the London Stock Exchange. On 6 February 2019 the Company confirmed its shares were admitted to trading on the London Stock Exchange's main market. The Board recognises the importance and value for the Company and its shareholders of good corporate governance. The Company Statement on Corporate Governance is available at https://thalassaholdingsltd.com/corporate-gov.htm and repeated in full below.

BOARD OVERVIEW

In formulating the Company's corporate governance framework, the Board of Directors have reviewed the principles of good governance set out in the QCA code (the Corporate Governance Code for Small and Mid-Sized Quoted Companies 2018 published by the Quoted Companies Alliance) so far as is practicable and to the extent they consider appropriate with regards to the Company's size, stage of development and resources. However, given the modest size and simplicity of the Company, at present the Board of Directors do not consider it necessary to adopt the QCA code in its entirety.

The purpose of corporate governance is to create value and long-term success of the Group through entrepreneurism, innovation, development and exploration as well as provide accountability and control systems to mitigate risks involved.

COMPOSITION OF THE BOARD AND BOARD COMMITTEES

As at the date of this report, the Board of Thalassa Holdings Ltd comprises of one Executive Director and two Non-Executive Directors, which complies with the QCA Code.

BOARD BALANCE

The current Board membership provides a balance of industry and financial expertise which is well suited to the Group's activities. This will be monitored and adjusted to meet the Group's requirements. The Board is supported by the Audit Committee, Remuneration Committee and Regulatory Compliance Committee, all of which have the necessary character, skills and knowledge to discharge their duties and responsibilities effectively.

Further information about each Director may be found on the Company's website at www.thalassaholdingsltd.com/board-directors.htm. The Board seeks to ensure that its membership has the skills and experience that it requires for its present and future business needs.

All Directors have access to the advice and services of the Company Secretary who is responsible for ensuring that Board procedures and applicable rules and regulations are observed. The Board has a procedure allowing Directors to seek independent professional advice in furtherance of their duties, at the Company's expense.

RE-ELECTION OF DIRECTORS

In line with the UK Corporate Governance Code, all Directors are subject to re-election each year, subject to satisfactory performance.

BOARD AND COMMITTEE MEETINGS

The Board meets sufficiently regularly to discharge its duties effectively with a formal schedule of matters specifically reserved for its decision.

The Board held four full meetings for regular business during 2018, in addition to a number of informal ones. These included meetings of the Audit Committee, the Remuneration Committee and the Regulatory Compliance Committee as required.

AUDIT COMMITTEE

During the financial period to 31 December 2018, the Audit Committee consisted of Graham Cole and any other one director.

The key functions of the audit committee are for monitoring the quality of internal controls and ensuring that the financial performance of the Group is properly measured and reported on and for reviewing reports from the Company's auditors relating to the Company's accounting and internal controls, in all cases having due regard to the interests of Shareholders. The Committee has formal terms of reference.

The external auditor, Jeffreys Henry, was appointed on 16 January 2019 and has indicated its independence to the Board.

REMUNERATION COMMITTEE

During the financial period to 31 December 2018, the Remuneration Committee consisted of David Thomas and any other one director. It is responsible for determining the remuneration and other benefits, including bonuses and share based payments, of the Executive Directors, and for reviewing and making recommendations on the Company's framework of executive remuneration. The Committee has formal terms of reference.

The remuneration committee is a committee of the Board. It is primarily responsible for making recommendations to the Board on the terms and conditions of service of the executive Directors, including their remuneration and grant of options.

REGULATORY COMPLIANCE COMMITTEE

During the financial period to 31 December 2018, the Regulatory Compliance Committee consisted of Graham Cole and any other one director. The committee is responsible for ensuring that the Company's obligations under the Listing Rules are discharged by the Board. The Committee has formal terms of reference.

CORPORATE GOVERNANCE STATEMENT CONTINUED

STATEMENT ON CORPORATE GOVERNANCE

The corporate governance framework, which Thalassa Holdings Ltd ("Thalassa", the "Group" or the "Company") has set out, including board leadership and effectiveness, remuneration and internal control, is based upon practices which the board of directors of Thalassa (the "Board' or the "Directors") believes are proportionate to the risks inherent to the size and complexity of Thalassa's operations.

The Board considers it appropriate to adopt the principles of the Quoted Companies Alliance Corporate Governance Code ("the QCA Code") published in April 2018. The extent of compliance with the ten principles that comprise the QCA Code, together with an explanation of any areas of non-compliance, and any steps taken or intended to move towards full compliance, are set out below:

1. Establish a strategy and business model which promote long-term value for shareholders

The Company is a Holding Company which has in the past and will in the future seek to acquire assets which in the opinion of the Board should generate long term gains for its shareholders. The current strategy and business operations of the Company are set out in the Chairman's Statement and Operational Review on pages 4 to 6. Shareholders and potential investors must realise that the objectives set out in the documents referred to above are simply that; "objectives" and that the Company may without prior notification change these objectives based upon opportunities presented to the Board or market conditions.

The Group's strategy and business model and amendments thereto, are developed by the Executive Chairman and his senior management team, and approved by the Board. The management team, led by the Executive Chairman, is responsible for implementing the strategy and overseeing management of the business at an operational level.

The Board is actively considering a number of opportunities and, ultimately, the Directors believe that this approach will deliver long-term value for shareholders. In executing the Group's strategy, management will seek to mitigate/hedge risk whenever possible.

As a result of the Board's view of the market, the Board has adopted a five-pronged approach to future investments:

1. Opportunistic: where an acquisition or investment exists because of price dislocation (the price of a stock collapses but fundamentals are unaffected) or where the Board identifies a special "off market" opportunity;

2. Finance: The Board is currently investigating opportunities in Banking and FinTech;

3. Property: The Company currently owns 25.48% of The Local Shopping REIT plc ("LSR"). The Company's LSR investment is more comprehensively described in the Group's Annual Report and Accounts;

4. Education: There are few businesses that offer the same longevity and predictability of earnings as Education; and

5. R&D: Development situations such as Autonomous Robotics ("ARL"), where the Board sees an opportunity to participate in disruptive, early stage technology.

The above outlined strategy is subject to change depending on the Board's findings and prevailing market conditions.

2. Seek to understand and meet shareholder needs and expectations

The Board believes that the Annual Report and Accounts, and the Interim Report published at the half-year, play an important part in presenting all shareholders with an assessment of the Group's position and prospects. All reports and press releases are published in the Investor Relations section of the Group's website.

3. Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Group is aware of its corporate social responsibilities and the need to maintain effective working relationships across a range of stakeholder groups. These include the Group's consultants, employees, partners, suppliers, regulatory authorities and entities with whom it has contracted. The Group's operations and working methodologies take account of the need to balance the needs of all of these stakeholder groups while maintaining focus on the Board's primary responsibility to promote the success of the Group for the benefit of its members as a whole. The Group endeavours to take account of feedback received from stakeholders, making amendments where appropriate and where such amendments are consistent with the Group's longer term strategy.

The Group takes due account of any impact that its activities may have on the environment and seeks to minimise this impact wherever possible. Through the various procedures and systems it operates, the Group ensures full compliance with health and safety and environmental legislation relevant to its activities. The Group's corporate social responsibility approach continues to meet these expectations.

4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board is responsible for the systems of risk management and internal control and for reviewing their effectiveness. The internal controls are designed to manage and whenever possible minimise or eliminate risk and provide reasonable but not absolute assurance against material misstatement or loss. Through the activities of the Audit Committee, the effectiveness of these internal controls is reviewed annually.

A budgeting process is completed once a year and is reviewed and approved by the Board. The Group's results, compared with the budget, are reported to the Board on a regular basis.

The Group maintains appropriate insurance cover in respect of actions taken against the Directors because of their roles, as well as against material loss or claims against the Group. The insured values and type of cover are comprehensively reviewed on a periodic basis.

The senior management team meet regularly to consider new risks and opportunities presented to the Group, making recommendations to the Board and/or Audit Committee as appropriate.

The Board has an established Audit Committee, a summary of which is set out at http://thalassaholdingsltd.com/board-directors.htm.

The Company receives comments from its external auditors on the state of its internal controls.

The more significant risks to the Group's operations and the management of these have been disclosed in some detail in the Chairman's statement on page 4 of the 2018 Annual Report.

5. Maintain the Board as a well-functioning, balanced team led by the Chair

The Board currently comprises two Non-executive Directors and an Executive Chairman. Directors' biographies are set out here http://thalassaholdingsltd.com/board-directors.htm.

All of the Directors are subject to election by shareholders at the first Annual General Meeting after their appointment to the Board and will continue to seek re-election every year.

The Board is responsible to the shareholders for the proper management of the Group and meets at least four times a year to set the overall direction and strategy of the Group, to review operational and financial performance and to advise on management appointments.

A summary of Board and Committee meetings held in the year ended 31 December 2018, and Directors' attendance records, is set out in above.

The Board considers itself to be sufficiently independent. The QCA Code suggests that a board should have at least two independent Non-executive Directors. Both of the Non-executive Directors who currently sit on the Board of the Company are regarded as independent under the QCA Code's guidance for determining such independence.

Non-executive Directors receive their fees in the form of a basic cash fee based on attendance at board calls and board meetings. Directors are eligible for bonuses. The current remuneration structure for the Board's Non-executive Directors is deemed to be proportionate.

6. Ensure that between them, the directors have the necessary up-to-date experience, skills and capabilities

The Board considers that all of the Non-executive Directors are of sufficient competence and calibre to add strength and objectivity to its activities, and bring considerable experience in technical, operational and financial matters.

The Company has put in place an Audit Committee as well as Remuneration and Listing Compliance Committees. The responsibilities of each of these committees are described at http://thalassaholdingsltd.com/board-directors.htm.

The Board regularly reviews the composition of the Board to ensure that it has the necessary breadth and depth of skills to support the on-going development of the Group.

The Chairman, in conjunction with the Company Secretary, ensures that the Directors' knowledge is kept up to date on key issues and developments pertaining to the Group, its operational environment and to the Directors' responsibilities as members of the Board. During the course of the year, Directors received updates from the Company Secretary and various external advisers on a number of regulatory and corporate governance matters.

Directors' service contracts or appointment letters make provision for a Director to seek personal advice in furtherance of his or her duties and responsibilities, normally via the Company Secretary.

7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The Board's performance is measured by the success of the Company's acquisitions and investments and the returns that they generate for shareholders and in comparison to peer group companies. This performance is presented in the Group's monthly management accounts and reported, discussed and reviewed with the Board regularly.

The Board is supported by the CFO, a role which is currently fulfilled by a consultant, and the Company Secretary. The Board regularly reviews succession planning and it in the process of identifying a full time CFO.

8. Promote a corporate culture that is based on ethical values and behaviours

The Board seeks to maintain the highest standards of integrity and probity in the conduct of the Group's operations. These values are enshrined in the written policies and working

CORPORATE GOVERNANCE STATEMENT CONTINUED

practices adopted by all employees in the Group. An open culture is encouraged within the Group. The management team regularly monitors the Group's cultural environment and seeks to address any concerns than may arise, escalating these to Board level as necessary.

The Group is committed to providing a safe environment for its staff and all other parties for which the Group has a legal or moral responsibility in this area.

Thalassa has a strong ethical culture, which is promoted by the actions of the Board and management team. The Group has an anti-bribery policy and would report any instances of non-compliance to the Board. The Group has undertaken a review of its requirements under the General Data Protection Regulation, implementing appropriate policies, procedures and training to ensure it is compliant.

9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

The Board has overall responsibility for promoting the success of the Group. The Chairman has day-to-day responsibility for the operational management of the Group's activities. The Non-executive Directors are responsible for bringing independent and objective judgment to Board decisions. Matters reserved for the Board include strategy, investment decisions, corporate acquisitions and disposals.

There is a clear separation of the roles of Executive Chairman and Non-executive Directors. The Chairman is responsible for overseeing the running of the Board, ensuring that no individual or group dominates the Board's decision-making and ensuring the Non-executive Directors are properly briefed on matters. Due to its current size, the Group does not require nor bear the cost of a chief executive. The Company's subsidiary ARL is led by a chief executive.

The Chairman has overall responsibility for corporate governance matters in the Group but does not chair any of the Committees. The Chairman also has the responsibility for implementing strategy and managing the day-to-day business activities of the Group. The Company Secretary is responsible for ensuring that Board procedures are followed and applicable rules and regulations are complied with.

The Audit Committee normally meets twice at least once a year and has responsibility for, amongst other things, planning and reviewing the annual report and accounts and interim statements involving, where appropriate, the external auditors. The Committee also approves external auditors' fees and ensures the auditors' independence as well as focusing on compliance with legal requirements and accounting standards. It is also responsible for ensuring that an effective system of internal control is maintained. The ultimate responsibility for reviewing and approving the annual financial statements and interim statements remains with the Board.

A summary of the work of the Audit Committee undertaken in the year ended 31 December 2018 is set out above. The Committee has formal terms of reference, which are set out at http://thalassaholdingsltd.com/board-directors.htm.

The Remuneration Committee, which meets as required, but at least once a year, has responsibility for making recommendations to the Board on the compensation of senior executives and determining, within agreed terms of reference, the specific remuneration packages for each of the Directors. It also supervises the Company's share incentive schemes and sets performance conditions for share options granted under the schemes.

A summary of the work of the Remuneration Committee undertaken in the year ended 31 December 2018 is set out above. The Committee has formal terms of reference.

The Directors believe that the above disclosures constitute sufficient disclosure to meet the QCA Code's requirement for a Remuneration Committee Report. Consequently, a separate Remuneration Committee Report is not presented in the Group's Annual Report.

The Listing Compliance Committee, which meets as required, is responsible for ensuring that the Company's obligations under the Listing Rules are discharged by the Board. The Committee has formal terms of reference set out at http://thalassaholdingsltd.com/board-directors.htm.

10. Communicate how the Group is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Board believes that the Annual Report and Accounts, and the Interim Report published at the half-year, play an important part in presenting all shareholders with an assessment of the Group's position and prospects. The Annual Report includes a Corporate Governance Statement which refers to the activities of both the Audit Committee and Remuneration Committee. All reports and press releases are published in the Investor Relations section of the Group's website.

The Group's financial reports and notices of General Meetings of the Company can be found at http://thalassaholdingsltd.com/company-documents.htm. The results of voting on all resolutions in future general meetings will be posted to the Group's website, including any actions to be taken as a result of resolutions for which votes against have been received from at least 20 per cent of independent shareholders.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS' OF THALASSA HOLDINGS LTD

OPINION

We have audited the consolidated financial statements of Thalassa Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs).

In our opinion:

- the financial statements give a true and fair view of the state of the group's affairs as at 31 December 2018 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs;

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements, including the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in the British Virgin Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	**How our audit addressed the key audit matter**
Sale of the business and trading assets of WGP Group On 1 January 2018, the Company completed the sale of the business and trading assets of WGP Group to Fairfield Industries Incorporated. Given the scale of the transaction there is a risk that the disposal process and gain on disposal have been incorrectly calculated. The nature of the transaction, with the inclusion of additional earn outs, also gives rise to a risk of misstatement due to the judgement required in establishing the likelihood of the earns outs being received and concluding whether the amounts should be incorporated into the gain on disposal.	The nature of the transaction was reviewed and the accounting treatment in relation to IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations was assessed. We also obtained and reviewed the key supporting documentation, such as the Sale and Purchase Agreement in order to provide assurance that the disposal was treated appropriately.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS' OF THALASSA HOLDINGS LTD CONTINUED

OUR APPLICATION OF MATERIALITY

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial

statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgment, we determined materiality for the financial statements as a whole as follows:

	Group financial statements
Overall materiality	£357,000
How we determined it	5% of adjusted profit before tax.
Rationale for benchmark applied	We believe that profit before tax is the primary measure used by the shareholders in assessing the performance of the Group and is a generally accepted auditing benchmark.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £6,800 and £85,000.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £17,850 as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgments, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which they operate.

The Group financial statements are a consolidation of twelve reporting units, comprising the Group's operating businesses and holding companies.

Of the 12 entities, we identified three which were considered to be significant components for the purposes of the Group financial statements, and which, in our view, required a full audit of their complete financial information in order to ensure that sufficient appropriate audit evidence was obtained.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement (set out on page 8), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

USE OF THIS REPORT

This report is made solely to the company's members, as a body. 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.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS' OF THALASSA HOLDINGS LTD CONTINUED

OTHER MATTERS WHICH WE ARE REQUIRED TO ADDRESS

We were appointed by the board of directors on 16 January 2019 to audit the financial statements for the period ending 31 December 2018. Our total uninterrupted period of engagement is 1 year, covering the period ending 31 December 2018.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting our audit.

Jeffreys Henry LLP

Chartered Accountants

Finsgate
5-7 Cranwood Street
London EC1V 9EE

4 March 2019

CONSOLIDATED STATEMENT OF INCOME
for the year ended 31 December 2018

	Note	2018 $	2017 $
Continuing Operations			
Revenue	9	3,188	-
Cost of sales		(109,027)	(34,643)
Gross loss		**(105,839)**	**(34,643)**
Administrative expenses		(4,428,743)	(1,532,021)
Operating loss before depreciation		**(4,534,582)**	**(1,566,664)**
Depreciation	12	(41,919)	(101,067)
Operating loss	3	**(4,576,501)**	**(1,667,731)**
Net financial income/(expense)	5	470,050	(576,295)
Share of profits less (losses) of associated entities	22	(2,353,182)	(284,000)
Loss before taxation		**(6,459,633)**	**(2,528,026)**
Taxation	6	68,015	28,007
Loss for the year from continuing operations		**(6,391,618)**	**(2,500,019)**
Discontinued Operations			
Profit for the year from discontinued operations	23	**-**	**3,884,519**
Gain on disposal of WGP assets		**13,419,475**	**-**
Profit for the year		**7,027,857**	**1,384,500**
Earnings per share - US$ (using weighted average number of shares)			
Basic and Diluted - Continuing Operations		(0.34)	(0.12)
Basic and Diluted - Discontinued Operations		0.71	0.18
Basic and Diluted	7	**0.37**	**0.06**

The notes on pages 23 to 41 form an integral part of this consolidated financial information.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2018

	2018	2017
	$	$
Profit for the financial year	**7,027,857**	**1,384,500**
Other comprehensive income:		
Exchange differences on re-translating foreign operations	109,344	(6,106)
Unrealised (losses)/gains on AFS Securities	-	(132,631)
Total comprehensive income	**7,137,201**	**1,245,763**

The notes on pages 23 to 41 form an integral part of this consolidated financial information.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2018

	Note	2018 $	2017 $
Assets			
Non-current assets			
Property, plant and equipment	12	16,803	55,084
Available for sale financial assets	14	787,518	740,691
Loans	8	1,645,260	1,596,695
Investments in associated entities	22	6,727,670	9,065,888
Total non-current assets		**9,177,251**	**11,458,358**
Assets Held for Sale		**-**	**10,155,525**
Current assets			
Trade and other receivables	17	6,095,202	1,440,962
Cash and cash equivalents		17,370,372	8,091,288
Total current assets		**23,465,574**	**9,532,250**
Liabilities			
Current liabilities			
Trade and other payables	18	2,156,692	5,516,403
Total current liabilities		**2,156,692**	**5,516,403**
Net current assets		**21,308,882**	**4,015,847**
Net assets		**30,486,133**	**25,629,730**
Shareholders' Equity			
Share capital	19	255,675	255,675
Share premium		45,416,298	45,416,298
Treasury shares	19	(7,337,959)	(5,057,161)
Other reserves		(139,082)	(248,426)
Retained earnings		(7,708,799)	(14,736,656)
Total shareholders' equity		**30,486,133**	**25,629,730**
Total equity		**30,486,133**	**25,629,730**

The notes on pages 23 to 41 form an integral part of this consolidated financial information.

These financial statements were approved and authorised by the board on 4 March 2019.

Signed on behalf of the board by:

C. Duncan Soukup
Chairman

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2018

	Notes	2018 $	2017 $
Cash flows from operating activities			
Profit/(Loss) for the year before taxation		**6,959,842**	**(2,528,026)**
(Increase)/decrease in trade and other receivables		(185,787)	507,026
(Decrease)/increase in trade and other payables		(3,359,710)	631,260
Gain on disposal of PPE		(13,419,475)	-
Gain/(loss) on disposal of AFS investments		(207,509)	146,546
Net exchange differences		(32,875)	264,699
Accrued interest income		(48,565)	(47,131)
Taxation		68,015	28,007
Share of losses of associate		2,338,218	284,000
Fair value movement on AFS financial assets		(25,516)	-
Cash generated by operations		**(7,913,362)**	**(713,619)**
Depreciation	12	41,919	101,067
Net cash flow from operating activities		**(7,871,443)**	**(612,552)**
Net cash flow from discontinued operations		**-**	**5,259,547**
Purchase of property, plant and equipment		(3,638)	(40,642)
Net Sale / (Purchase) of AFS financial assets		186,197	(193,846)
Investments in associated entities		-	(712,916)
Net cash flow in investing activities - continuing operations		**182,559**	**(947,404)**
Proceeds from the disposal of WGP assets		19,106,548	-
Purchase of property, plant and equipment		-	(189,093)
Net cash flow from / (used) in investing activities - discontinued operations		**19,106,548**	**(189,093)**
Cash flows from financing activities			
Purchase of treasury shares		(2,280,798)	(3,099,107)
Issue of new shares		-	218,487
Net cash flow from financing activities - continuing operations		**(2,280,798)**	**(2,880,620)**
Net increase in cash and cash equivalents		**9,136,866**	**629,879**
Cash and cash equivalents at the start of the year		8,091,288	7,732,215
Effects of exchange rate changes on cash and cash equivalents		142,218	(270,806)
Cash and cash equivalents at the end of the year		**17,370,372**	**8,091,288**

The additional disclosures required by IAS7 regarding changes to liabilities has not resulted in additional disclosures as the Group has no financing liabilities.

The notes on pages 23 to 41 form an integral part of this consolidated financial information.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2018

	Share Capital $	Share Premium $	Treasury Shares $	Other Reserves $	Retained Earnings $	Total Shareholders Equity $
Balance as at 31 December 2016	**250,675**	**45,202,810**	**(1,958,054)**	**(109,689)**	**(16,121,162)**	**27,264,580**
Issue of new shares	5,000	213,488	-	-	-	218,488
Purchase of treasury shares	-	-	(3,099,107)	-	-	(3,099,107)
Total comprehensive income for the period	-	-	-	(138,737)	1,384,506	1,245,769
Balance as at 31 December 2017	**255,675**	**45,416,298**	**(5,057,161)**	**(248,426)**	**(14,736,656)**	**25,629,730**
Purchase of treasury shares	-	-	(2,280,798)	-	-	(2,280,798)
Total comprehensive income for the period	-	-	-	109,344	7,027,857	7,137,201
Balance as at 31 December 2018	**255,675**	**45,416,298**	**(7,337,959)**	**(139,082)**	**(7,708,799)**	**30,486,133**

The notes on pages 23 to 41 form an integral part of this consolidated financial information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018

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 is a holding company with various interests across a number of industries.

DOA Alpha Ltd (formerly WGP Group Ltd) is a wholly owned subsidiary of Thalassa Holdings Ltd. The assets of DOA Alpha Ltd are reflected in the accounts as at 31 December 2017 as Held for Sale and were disposed of on 1 January 2018.

Autonomous Holdings Ltd (formerly GO Science Group Ltd) is a wholly owned subsidiary of Thalassa and is an Autonomous Underwater Vehicle ("AUV") research and development company with one subsidiary:

- Autonomous Robotics Limited ("ARL" – formerly GO Science 2013 Ltd)

WGP Geosolutions Limited is a wholly owned subsidiary of Thalassa which has an additional subsidiary, WGP Group AT GmbH, both currently non-operational.

The Group's interest in each of the subsidiaries is 100%.

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 DOA Exploration Ltd and Autonomous Robotics Limited which have a functional currency of pound sterling and WGP Group AT GmbH of Euro.

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

2.1. NEW INTERPRETATIONS AND REVISED STANDARDS EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2018

The Group has adopted the new interpretations and revised standards effective for the year ended 31 December 2018. The adoption of these interpretations and revised standards has had no material impact on the disclosures and presentation of the financial statements during the year.

IFRS 9 Financial Instruments

The standard makes substantial changes to the recognition and measurement of financial assets and financial liabilities and derecognition of financial assets. There will only be three categories of financial assets whereby financial assets are recognised at either fair value through profit and loss, fair value through other comprehensive income or measured at amortised cost. On adoption of the standard, the Group determined the classification of its financial assets based on the business model for each category of financial asset. This has not given rise to any significant reclassifications.

The principal change to the measurement of financial assets measured at amortised cost or fair value through other comprehensive income is that impairments will be recognised on an expected loss basis compared to the current incurred loss approach. As such, where there are expected to be credit losses these are recognised in profit or loss. For financial assets measured at amortised cost the carrying amount of the asset is reduced for the loss allowance. For financial assets measured at fair value through other comprehensive income the loss allowance is recognised in other comprehensive income and does not reduce the carrying amount of the financial asset.

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 or loss, for example derivative financial instruments, with changes in the liabilities' credit risk recognised in other comprehensive income.

IFRS 15 – Revenue from contracts with customers

The standard has been developed to provide a comprehensive set of principles in presenting the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is based around five steps in recognising revenue:

1. Identify the contract with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price
5. Recognise revenue when a performance obligation is satisfied

The standard includes principles on disclosing the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers, by providing qualitative and quantitative information. The standard has had no material effect on the recognition and measurement.

2.2. STANDARDS AND INTERPRETATIONS IN ISSUE BUT NOT YET EFFECTIVE

An amendment to the definition of Material was introduced to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and is effective for annual reporting periods beginning on or after 1 January 2020. In addition the following standards are in issue but not yet effective:-

IFRS 16	Leases	Effective for annual reporting periods beginning on or after 1 January 2019
IFRS 17	Insurance contracts	Effective for annual reporting periods beginning on or after 1 January 2022

The directors do not anticipate that the adoption of this revised standard and new standards will have a significant impact on the figures included in the financial statements in the period of initial application.

2.3. BASIS OF CONSOLIDATION

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

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

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

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

2.4. JUDGEMENT AND ESTIMATES

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

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

The key judgement areas relate to the carrying value of provisions for doubtful debts and loans receivable. Plant and Equipment is reviewed annually for indication of impairment. Goodwill is reviewed annually for indication of impairment. Intellectual property is amortised and also reviewed annually for indication of impairment. Outstanding trade receivables are reviewed for potential recovery and provisions for bad and doubtful debts included where necessary. Loans receivable are reviewed for potential recovery and impairments included where necessary.

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.

2.5. 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 between 3 and 15 years from the point at which the asset is put into use.

2.6. 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 2.16) 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.

MULTI-CLIENT LIBRARY

The Multi-Client library comprises completed surveys and surveys in progress that can be licensed to multiple customers. All direct costs related to data collection, processing and completion of seismic surveys are capitalised. The Multi-Client library is capitalised at cost less accumulated amortisation and impairment losses. The Company has a minimum amortisation policy whereby the carrying amount one year after completion of a survey is no more than 60% of cost. This maximum level is reduced on a straight-line basis by 20% for each of the three subsequent years.

Estimated revenues are reviewed continuously and these may change to reflect market conditions. The amortisation expense of the Multi-Client library may fluctuate and be accelerated according to the level of revenue and revisions to estimated remaining revenues. Where amortisation expense is accelerated it is calculated as the proportion of the total cost of a survey calculated according to the proportion of cumulative revenues for the survey to the estimated total revenue for the survey. The costs of a survey are completely amortised when the estimated revenue has been reached.

2.7. OPERATING LEASES

All leases are treated as operating leases. Where the Group is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

2.8. 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.

2.9. 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 at fair value through profit or loss.

2.10. 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 performed 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.

No adjustments were required on adoption of IFRS 15.

MULTI-CLIENT LIBRARY

Pre-funded revenues from underwritten programmes are recognised as the seismic data is acquired. Where the Group has finished data sets ready for sale, revenue is recognised at the time of the transaction when the customer executes a valid license agreement and has the right to access the licensed portion of the Multi-Client library.

2.11. 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 and Autonomous Robotics Ltd are incorporated in the UK and are 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 reporting 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.

Deferred tax is provided in full using the liability method on all timing differences which result in an obligation at the reporting date to pay more tax, or the right to pay less tax, at a future date, at rates that are expected to apply when they crystalise based on current tax rates. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Deferred tax is not provided when the amounts involved are not significant.

2.12. 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 reporting date. Exchange differences arising are included in the statement of income for the period.

WGP Exploration Ltd and Autonomous Robotics Ltd are incorporated in the UK and have a functional currency of GBP. Exchange differences on the retranslation of operations denominated in foreign currencies are included in Other Comprehensive Income.

Year end GBPUSD exchange rate as at 31 Dec 2018: 1.2747 (2017:1.3491).

2.13. 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.

2.14. 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.

Available for sale financial assets comprise investments which do have a fixed maturity and are classified as non current assets if they are intended to be held for the medium to long term. They are measured at fair value through profit or loss.

Trade receivables are initially measured at fair value and are subsequently measured at amortised cost less 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).

2.15. 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 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 based payment reserve.

2.16. 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.

2.17. GOING CONCERN

The financial statements have been prepared on the going concern basis as management consider that the Group will continue in operation for the foreseeable future and will be able to realise its assets and discharge its liabilities in the normal course of business. In arriving at this conclusion management have prepared cash flow forecasts considering operating cash flows and capital expenditure requirements over the Group, as well as available working capital.

2.18. INVESTMENT IN ASSOCIATED ENTITIES

Investments in associates are those over which the Group has significant influence. These are accounted for using the equity method of accounting. Significant influence is considered to be participation in the financial and operating policy decisions of the investee and is usually evidenced when the Group owns between 20% and 50% of that company's voting rights.

Investments in associates are initially recorded at cost and the carrying amount is increased or decreased to recognise the Group's share of the profits or losses of the associate after acquisition. At the date of acquisition any excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets of the associate is recognised as goodwill. The carrying amount of these investments is reduced to recognise any impairment of the value of the individual investment. If the Group's share of losses exceeds its interest in an associate the carrying value of that investment is reduced to nil and the recognition of any further losses is discontinued unless the Group has an obligation to make further funding contributions to that associate.

The Group's share of associates' post acquisition profits or losses is recognised in profit or loss and the post acquisition movements in other comprehensive income is recognised within other comprehensive income.

3. OPERATING LOSS FOR THE YEAR

The operating profit for the year is stated after charging:

	2018 $	2017 $
Consultancy fees	1,392,144	910,072
Wages and salaries	164,580	242,528
Social security costs	43,825	52,044
Pension costs	8,715	3,540
Research and Development	111,900	98,221
Audit fees	131,866	83,112
Legal and professional fees	570,990	763,377

Included within consultancy fees / wages and salaries is $26,494 in relation to amounts accrued for directors' remuneration (2017: $63,000).

4. EMPLOYEES

The average number of employees employed by the Group was:-

	2018 $	2017 $
Sales	-	1
Development	3	21
Admin	1	12
	4	34

5. NET FINANCIAL EXPENSE

	2018 $	2017 $
Loan interest receivable	48,560	47,131
Bank interest receivable	2,220	-
Bank interest payable	(87,588)	(132,232)
Gains/(Losses) on investments	339,122	(233,012)
Impairment on investments	25,517	-
Foreign currency gains/(losses)	142,219	(258,182)
	470,050	(576,295)

6. INCOME TAX EXPENSE

	2018 $	2017 $
Current tax from continuing operations	(68,015)	(28,007)
Current tax from discontinued operations	-	808,104
Total Tax	**(68,015)**	**780,097**

	$	$
Loss before tax from continuing operations	(6,459,633)	(2,528,026)
Tax at applicable rates	(1,227,330)	(480,325)
Losses carried forward	1,227,330	480,325
R&D Tax Credit relating to prior year	(68,015)	-
Other movements	-	(28,007)
Total Tax on continuing operations	**(68,015)**	**(28,007)**

	$	$
Profit before tax from discontinued operations	13,419,475	4,692,623
Tax at applicable rates	-	462,185
Tax relating to earlier years	-	345,919
Total Tax on discontinued operations	**-**	**808,104**

The applicable tax rates in relation to the Group's profits are BVI 0%, UK 19% and Norway 24% (2017: 0%,19% and 24%).

WGP Group Ltd has won an appeal on tax paid and payable in Norway and is currently waiting for it to be processed. When the matter is finalised it will reduce the tax charged and accrued in prior periods.

Autonomous Robotics Ltd has unprovided trading losses carried forward of approximately £4.4m available for utilsation against future trading profits.

7. EARNINGS PER SHARE

	2018 $	2017 $
The calculation of earnings per share is based on the following loss and number of shares:		
Loss for the year from continuing operations	(6,391,618)	(2,500,019)
Profit for the year from discontinued operations	13,419,475	3,884,519
Profit for the year	**7,027,857**	**1,384,500**
Weighted average number of shares of the Company	**18,919,049**	**21,882,648**
Earnings per share:		
Basic and Diluted (US$) from continuing operations	(0.34)	(0.12)
Basic and Diluted (US$) from discontinued operations	0.71	0.18
Basic and Diluted (US$)	0.37	0.06
Number of shares outstanding at the period end:		
Number of shares in issue	**19,812,640**	**21,958,865**
Issue of new shares	-	500,000
Treasury shares	(1,960,365)	(2,646,225)
Basic number of shares in issue	**17,852,275**	**19,812,640**
Share options	-	-

8. LOANS

	2018 $	2017 $
At 1 January	1,596,695	1,549,564
Accrued interest	48,565	47,131
At 31 December	**1,645,260**	**1,596,695**

The Loan is to the THAL Discretionary Trust.

Interest is payable at 3% per annum (reviewed periodically).

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.

9. SEGMENT INFORMATION

The Group has one operating segment being operations from geophysical project management, services and the supply of equipment.

10. RELATED PARTY TRANSACTIONS

Under the consultancy and administrative services agreement entered into on 3 January 2011 with a company in which the Chairman has a beneficial interest, the Group was invoiced $698,000 (2017: $967,000) for consultancy and administrative services provided to the Group. As at 31 December 2018, the amount owed to this company was $303,595 (2017: $178,787).

During the period Graham Cole, non-executive director, invoiced the Group $40,578 of which $nil was owed as at 31 December 2018 (2017: $36,484).

During the period David Thomas, non-executive director, invoiced the Group $39,610 of which $nil was owed as at 31 December 2018 (2017: $27,000).

Eastleigh Court Limited, a company owned by Thalassa's chairman, Duncan Soukup, invoiced the Group £nil (2017: £120,000) in the period. As at 31 December 2018, the amount owed by this company was £32,169 (2017: £32,169).

Eastleigh Stables Ltd, a company also owned by the Company's chairman invoiced the Group £nil (2017: £50,413) during the year. As at 31 December 2018, the balance owed by this company was £15,776 (2017: £15,776).

11. GOODWILL

	2018 $	2017 $
Cost		
Cost at 1 January	-	368,525
Cost at 31 December	**-**	**368,525**
Transfer to non-current assets held for sale		(368,525)
Carrying Amount		
At 31 December	**-**	**-**

Goodwill relates to the acquisition of WGP Exploration Ltd in November 2011 which was reclassified to Assets Held for Sale following the sale of assets to FairfieldNodal on 1 January 2018.

12. PROPERTY, PLANT AND EQUIPMENT

Cost	Total 2018 $	Plant and Equipment 2018 $	Motor Vehicles 2018 $
Cost at 1 January 2018	292,587	143,736	148,851
FX movement	(1,941)	(1,941)	-
	290,646	141,794	148,851
Additions	3,782	3,782	-
Cost at 31 December 2018	**294,428**	**145,577**	**148,851**
Depreciation			
Depreciation at 1 January	237,503	102,521	134,982
FX movement	(1,797)	(1,797)	-
	235,706	100,724	134,982
Charge for the year on continuing operations	41,919	28,050	13,869
Depreciation at 31 December 2018	**277,625**	**128,774**	**148,851**
Closing net book value at 31 December 2018	**16,803**	**16,803**	**0,000**

Cost	Total 2017 $	Plant and Equipment 2017 $	Motor Vehicles 2017 $	Computer Software 2017 $
Cost at 1 January 2017	26,793,620	26,286,825	158,921	347,874
FX movement	(39,533)	(13,562)	943	(26,914)
	26,754,087	26,273,263	159,864	320,960
Additions	314,540	314,540	-	-
Transfer to non-current assets held for sale	(26,776,041)	(26,444,068)	(11,013)	(320,960)
Cost at 31 December 2017	**292,586**	**143,735**	**148,851**	**-**
Depreciation				
Depreciation at 1 January	15,807,863	15,586,645	109,358	111,860
FX movement	45,270	76,173	717	(31,620)
	15,853,133	15,662,818	110,075	80,240
Charge for the year on continuing operations	101,067	27,970	35,570	37,527
Charge for the year on discontinued operations	1,970,923	1,930,100	-	40,823
Transfer to non-current assets for sale	(17,687,621)	(17,518,367)	(10,664)	(158,590)
Depreciation at 31 December 2017	**237,502**	**102,521**	**134,981**	**-**
Closing net book value at 31 December 2017	**55,084**	**41,214**	**13,870**	**-**

As outlined in note 2.8, an assessment is made at each financial reporting date as to whether there is any indication of impairment of any asset. An impairment review of the Group's equipment has been undertaken, taking into account obsolescence, market conditions, value in use and useful economic life. As a result there has been no impairment charge in 2018 (2017: $nil).

13. MULTI-CLIENT LIBRARY

	Total 2018 $	Total 2017 $
Cost		
Cost at 1 January 2018	2,369,523	2,369,523
Disposal	(2,369,523)	-
Cost at 31 December 2018	**-**	**2,369,523**
Amortisation		
Amortisation at 1 January 2018	2,369,523	2,369,523
Disposal	(2,369,523)	-
Amortisation at 31 December 2018	**-**	**2,369,523**
Closing net book value at 31 December 2018	**-**	**-**

The Multi-client library was sold as part of the sale of WGP Group assets to Fairfield.

14. INVESTMENTS - AVAILABLE FOR SALE FINANCIAL ASSETS

The Group classifies the following financial assets at fair value through profit or loss (FVPL):-

Equity investments that are held for trading.

	2018 $	2017 $
Available for sale investments		
At the beginning of the period	740,691	826,022
Additions	2,834,106	297,664
Unrealised losses	(97,607)	-
Disposals	(2,689,672)	(382,995)
At 31 December	**787,518**	**740,691**

AFS investments have been valued incorporating Level 1 inputs in accordance with IFRS7.

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets mandatorily measured at FVPL include the following:-

	2018 $	2017 $
Non current assets		
Available for sale financial assets	787,518	740,691
Investments in associated entities	6,727,670	9,065,888
At 31 December	**7,515,188**	**9,806,579**

	2018 $	2017 $
Amounts recognised in profit or loss:-		
Available for sale financial assets	233,025	(146,547)
Investments in associated entities	(2,353,182)	(284,000)
	(2,120,157)	(430,547)

Prior to the adoption of IFRS 9 unrealised gains on Assets for Sale (AFS) investments were recognised in other comprehensive income. As a result of the adoption of IFRS 9, AFS investments are measured at FVPL. The adoption of IFRS 9 has had no impact on the carrying amounts of AFS investments.

16. OPERATING LEASE

Thalassa's subsidiary, Autonomous Robotics Ltd, entered into a lease for the rent of the top floor of Eastleigh Court near Warminster for £10,000 per annum. However, the rent is being accrued and will only become payable upon successful completion of the fund raising exercise to be conducted in 2019.

Operating leases of $350,674 were recognised as expenses in 2018 (2017: $725,367). Future minimum payments for operating leases at 31 December 2018 are as follows:

	2018	**2017**
	$	**$**
Within one year	226,739	275,343
After one year but not more than five years	50,988	170,203
More than five years	12,747	-
	290,474	445,546

17. TRADE AND OTHER RECEIVABLES

	2018	**2017**
	$	**$**
Trade receivables	2,900	821,827
Trade receivables net	2,900	821,827
Other receivables	5,972,320	280,107
Prepayments	119,982	339,028
Total trade and other receivables	6,095,202	1,440,962

The Directors consider that the carrying value of trade and other receivables approximate to their fair value.

18. TRADE AND OTHER PAYABLES

	2018	**2017**
	$	**$**
Trade payables	524,855	1,185,927
Other payables	31,942	657,215
Corporation Tax	93,458	1,558,461
Accruals	1,506,437	2,114,800
Total trade and other payables	**2,156,692**	**5,516,403**

19. SHARE CAPITAL

	As at 31 Dec 2018 $	As at 31 Dec 2017 $
Authorised share capital:		
100,000,000 ordinary shares of $0.01 each	1,000,000	1,000,000
Allotted, issued and fully paid:		
25,567,522 ordinary shares of $0.01 each	255,675	255,675

	Number of shares	Number of Treasury shares	Treasury shares $
Balance at 31 December 2017	19,812,640	5,754,882	5,057,161
Issue of new shares		-	-
Shares purchased	(1,960,365)	1,960,365	2,280,798
Balance at 31 December 2018	**17,852,275**	**7,715,247**	**7,337,959**

Share capital represents 17,852,275 ordinary shares of $ 0.01 each and 17,476,021 preference shares of nil value.

On 30 September 2018 the Company issued one preference share for each ordinary share held at that date. The terms of each preference share were they were of nil value, unquoted, non-transferable and without any shareholder rights other than so as to provide the shareholder holding such Preference shares with 10 votes per share in addition to their existing one vote per ordinary share. In total 18,574,775 preference shares were issued on 30 September 2018 and 17,476,021 were still valid as at 31 December 2018.

The Board announced on 6 February 2019 its intention to cancel the preference shares upon a successful completion of its Offer for The Local Shopping Reit plc which was announced on the same date.

Treasury shares represents the cost of the Company buying back its shares. There were 7,715,247 shares held in Treasury as at 31 December 2018 (2017: 5,754,882 shares) which comprised 30.2% of the total issued share capital (2017: 22.5%).

During the year the Company continued to purchase its own shares at an average discount in excess of 20% to book value which it believes represents good value and will enhance the book value for all shareholders. In total 1,960,365 of its shares were purchased (2017: 2,646,225 shares).

Under the Company's memorandum of association, the Company is authorised to issue 200,000,000 shares divided into 100,000,000 ordinary shares and 100,000,000 preference shares. Under the Company's articles of association, the Board is authorised to offer, allot, grant options over or otherwise dispose of any unissued shares. Furthermore, the Directors are authorised to purchase, redeem or otherwise acquire any of the Company's own shares for such consideration as they consider fit, and either cancel or hold such shares as treasury shares

20. 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 2018, the Group had capital of $30,486,133 (2017: $25,629,730). The Group does not have any externally imposed capital requirements.

21. 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 2018	2017
DOA Alpha Ltd (formerlyWGP Group Ltd)	British Virgin Islands	100%	100%
DOA Beta Ltd (formerly WGP Energy Services Ltd)	British Virgin Islands	100%	100%
DOA Exploration Ltd (formerly WGP Exploration Ltd)	United Kingdom	100%	100%
WGP Technical Services Ltd - struck off 1/11/18	British Virgin Islands	100%	100%
DOA Gamma Ltd (formerly WGP Professional Services Ltd)	British Virgin Islands	100%	100%
DOA Delta Ltd (formerly WGP Survey Ltd)	British Virgin Islands	100%	100%
Autonomous Holdings Ltd	British Virgin Islands	100%	100%
Autonomous Robotics Ltd	United Kingdom	100%	100%
WGP Geosolutions Limited	Cyprus	100%	100%
WGP Group AT GmbH	Austria	100%	100%
Anemoi S.A.	Luxembourg	100%	-
Apeiron Holdings A.G.	Switzerland	100%	-

22. ASSOCIATED ENTITIES

Details of the Group's associated entities at 31 December 2018 are as follows:

Name of associated entity	Country of incorporation (registration)	Ownership %	Voting Rights %	Principal Activity
The Local Shopping REIT plc	UK	25.48%	25.48%	Real Estate Investment Trust

Movement on interests in associates can be summarised as follows:

	2018 $	2017 $
Cost of investment	9,065,888	8,636,972
Additions	14,964	712,916
Share of post-acquisition profits less losses	(2,353,182)	(284,000)
	6,727,670	**9,065,888**

22. ASSOCIATED ENTITIES (continued)

The following summarises the financial information relating to associates, not adjusted for the proportion of ownership

	2018 £000	2017 £000
Assets - non-current	-	54,613
Assets - current	29,950	13,878
Total	**29,950**	**68,491**
Liabilities - non-current	-	(29,893)
Liabilities - current	(2,217)	(3,809)
Total	**(2,217)**	**(33,702)**
Revenue	3,381	6,023
Expenses	(10,535)	(6,881)
Profit/Loss for the year	**(7,154)**	**(858)**

There are no other entities in which the Group holds 20% or more of the equity, or otherwise exercises significant influence over the affairs of the entity.

LSR has a reporting date of 30 September, with 2018 results outlined above. Share of post-acquisition profits is based on the movement from the unaudited interim accounts as at 31 March 2018 to the last reporting date of 30 Sep 2018.

The Group achieved a holding of greater than 20%, and therefore significant influence on 9 Sep 2016.

The Directors have evaluated the investment for potential impairment as at 31 Dec 2018. The recently disclosed net asset value of £0.336 per share (2017: £0.42) in the audited financial statements to 30 Sep 2018, supports the assessment that there is no impairment charge to be taken in the period.

The fair value of the investment determined using Level 1 inputs in accordance with IFRS7 amounts to $7.1m (2017: $8.8m).

23. DISCONTINUED OPERATIONS

	2018 $	2017 $
Analysis of profit for the year from discontinued operations		
Revenue	-	18,451,972
Expenses	-	(13,759,349)
Profit before tax	**-**	**4,692,623**
Attributable income tax expense	-	(808,104)
Profit for the year from discontinued operations	**-**	**3,884,519**
Proceeds	26,075,000	-
Total WGP assets	(10,155,525)	-
WGP working capital	(2,500,000)	-
Gain on disposal of WGP assets	**13,419,475**	**-**
Assets classified as held for sale		
Goodwill	-	368,525
Property, plant and equipment	-	9,088,420
Inventories	-	698,580
Net assets classified as held for sale	**-**	**10,155,525**

The Company announced 1 December 2017 that it had conditionally agreed to sell the business and the assets of the DOA Alpha Group (formerly WGP Group) to Fairfield Industries Incorporated, doing business as FairfieldNodal, Inc. ("FFN") and the sale was completed on 1 January 2018. WGP Group Ltd was the owner of the seismic operating assets and business of the Group and has the following subsidiaries:-

• DOA Beta ltd (formerly WGP Energy Services Ltd)
• DOA Exploration Ltd (formerly WGP Exploration Ltd)
• DOA Gamma Ltd (formerly WGP Professional Services Ltd)
• DOA Delta (formerly WGP Survey Ltd)

The net sales proceeds of $17.8m was paid in January 2018 and a further $6.0m became payable under the earn out agreement. $1.2m of the earn out was paid in November 2018 with the balance of £4.8m payable in November 2019.

24. NET CASH FLOW FROM DISCONTINUED OPERATIONS

	2018 $	2017 $
Cash flows from discontinued operations		
Profit/Loss for the year before taxation	**-**	**4,692,621**
(Increase)/decrease in inventories	-	(207,421)
(Decrease)/increase in trade and other payables	-	722,609
Taxation	-	(808,104)
Cash generated by discontinued operations	**-**	**4,096,729**
Cash generated by discontinued operations	**-**	**3,288,625**
Cash generated by discontinued operations	**-**	**3,288,625**
Depreciation	-	1,970,922
Net cash flow from discontinued operations	**-**	**5,259,547**
Proceeds from the disposal of WGP assets	19,106,548	-
Net cash flow from / (used) in investing activities - discontinued operations	**19,106,548**	**-**

25. 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.

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 2018 (2017: nil).

FOREIGN EXCHANGE RISK

The Group undertakes FOREX and asset risk management activities from time to time to mitigate foreign exchange risk.

An increase in foreign exchange rates of 5% at 31 December 2018 would have increased the profit and net assets by $245,059 (2017: $414,838). 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 2018 approximately 42% (2017: 30%) of amounts owing to suppliers are held in GBP, 0% in NOK (2017: 3%) and 0% in EUR (2017: 15%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2018

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 main receivable relates to the earn out from the sale of the WGP assets to Fairfield. Fairfield has since been bought by Magseis and has contracts with large multinational E&P companies and other geophysical service providers. As at 31 December 2018, net receivables outstanding amounted to $4.9m.

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.

26. SUBSEQUENT EVENTS

On 6 February 2019 the Company's entire ordinary share capital was admitted to the standard listing segment of the Official List of the UK Listing Authority and to trading on London Stock Exchange plc's main market for listed securities and trading in the Companies shares on the AIM market of London Stock Exchange plc was cancelled.

On 6 February 2019 the Company announced the terms of a firm offer by it for the whole of the issued share capital of its Associated entity The Local Shopping REIT ("LSR") for a total of approximately £9.0 million in cash and approximately 16,000,000 of the Group's Ordinary shares.

On 8 February 2019 the Company announced that it would resume the Company's share buy-back programme.

As announced between 14 February 2019 and 27 February 2019, the company has purchased a total of 105,000 of its shares at a price ranging from 73 pence per share to 73.75 pence per share.

27. COPIES OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

28. CONTROLLING PARTIES

There is no one controlling party.

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 Anjuna, 28 Avenue de la Liberté, 06360 Eze, France on 24 April 2019 at 11:00 am 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 2018 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 2019 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.

Dated 4 March 2019

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, Link Asset Services 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 Graham Cole FCA, FCISI, Director David M Thomas, Director
Registered Office	Folio Chambers P.O. Box 800, Road Town, Tortola, British Virgin Islands
Company Secretary	Julian Henley-Price
Broker	WH Ireland Limited 24 Martin Lane London EC4R 0DR
Solicitors to the Company (as to English Law)	Locke Lord (UK) LLP 201 Bishopsgate, London EC2M 3AB
Solicitors to the Company (as to BVI Law)	Conyers Dill & Pearman Romasco Place, Wickhams Cay 1 PO Box 3140 Road Town, Tortola British Virgin Islands VG1110
Auditors	Jeffreys Henry LLP Finsgate 5-7 Cranwood Street London EC1V 9EE
Registrars	Link Market Services 12 Castle Street St Helier Jersey JE2 3RT
Company websites	www.thalassaholdingsltd.com www.autonomousroboticsltd.com

THE RULES OF CRICKET... AS EXPLAINED TO AN ALIEN

- You have two sides, one out in the field and one in.
- Each man that's in the side that's in the field goes out and when he's out comes in and the next man goes in until he's out.
- When a man goes out to go in, the men who are out try to get him out, and when he is out he goes in and the next man in goes out and goes in.
- When they are all out, the side that's out comes in and the side that's been in goes out and tries to get those coming in out.
- Sometimes there are men still in and not out.
- There are men called umpires who stay out all the time, and they decide when the men who are in are out.
- Depending on the weather and the light, the umpires can also send everybody in, no matter whether they're in or out.
- When both sides have been in and all the men are out (including those who are not out), then the game is finished.

Courtesy of Chris Beetles Gallery and *The Times*