THALASSA

Annual Report and Accounts

Year to 31 December 2015

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2015 HIGHLIGHTS

FINANCIAL HIGHLIGHTS

- Revenue up 21.6% to US$18.9m from US$15.5m in 2014
- Gross Profit up 43.0% to US$9.4m from US$6.6m in 2014
- Gross Margin up by 17.6% to 50.1% from 42.6% in 2014
- Operating Profit (EBITDA) up substantially to US$3.7m from US$0.2m in 2014
- Non-recurring costs of US$12.9m including asset impairment charges
- Adjusted Group Net Profit (excluding exceptional write downs of US$12.9m and R&D costs at Autonomous Robotics of US$0.6m) up 138% to US$1.3m versus US$0.5m in 2014
- Group net loss for the year US$(12.3)m versus loss of US$(12.2)m for the year in 2014
- Adjusted Group Earnings Per Share (basic and diluted) US$0.05 per share (£0.04) versus US$0.02 (£0.01) in 2014 (excluding exceptional write downs of US$(0.53) and R&D costs at Autonomous Robotics of US$(0.02)) *
- Group Earnings Per Share (basic and diluted) US$(0.50) per share (£(0.35)) versus US$(0.49) (£(0.32)) in 2014 *
- Book value per share US$1.12 (£0.79) versus US$1.57 (£1.11) in 2014†
- Cash at 31 December 2015 US$20.3m (2014: US$17.7m)
- Cash per share US$0.86 (£0.61) versus US$0.71 (£0.50) in 2014†
- Debt US$nil (2014: US$nil)

  * Based on weighted average number of shares in issue of 24,656,136 at 31 December 2015

  † Based on 23,608,865 shares issued as at 31 December 2015

OPERATIONAL HIGHLIGHTS

- Completion of 4 surveys as part of the ongoing contract to provide seismic source services to Statoil's PRM activities in the North Sea
- Completion of contract to provide seismic services to TGS-NOPEC Geophysical Company ASA, acquiring high resolution 3D (HR3D) data sets in the South East Barents Sea region
- Late data sales on the 2014 multi-client data set acquired in collaboration with TGS

CHAIRMAN'S STATEMENT

"May you live in interesting times" is an English expression also known as the "Chinese curse", although apparently no such Chinese expression exists. The nearest Chinese expression (according to Wikipedia) is usually translated as "Better to be a dog in a peaceful time, than to be a human in a chaotic (warring) period".

I mention the expression "May you live in interesting times" because we clearly are living in interesting times. There are more economic, political, religious and military conflicts being fought today than ever before. World news in 2015 was pretty downbeat; oil and gas news was simply dire, although now slowly improving.

However, interesting times also create interesting opportunities.

Overindulgence is as unhealthy for humans as it is for the credit markets. The stories of the rapid rise and collapse of the sub-prime debt leading to near global financial collapse are well documented and for anyone who hasn't read Michael Lewis's book "The Big Short", I highly recommend it; it makes for compelling reading and succeeds in demystifying the subject matter.

The final chapter of the collapse of the oil and gas debt story is still to be written. Let us hope that Jimmy Rogers, co-founder, with George Soros, of the Quantum Fund is wrong and the current mountain of (World) debt doesn't result in another global crisis. The outlook, however, is not rosy, particularly in the oil and gas sector where according to the Bank for International Settlements ("BIS"), total debt of the oil and gas sector globally stood at US$2.5 trillion in 2014, two and half times what it was at the end of 2006. Add to this the US$3.3 trillion of USD denominated debt taken on by emerging market debtors since the financial crisis and China's US$28 trillion of private and public debt and the only conclusion one can reach is that we do indeed live in (extremely) interesting times. Global debt now stands at 200% of GDP of the World, which exceeds levels seen before the financial crash in 2007. Hostile credit conditions risk imperilling companies and countries, raising the chances of default and corporate bankruptcies, according to the BIS.

"The total debt of the oil and gas sector globally stands at roughly US$2.5 trillion, two and a half times what it was at the end of 2006. The recent fall in the oil price represents a significant decline in the value of assets backing this debt, introducing a new element to price developments. In common with other episodes of retrenchment induced by rapid declines in asset values, greater leverage may have amplified the dynamics of the oil price decline. The high debt burden of the oil sector also complicates the assessment of the macroeconomic effects of the oil price decline because of its impact on capital expenditure and government budgets, and due to the interaction with a stronger dollar."

BIS report OIL and debt by Dietrich Domanski et al March 2015

http://www.bis.org/publ/qtrpdf/r_qt1503f.htm

All of which brings me back to "opportunity". In order to take advantage of crisis one has to have survived the crisis, preferably, unscathed. I am happy to report that Thalassa has survived the current crisis, although not entirely unscathed.

Having said which, 2015 was a record year for our subsidiary WGP. Revenues, EBITDA and EBIT all reached record levels. As a Company we do not currently break out these figures for competitive reasons. The Board constantly reviews this policy as we appreciate that market participants would appreciate greater clarity, as, unfortunately, would our competitors. Financially, the Company closed the year in sound financial health and with zero debt and US$20.3 million of cash.

2015 was also a year of transition for WGP, which completed its relocation from Cornwall to Wiltshire. Regrettably, the company lost more staff to the move than anticipated. ERP roll-out continued throughout the year and in the course of 2016 the entire Group will hopefully become seamlessly connected.

OUTLOOK

As I wrote in my last report, US$30 oil is universally unprofitable, particularly where shale is concerned. Why, given a US$100 drop in the price of oil from a peak of US$134 has it taken so long for US production to tail off? The answer is a combination of easy credit and technological innovation. Shale oil producers, desperate to stay afloat, have continued to pump oil at a loss in the vain hope that they could secure sufficient funding to be one of the survivors. A few have successfully raised equity. However, most have failed. As I pointed out above, the oil and gas industry is awash with excess debt. Unfortunately it is now also awash with excess oil. History has a way of repeating itself; in the same way that the sub-prime mortgage market was kept afloat by creditors unwilling to crystallise losses, there are US$2.5 trillion reasons why the credit markets have no interest in crystallising losses on their energy exposure.

Fortunately for the oil and gas industry there is a realisation amongst senior OPEC and Russian officials that $30 oil is both unprofitable and uneconomical, as it does not support current spending levels. To date, there has been much talk but not much action. Nonetheless, WTI oil has recovered from a low of US$26 and is, at the time of writing, trading around US$37 per barrel; still not high enough for the industry to return to profitability but a recovery nonetheless.

I have no doubt that there is a long-term future for oil and I believe that our Company has good long-term prospects; but it is quite clear that attitudes towards the burning of fossil fuels in Advanced Economies are changing. The oil industry will have to adapt or die. This also means that companies operating in the oil industry will also have to adapt to the changing environment. During 2015, Dolphin Geophysical, a direct competitor of WGP, filed for bankruptcy. Others are teetering on the edge. Management's job is to focus on areas where we have a competitive advantage such as Permanent Reservoir Monitoring ("PRM") and to ensure that Return on Capital Employed ("ROCE") is achieved at a realistic pace; a real challenge in a market with much excess capacity.

2016 will be another tough year for the oil and gas industry. I fully expect bankruptcies to increase as exploration budgets are slashed. Nevertheless, as mentioned above, I am a firm believer that interesting times create interesting opportunities…for those able to capitalise on them.

C. Duncan Soukup
Chairman

4 April 2016

WGP OPERATIONAL REVIEW

WGP has continued to perform well in 2015 despite the challenges faced within the oil and gas sector and geophysical industry as a result of the collapse in the oil price. WGP, through the implementation of a corrective action plan during the 2014-15 winter, effected significant improvements in operational efficiencies and cost control. It has also secured a significant long term contract with ConocoPhillips, which is due to commence in Q3 2016.

Statoil Snorre and Grane Permanent Reservoir Monitoring

After a somewhat frustrating 2014, the system design improvements that were planned and implemented to the Dual Portable Modular Source System (D-PMSS™) during the 2014-15 winter maintenance period has indeed paid off and, along with some favourable weather conditions and good survey planning, we have delivered a total of 4 successful Permanent Reservoir Monitoring (PRM) surveys to our clients' expectations, and all with zero HSE incidents.

The Spring 2015 operations saw an immediate improvement in operational efficiency compared to that of 2014. This was demonstrated with over 6,000km of data being acquired over the Snorre and Grane fields, on time and with better than expected technical downtime levels.

Mobilisation for the Autumn season took place in early September and although the surveys had been slightly reduced by Statoil to a total of just under 4,000km, the performance seen during the Spring was maintained, with even better downtime levels to report on the completion of the 2 surveys at the end of October.

Following a well-executed demobilisation, the system was taken back into our storage facility onshore and the first of a two stage maintenance programme before the Spring 2016 start-up took place. All personnel involved in the project are looking forward to what we hope will be continued success with our PRM operations in 2016.

Completion of High Resolution 3D Barents Sea and Northern North Sea Survey

As reported in the 2015 Interim Report, a contract to acquire High Resolution 3D ("HR3D") P-Cable™ seismic in the Barents Sea was secured with TGS Nopec Geophysical Co ASA ("TGS") in April 2015. This was a follow-on project from the multi-client operations conducted with WGP in 2014 using the vessel "Bergen Surveyor". Using the same vessel, operations commenced in early May 2015.

The programme of work comprised both extended regional coverage with High Resolution Single Swath 3D ("HRSS3D") data acquisition, combined with targeted HR3D blocks, as part of the ongoing development of TGS' multi-client library in the Barents Sea. The aim of this season's work was to acquire speculative HR2D data for TGS in new blocks, to provide an insight into the potential of both P-Cable™ data and also shallow target resolution in previously identified focus areas.

With a greatly improved operating performance and reduced downtime figures compared to 2014, the original work programme provided was completed well ahead of schedule much to the satisfaction of our client with an excellent quality of HR3D and HR2D data acquired. The client therefore took the opportunity to acquire additional surveys beyond the original programme in the Barents Sea and the mid-Norway offshore region. Solid acquisition performance continued and survey operations were completed at the end of July as planned with zero HSE incidents and the vessel returned to Bergen for demobilisation in early August.

The improvements developed by WGP in handling systems, navigation, 3D binning and in-water towing geometry reaped better than expected results in acquisition efficiencies. WGP is sanguine about prospects for the future in HR3D/HRSS3D and see this acquisition as a true displacement technology. Going forwards we will look to further improve the suite of systems and offer deliverables to energy companies making this method attractive.

ConocoPhillips Ekofisk Permanent Reservoir Monitoring Award

WGP was successfully awarded a long term contract by ConocoPhillips ("COP") in December 2015 to provide seismic data acquisition services on the Ekofisk field in the Norwegian sector of the North Sea.

The contract commences in Q3 2016 and will run for an initial 5 years with potential extensions. The scope of work entails surveys being acquired twice a year in the Spring and Autumn over the already installed Optoplan recording system.

In addition to the source systems, WGP will be developing and running a data management and real time QC system for installation in COP's Norwegian operations centre in Stavanger.

Work on design and build of the project specific containerised source has begun with prebuild planned for August 2016 and mobilisation onto the PSV Skandi Nova early September.

OUTLOOK

Currently, contracted work in 2016 comprises the ongoing Statoil PRM project in the North Sea and the new contract with COP due to commence in Q3 2016. With the ongoing uncertainty within the upstream oil and gas exploration sector, WGP has continued to review its position both internally and externally. Internally, WGP undertook further cost control measures in the latter part of 2015 that we expect to positively impact 2016 financial performance. Externally, WGP continues to pursue pipeline opportunities.

Mark Burnett
CEO, WGP Exploration

AUTONOMOUS ROBOTICS LTD (ARL) OPERATIONAL REVIEW

SUMMARY

The Flying Nodes concept for efficient seabed seismic recording has been further developed and design studies have been performed on a number of aspects of the technology. An engineering solution has been proposed for the node navigation system and the node deployment/recovery cage. A proposed design for the node has also been further developed with a model of the node produced and presented at the Society for Exploration Geophysicists (SEG) Exhibition. This initial marketing of the Flying Node system at SEG was supported by an animation of the concept, available at www.autonomousroboticsltd.com, and an associated paper presented at the SEG conference. The concept was very well received and there was a high level of interest from both Oil Majors and the seismic industry. Detailed design of the first prototype node was started and will continue in 2016.

MARKETING AND FUNDING

Marketing directly to Oil Majors has also continued through the year with a number of companies offering technical support through the development programme but, due to market difficulties, external funding for the full development and manufacture programme has yet to be secured.

OPERATIONS

Staff was reduced to a level which allowed ARL to continue to progress the Flying Node concept development to reduce technical risk. ARL also moved into the new WGP Eastleigh Court facility.

TECHNOLOGY DEVELOPMENT

An engineering design study of the node navigation and homing concept demonstrated that it was feasible to develop such systems and that the solutions would be based on existing acoustic technology with a number of areas of new design work to be integrated for new features required by the system.

An engineering design study of the deployment and recovery system cage and the storage requirements for the nodes was also completed and a solution presented. This system is based on existing hydraulic Remotely Operated Vehicle (ROV) system technology but with significant special engineering for the cage sorting and storage of the nodes.

Some further work on the node design was also performed to create a model node for marketing of the system. This work will be continued in 2016 to create the first prototype node for testing in water.

A number of new patent applications to protect novel aspects of the Flying Nodes concept have been filed.

OUTLOOK FOR 2016

ARL will continue development of the Flying Node system in a manner similar to 2015 while potential external sources of funding will continue to be investigated. High risk areas of the technology will continue to be investigated in association with suppliers. The main priorities for 2016 will be as follows:

- Design, build and test the first prototype node
- Further assess the software solutions required for the system
- Define in more detail an engineering solution for the deployment/recovery of the node cage
- Review possible methods of automating the node handling on deck
- Continue to investigate sources of additional funding
- Continue marketing the concept

Dave Grant
CEO
Autonomous Robotics Ltd

FINANCIAL REVIEW

GROUP RESULTS

Revenue from seismic operations for the period to 31 December 2015 showed an increase of 21.6% to US$18.9m from US$15.5m in 2014. Revenue was generated from the completion of the surveys over the Snorre and Grane fields for Statoil, the project to provide seismic services for TGS in the Barents Sea and late data sales generated from the multi-client project with TGS in 2014.

Cost of Sales increased by 5.7% in 2015 to US$9.4m (2014: US$8.9m). This includes US$0.2m of R&D related costs at ARL. While Cost of Sales increased versus the prior year, as a proportion of Revenue, it decreased to 50.0% from 57.3% largely as a result of improved operational performance on the Dual Portable Modular Source System (D-PMSS™) and HR3D systems utilised in the year. The technical problems experienced in 2014 that resulted in higher levels of costly technical downtime were resolved through the corrective plan put into place during the winter period of 2014-15.

Gross Profit increased by 43.0% to US$9.4m (2014: USD$6.6m) with Gross margin increasing by 7.5% points to 50.1% from 42.6% in 2014 as a result of the improved operational performance commented on above.

Administrative expenses decreased by 10.0% in 2015 to US$5.8m (2014: US$6.4m). This was largely due to the following:

ARL – administrative costs relating to the investment in R&D activities contributed US$0.5m to the Group (2014: US$0.8m), a decrease of US$0.3m or 42%. This includes payroll and consultant related costs of US$0.3m (2014: US$0.5m), the decrease reflecting the impact of a reduction in headcount from 3 to 1 in June 2015. Other costs relate to legal and professional fees (including patent related costs) and office related costs of $0.2m.

WGP – a decrease of US$0.1m to US$3.3m (2014: US$3.4m) largely due to a decrease in business development related costs, specifically the cost of exhibitions and associated travel and accommodation.

Thalassa – a decrease of US$0.2m to US$2.0m (2014: US$2.2m) largely due to a reduction in consultant costs, corporate travel, legal and professional fees and various costs associated with being public.

Operating Profit before depreciation and non-recurring costs (EBITDA - Earnings before interest, tax, depreciation and amortisation) was US$3.7m (2014: US$0.2m) with operating margin 19.5% compared to 1.2% in 2014. **Adjusted Operating Profit** (excluding costs at ARL of US$0.6m) was US$4.3m, an increase of 338% from US$1.0m in 2014.

Depreciation increased by 70.3% to US$2.2m compared to US$1.3m in 2014 as a result of the asset review in 2014 and resultant acceleration of depreciation on certain assets.

Exceptional write downs of US$12.9m (2014: US$ 11.7m) as follows:

IMPAIRMENT – PLANT AND EQUIPMENT

An impairment review of the Group's equipment has been undertaken, taking into account obsolescence, market conditions and useful economic life. As a result an impairment charge of US$6.1m has been incurred in the period (2014: US$3.3m).

IMPAIRMENT – MULTI-CLIENT LIBRARY

An impairment review of the Group's Multi-client Library has been undertaken taking into account the impact of current market conditions and the lack of visibility over any future data sales. As a result, an impairment charge of US$1.5m has been made in 2015 bringing the NBV down to US$nil.

IMPAIRMENT – LOANS RECEIVABLE

As at 31 December 2015, the total loan outstanding to the THAL Discretionary Trust was US$7.3m including interest. The carrying value of the Thalassa ordinary shares held within the Trust was in excess of Thalassa's share price and given recent market conditions, the ability of the Trust to repay the loan is in doubt. An impairment charge of US$5.8m has been included in 2015 bringing the loan value down to US$1.5m, with the carrying value of the shares held within the Trust now in line with the current Thalassa share price.

OTHER EXCEPTIONAL COSTS

Other exceptional costs includes US$0.3m restructuring costs associated with a redundancy program that began in Q4 2015 and the release of the 2014 accrual made for the remediation of WGP's equipment from Ecuador of US$0.75m that has not been used.

Operating Loss was US$(11.5)m (2014: US$(12.8)m).

Adjusted Operating Profit (excluding exceptional write downs of US$12.9m and costs at ARL of US$0.6m) was US$2.1m, compared to a loss of US$(0.1)m in 2014 with adjusted operating margin at 10.9% (2014: (0.4)%).

Net financial expense of US$0.3m included foreign exchange gains and losses, interest income/expense, share option expense and gains/losses from financial investments (2014: US$0.6m).

Loss before tax was US$11.8m versus US$12.2m in 2014. **Adjusted Profit before Tax** was US$1.8m (2014: profit of US$0.5m) with an adjusted net margin of 10.3% (2014: 3.5%) .

Net assets at 31 December 2015 amounted to US$26.4m (2014: US$39.4m) resulting in net assets per share of US$1.12 (£0.79) versus US$1.57 (£1.11) in 2014 including cash of US$20.3m equivalent to US$0.86 (£0.61) per share.

Non-current assets decreased by US$13.1m to US$9.9m in 2015 (2014 US$23.0m) largely as a result of impairment charges on plant and equipment (US$6.0m), the multi-client library (US$1.5m) and loans receivable (US$5.8m). See comments above for more detail. A further decrease due to depreciation on plant and equipment of US$2.2m and amortisation on the multi-client library of US$0.4m was offset by an increase of US$2.8m of plant and equipment additions,.

The Company had **debt** of US$0.0m at the period end (2014: US$0.0m).

Net cash flow from operating activities amounted to US$4.8m as compared to US$0.3m in 2014. This includes cash generated from operations in 2015 and US$2.4m of cash received from late data sales relating to the multi-client project with TGS in 2014 (where all costs had been incurred in 2014).

Net cash outflow from investing activities, amounted to US$1.2m relating to capital expenditure on new equipment included within property, plant and equipment.

Net cash flow from financing activities amounted to US$0.9m relating to the buy back of 1,458,657 Thalassa ordinary shares into Treasury at an average price of £0.42.

Net increase in cash and cash equivalents was US$2.6m resulting in Cash and Cash Equivalents at 31 December 2015 of US$20.3m.

DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the year ended 31 December 2015.

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

Thalassa Holdings Ltd (the "Company") is a British Virgin Island ("BVI") International business company ("IBC"), incorporated and registered in the BVI on 26 September 2007. The Company has three directly owned subsidiaries in the Energy Services Industry: WGP Group Ltd ("WGP") focused on marine geophysical services in production enhancement, exploration and surveying, GO Science Group Ltd ("GO"), an AUV research and development company and WGP Geosolutions Limited, currently non-operational (together with Thalassa Holdings Ltd, the "Group").

WGP Group Ltd is a wholly owned subsidiary of Thalassa Holdings Ltd, which owns the seismic operating assets of the Group. Its subsidiaries are:

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

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

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 loss attributable to shareholders of the parent for the year ended 31 December 2015 of US$12.3m (2014 loss: US$12.2m). The Directors do not recommend the payment of a dividend.

DIRECTORS AND DIRECTORS' INTERESTS

The Directors of the Company who held office during the 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	3,487,571	100,000
Non-Executive Directors			
Graham Cole	2 April 2008	39,870	-
David M Thomas	2 April 2008	-	-
A Francis Smulders	9 October 2013	-	50,000

DIRECTORS' REMUNERATION

	2015		2014	
	Directors Fees $	Consultancy Fees $	Directors Fees $	Consultancy Fees $
Executive Directors				
Duncan Soukup	20,000	200,000	20,000	200,000
Non-Executive Directors				
Graham Cole	20,000	-	20,000	-
David Thomas	20,000	-	20,000	-
Francis Smulders	20,000	-	20,000	-
Total remuneration	**80,000**	**200,000**	**80,000**	**200,000**

SUBSTANTIAL SHAREHOLDINGS

As of 4 April 2016, the Company had been advised of the following substantial shareholders:

Name	Holding	%
Duncan Soukup	3,487,571	14.8
THAL Discretionary Trust	3,078,667	13.0
Henderson Global Investors	1,722,069	7.3
Lynchwood Nominees Limited	1,148,902	4.9
Other	14,171,656	60.0
Total number of shares in issue	**23,608,865**	**100**

RELATED PARTY TRANSACTIONS

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

FINANCIAL RISKS

Details of the financial risks and strategy of the Group are set out in note 23 of the financial statements.

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.

AGM

The Annual General Meeting will be held at Le Cabanon, Pointe des Douaniers, 06320 Cap d'Ail, France on 13 May 2016 at 12.00 noon. A notice of the meeting is attached to this Annual Report.

AUDITORS

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

Approved by the Board and signed on its behalf by

C.Duncan Soukup
Chairman
4 April 2016

CORPORATE GOVERNANCE STATEMENT

The Company's shares are quoted on the Alternative Investment Market ("AIM") of the London Stock Exchange. The Company is subject to, and takes all appropriate steps to comply with, the AIM Rules. The Board recognises the importance and value for the Company and its shareholders of good corporate governance.

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 2013 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 three 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 AIM Rules 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 http://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 2015, in addition to a number of informal ones.

AUDIT COMMITTEE

During the financial period to 31 December 2015, 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, Moore Stephens, has engagement terms refreshed annually and has indicated its independence to the Board. Moore Stephens were appointed as auditors in 2008.

REMUNERATION COMMITTEE

During the financial period to 31 December 2015, 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.

CORPORATE GOVERNANCE STATEMENT CONTINUED

AIM RULES COMPLIANCE COMMITTEE

During the financial period to 31 December 2015, the AIM Rules Compliance Committee consisted of Graham Cole and any other one director. The committee is responsible for ensuring that the Company's obligations under the AIM Rules are discharged by the Board. The Committee has formal terms of reference.

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of Thalassa Holdings Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2015 and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

OPINION

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Thalassa Holdings Limited and its subsidiaries as at 31 December 2015, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Moore Stephens LLP
Chartered Accountants
4 April 2016

150 Aldersgate Street
London
EC1A 4AB

CONSOLIDATED STATEMENT OF INCOME

for the year ended 31 December 2015

	Note	2015 $	2014 $
Revenue	8	18,863,273	15,517,200
Cost of sales		(9,416,746)	(8,909,444)
Gross profit		**9,446,527**	**6,607,756**
Administrative expenses		(5,775,983)	(6,417,859)
Operating profit before depreciation and exceptional write downs		**3,670,544**	**189,897**
Depreciation	12	(2,226,645)	(1,307,414)
Operating profit/(loss) before exceptional write downs	**3**	**1,443,899**	**(1,117,517)**
Exceptional write downs	3	(12,948,755)	(11,706,206)
Operating loss	**3**	**(11,504,856)**	**(12,823,723)**
Net financial (expense)/income	4	(261,144)	592,362
Loss before taxation		**(11,766,000)**	**(12,231,361)**
Taxation	5	(493,230)	20,994
Loss for the year		**(12,259,230)**	**(12,210,367)**
Attributable to:			
Equity shareholders of the parent		(12,259,230)	(12,166,241)
Non-controlling interest		-	(44,126)
		(12,259,230)	**(12,210,367)**
Earnings per share - $ (using weighted average number of shares)			
Basic and Diluted	6	**(0.50)**	**(0.49)**

The notes on pages 21 to 36 form an integral part of this consolidated financial information.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2015

	2015	2014
	$	**$**
Loss for the financial year	**(12,259,230)**	**(12,210,367)**
Other comprehensive income:		
Exchange differences on re-translating foreign operations	43,460	(255,229)
Impairment of AFS Securities	-	(38,675)
Total comprehensive income	**(12,215,770)**	**(12,504,271)**
Attributable to:		
Equity shareholders of the parent	(12,215,770)	(12,460,145)
Non-Controlling interest	-	(44,126)
Total Comprehensive income	**(12,215,770)**	**(12,504,271)**

The notes on pages 21 to 36 form an integral part of this consolidated financial information.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2015

	Note	2015 $	2014 $
Assets			
Non-current assets			
Goodwill	10	368,525	368,525
Intellectual property	11	-	-
Property, plant and equipment	12	8,023,557	13,631,466
Multi-client library	13	-	1,889,693
Available for sale financial assets	14	-	-
Loans	7	1,503,823	7,124,648
Total non-current assets		**9,895,905**	**23,014,332**
Current assets			
Inventories	15	391,035	343,231
Derivative financial asset	23	-	66,563
Trade and other receivables	16	811,728	2,754,923
Cash and cash equivalents		20,303,136	17,728,074
Total current assets		**21,505,899**	**20,892,791**
Liabilities			
Current liabilities			
Trade and other payables	17	5,012,720	4,530,219
Total current liabilities		**5,012,720**	**4,530,219**
Net current assets		**16,493,179**	**16,362,572**
Net assets		**26,389,084**	**39,376,904**
Shareholders' Equity			
Share capital	18	250,675	250,675
Share premium		45,202,810	45,034,435
Treasury shares	18	(940,425)	-
Other reserves		(34,233)	(77,693)
Accumulated deficit		(18,089,743)	(5,830,513)
Total shareholders' equity		**26,389,084**	**39,376,904**
Total equity		**26,389,084**	**39,376,904**

The notes on pages 21 to 36 form an integral part of this consolidated financial information.

These financial statements were approved and authorised by the board on 4 April 2016.

Signed on behalf of the board by:

C. Duncan Soukup
Chairman

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2015

	Notes	2015 $	2014 $
Cash flows from operating activities			
Loss for the year before taxation		**(11,766,000)**	**(12,231,361)**
Impairment of assets	7,12,13	13,374,071	6,071,030
Provision for doubtful debts		-	4,060,021
Share option expense		168,375	168,377
Loss on disposal of property, plant and equipment		-	66,243
Unrealised (loss)/gain on FX option		66,563	(66,563)
(Increase)/Decrease in inventories		(47,804)	346,777
Decrease in trade and other receivables		1,943,195	263,809
(Decrease)/Increase in trade and other payables		(975,750)	2,466,617
Net foreign exchange gain		43,460	(255,229)
Increase in multi-client library		-	(2,369,523)
Accrued interest income		(212,082)	-
Taxation		(493,230)	-
Cash generated by/(used in) operations		**2,100,798**	**(1,479,802)**
Depreciation	12	2,226,645	1,307,414
Amortisation of multi-client library	13	430,336	479,830
Net cash flow from operating activities		**4,757,779**	**307,442**
Cash flows from investing activities			
Acquisition of intellectual property		-	(145,185)
Purchase of property, plant and equipment	12	(1,242,292)	(9,907,805)
Loan to THAL Discretionary Trust		-	(5,239,065)
Net cash flow used in investing activities		**(1,242,292)**	**(15,292,055)**
Cash flows from financing activities			
Proceeds from exercise of share options		-	8,745
(Purchase)/disposal of treasury shares		(940,425)	468,787
Net cash flow (used in)/from financing activities		**(940,425)**	**477,532**
Net increase/(decrease) in cash and cash equivalents		**2,575,062**	**(14,507,081)**
Cash and cash equivalents at the start of the year		17,728,074	32,235,155
Cash and cash equivalents at the end of the year		**20,303,136**	**17,728,074**

The notes on pages 21 to 36 form an integral part of this consolidated financial information.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2015

	Share Capital US$	Share Premium US$	Treasury Shares US$	Foreign Exchange Reserve US$	Accumulated Deficit US$	Total Shareholders Equity US$	Non Controlling Interest US$	Total Equity US$
Balance as at 31 December 2013	**250,575**	**44,668,608**	**(279,982)**	**177,536**	**6,272,185**	**51,088,922**	**146,344**	**51,235,266**
Shares issued on exercise of options	100	8,645	-	-	-	8,745	-	8,745
Sale of treasury shares	-	188,805	279,982	-	-	468,787	-	468,787
Share option expense	-	168,377	-	-	-	168,377	-	168,377
Acquisition of Non-Controlling Interest	-	-	-	-	102,218	102,218	(102,218)	-
Total comprehensive income for the period	-	-	-	(255,229)	(12,204,916)	(12,460,145)	(44,126)	(12,504,271)
Balance as at 31 December 2014	**250,675**	**45,034,435**	**-**	**(77,693)**	**(5,830,513)**	**39,376,904**	**-**	**39,376,904**
Purchase of treasury shares	-	-	(940,425)	-	-	(940,425)	-	(940,425)
Share option expense	-	168,375	-	-	-	168,375	-	168,375
Total comprehensive income for the period	-	-	-	43,460	(12,259,230)	(12,215,770)	-	(12,215,770)
Balance as at 31 December 2015	**250,675**	**45,202,810**	**(940,425)**	**(34,233)**	**(18,089,743)**	**26,389,084**	**-**	**26,389,084**

The notes on pages 21 to 36 form an integral part of this consolidated financial information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

from the year ended 31 December 2015

1. GENERAL INFORMATION

Thalassa Holdings Ltd (the "Company") is a British Virgin Island ("BVI") International business company ("IBC"), incorporated and registered in the BVI on 26 September 2007. The Company was established as a holding company, and currently has three directly owned subsidiaries, WGP Group Ltd ("WGP"), GO Science Group Ltd ("GO")and WGP Geosolutions Limited (together with Thalassa Holdings Ltd, the "Group").

WGP Group Ltd is a wholly owned subsidiary of Thalassa which owns the seismic operating assets of the Thalassa Group and whose subsidiaries are:

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

GO Science Group Ltd is a wholly owned subsidiary of Thalassa and is an 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 WGP 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 2015

The Group has adopted the new interpretations and revised standards effective for the year ended 31 December 2015. The adoption of these interpretations and revised standards had no impact on the disclosures and presentation of the financial statements during the year.

2.2. STANDARDS AND INTERPRETATIONS IN ISSUE BUT NOT YET EFFECTIVE

A number of new standards and amendments to existing standards have been published which are mandatory, but are not effective for the year ended 31 December 2015. The directors do not anticipate that the adoption of these revised standards and interpretations will have a significant impact on the figures included in the financial statements in the period of initial application other than the following:

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 will have to re-determine the classification of its financial assets based on the business model for each category of financial asset. This is not considered likely to give 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.

The standard is effective for periods beginning on or after 1 January 2018.

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

On application of the standard the disclosures are likely to increase. 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 Group has not as yet evaluated the full extent of the impact that the standard will have on its financial statements of IFRS 15.

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 plant and equipment, goodwill, intellectual property, provisions for doubtful debts, AFS investments and loans receivable. The carrying value of the PMSS™ units may significantly differ from their market value. It is affected by management's assessment of its fair value and indicators of impairment. If the carrying value of a PMSS™ exceeds the recoverable amount then an impairment charge is recognised. Goodwill is reviewed annually for indication of impairment. Intellectual property is amortised and also reviewed annually for indication of impairment. 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.

PATENTS AND TRADEMARKS

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

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 demand 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 number of orders 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. INVENTORIES

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first in first out principle and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

The net realisable value is the cost less any impairment recognised. Inventories are expensed as utilised in the Group's operations.

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

2.8. 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 directly in other comprehensive income, until the security is disposed or is deemed to be impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is included in the statement of income for the period.

2.10. 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.

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.

The GBPUSD exchange rate as at 31 December 2015 was 1.4802 and the average rate for the year 1.5287.

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.

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

3. OPERATING LOSS FOR THE YEAR

The operating loss for the year is stated after charging/(crediting):

	Note	2015 $	2014 $
Consultancy fees		824,810	891,632
Wages and salaries		1,728,073	1,853,992
Social security costs		233,193	245,666
Pension costs		66,730	66,703
Audit fees		65,527	65,875

	Note	2015 $	2014 $
Exceptional write downs			
Impairment - Plant and Equipment	12	6,081,807	3,307,899
Impairment - IP	11	-	2,779,758
Impairment - Dev costs and Inventory ARL		-	404,298
Impairment - Multi-Client Library	13	1,459,357	-
Impairment - THAL DT loan receivable	7	5,832,908	-
Provision for Doubtful Debts		-	4,060,021
Restructuring costs	17	324,683	-
Other non-recurring costs	17	(750,000)	1,154,231
Total exceptional write downs		**12,948,755**	**11,706,207**

Included within consultancy fees / wages and salaries is US$80,000 in relation to amounts accrued for directors' remuneration (2014: US$100,000).

4. NET FINANCIAL EXPENSE

	2015 $	2014 $
Share option expenses	(168,375)	(168,377)
Loan interest receivable	212,083	322,914
Bank interest payable	(23,223)	(68,806)
Option premium	-	(39,000)
FV movement/Impairment on investments	(343,789)	66,653
Foreign currency gains	62,160	478,978
	(261,144)	592,362

5. INCOME TAX EXPENSE

	2015 $	2014 $
Current tax	(493,230)	(20,994)
Deferred tax	-	-
Total Tax	**(493,230)**	**(20,994)**

	$	$
(Loss)/Profit before tax	(11,765,999)	(12,231,361)
Tax at applicable rates	-	-
Adjustment in relation to previous periods	202,462	(90,466)
R&D Tax Credits	(199,411)	-
Overseas Tax	490,179	69,472
Total Tax	**493,230**	**(20,994)**

6. EARNINGS PER SHARE

	2015 $	2014 $
The calculation of earnings per share is based on the following loss and number of shares:		
Loss for the year ($)	**(12,259,230)**	**(12,166,241)**
Weighted average number of shares of the Company	**24,656,136**	**25,064,289**
Earnings per share:		
Basic and Diluted (US$)	(0.50)	(0.49)
Number of shares outstanding at the period end:		
Number of shares in issue	**25,067,522**	**25,067,522**
Treasury shares	(1,458,657)	-
Basic number of shares in issue	**23,608,865**	**25,067,522**
Share options	150,000	330,000

Share options outstanding are currently underwater.

7. LOANS

	2015	2014
	$	$
Loans	1,503,823	7,124,648

Loans includes an amount of US$1,503,823 to the THAL Discretionary Trust. The loan to the THAL Discretionary Trust, before impairment, was US$7.3m (including interest of US$0.4m). The loan has been assessed for potential impairment given that the carrying value of the shares in the Trust were in excess of Thalassa's share price. Taking into account the current market conditions and current Thalassa share price, the ability of the Trust to repay the loan plus interest in full is in doubt. An impairment charge of US$5,832,908 has therefore been recognised, bringing the value of the loan in line with the carrying value of the Thalassa shares in the Trust based on a price of 33 pence per share.

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.

8. SEGMENT INFORMATION

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

9. 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 US$480,000 (2014: US$440,000) for consultancy and administrative services provided to the Group. As at 31 December 2015, the amount owed to this company was US$nil (2014: US$5,554).

As per the announcement on 11 June 2015, the Chairman bought 50,000 ordinary shares of US$0.01 each in the Company at a price of 58 pence per share.

As per the announcement on 23 June 2015, the Chairman bought 200,000 ordinary shares of US$0.01 each in the Company at a price of 58 pence per share.

As per the announcement on 9 July 2015, the Chairman bought 75,000 ordinary shares of US$0.01 each in the Company at a price of 51 pence per share.

As per the announcement on 10 July 2015, the Chairman bought 50,000 ordinary shares of US$0.01 each in the Company at a price of 51 pence per share.

As per the announcement on 22 October 2014, the Company entered into an agreement with Eastleigh Court Limited for WGP Exploration Ltd to lease 10,000 square feet at £12 per square foot at Eastleigh Court near Warminster Wiltshire to locate all its UK operations there. The term of the lease is 10 years commencing 1 October 2014. Eastleigh Court was acquired by Eastleigh Court Limited, a company owned by Thalassa's chairman, Duncan Soukup. As at 31 December 2015, the amount owed by this company was US$25,779 (2014: US$nil). On the same date, the neighbouring property, Eastleigh Stables was acquired by Eastleigh Stables Ltd, a company also owned by the Company's chairman. The company also rents rooms at Eastleigh Stables as accommodation for staff and visitors at a rate of £100 per night, however given market conditions, the rent charged was discounted to £60 per night and a total charge of US$20,072 was made during the year. As at 31 December 2015, the balance owed by this company was US$817 (2014: US$nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
from the year ended 31 December 2015

10. GOODWILL

	2015 $	2014 $
Cost		
Cost at 1 January	368,525	368,525
Cost at 31 December	**368,525**	**368,525**
Carrying Amount		
At 31 December	**368,525**	**368,525**

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

11. INTELLECTUAL PROPERTY

Patents & Trademarks	2015 $	2014 $
Cost		
Cost at 1 January	3,058,386	2,913,201
Additions	-	145,185
Cost at 31 December	**3,058,386**	**3,058,386**
Accumulated amortisation and impairment		
At 1 January	(3,058,386)	(43,158)
Charge for the year	-	(252,097)
Impairment	-	(2,763,131)
At 31 December	**(3,058,386)**	**(3,058,386)**
Carrying Amount		
At 31 December	**-**	**-**

12. PROPERTY, PLANT AND EQUIPMENT

Cost at	Total 2015 $	Plant and Equipment 2015 $	Motor Vehicles 2015 $	Computer Software 2015 $
1 January 2015	20,093,194	19,669,211	171,486	252,497
FX movement	(22,150)	(9,650)	(10,552)	(1,948)
	20,071,044	19,659,561	160,934	250,549
Additions	2,717,226	2,619,493	-	97,733
Disposals	(5,142)	(4,441)	-	(701)
Cost at 31 December	**22,783,128**	**22,274,613**	**160,934**	**347,581**
Depreciation and impairment				
At 1 January	6,461,728	6,436,227	25,501	-
FX movement	(10,478)	(10,801)	323	-
	6,451,250	6,425,427	25,824	-
Charge for the year	2,226,645	2,143,252	48,741	34,652
Disposals	(131)	-	-	(131)
Impairment	6,081,807	6,081,807	-	-
Depreciation and impairment 31 December 2015	**14,759,571**	**14,650,485**	**74,565**	**34,521**
Closing net book value at 31 December 2015	**8,023,557**	**7,624,128**	**86,369**	**313,060**

Cost at	Total 2014 $	Plant and Equipment 2014 $	Motor Vehicles 2014 $	Computer Software 2014 $
1 January 2014	10,282,171	10,221,827	60,344	-
Additions	9,907,805	9,506,457	148,851	252,497
Disposals	(96,782)	(59,073)	(37,709)	-
Cost at 31 December	**20,093,194**	**19,669,211**	**171,486**	**252,497**
Depreciation and impairment				
At 1 January 2014	2,129,052	2,114,824	14,228	
Charge for the year	1,055,317	1,022,751	32,566	
Disposals	(30,540)	(9,247)	(21,293)	-
Impairment	3,307,899	3,307,899	-	-
Depreciation and impairment at 31 December 2014	**6,461,728**	**6,436,227**	**25,501**	**-**
Closing net book value at 31 December 2014	**13,631,466**	**13,232,984**	**145,985**	**252,497**

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, particularly the severe impact the falling oil price has had on the oil service market, value in use and useful economic life. As a result an impairment charge of US$6.1m (2014: US$3.3m) has been charged in the period.

Plant and equipment includes assets under construction, expected to be delivered August 2016.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

from the year ended 31 December 2015

13. MULTI-CLIENT LIBRARY

	Total 2015 $	Total 2014 $
Cost at		
1 January 2015	2,369,523	-
Additions	-	2,369,523
Cost at 31 December 2015	**2,369,523**	**2,369,523**
Amortisation and impairment		
At 1 January 2015	479,830	-
Charge for the year	430,336	479,830
Impairment	1,459,357	-
Amortisation at 31 December 2015	**2,369,523**	**479,830**
Closing net book value at 31 December 2015	**-**	**1,889,693**

An assessment is made at each financial reporting date as to whether there is any indication of impairment of the multi-client library. An impairment review has been undertaken and an impairment charge of US$1.5m recognised.

The charge for the period in relation to amortisation on the multi-client library has been included within cost of sales.

14. INVESTMENTS - AVAILABLE FOR SALE FINANCIAL ASSETS

	2015 $	2014 $
Available for sale investments		
At the beginning of the year	-	38,675
Additions	295,839	-
Impairment	(295,839)	(38,675)
At 31 December	**-**	**-**

Financial instruments require classification of fair value as determined by reference to the source of inputs used to derive the fair value. At the point of acquisition, the investment was classified as Level 1, as it was listed on a recognised stock exchange, but subsequently reclassified to Level 3 following its de-listing. The value at the year end has been assessed and an impairment charge applied against its carrying value.

15. INVENTORIES

	2015 $	2014 $
Parts and equipment	391,035	343,231
At 31 December	391,035	343,231

16. TRADE AND OTHER RECEIVABLES

	2015 $	2014 $
Trade receivables	3,630,400	5,610,664
Provision for doubtful debts	(3,369,171)	(4,060,021)
Trade receivables net	261,229	1,550,643
Accrued Income	-	499,511
Other receivables	220,679	423,641
Prepayments	329,820	281,128
Total trade and other receivables	**811,728**	**2,754,923**

The Company's subsidiary, WGP Energy Services Ltd ("WGPES") has commenced arbitral proceedings (under the auspices of the London Court of International Arbitration) against Joint Stock Company "Sevmorgeo" ("SMG"), SMG's parent Joint Stock Company "Rusgeology" and its ultimate parent, The Russian State. The claim is currently for approximately US$6.3 million in respect of services provided in Ecuador in 2013 and includes interest accruing at a rate of 5% per annum. Although the Board is confident that WGPES will be successful in its claim against SMG, it is cautious as to its ability to enforce a judgement.

The Board would clarify that, when a protocol was executed with the Director General of SMG in January 2014, WGPES offered SMG a US$1.1m discount to the then total outstanding debt of US$4,357,942.53, provided an agreed repayment plan was met. The total to be paid by SMG under the protocol was US$3,257,942.04, which was never paid. The Chairman paid the US$1.1m discount himself on a non-recourse basis. In the event that WGPES is successful in recovering the outstanding sums owed by SMG of US$4,357,942.53, WGPES will seek to repay the Chairman the US$1.1m discount out of the award.

As at 31 December 2015, the analysis of trade receivables that were past due but not impaired was as follows:

	Total $	Neither past due nor impaired $	0-30 days $	30-90 days $	90+ days $
2015	261,229	-	-	261,229	
2014	1,550,643	1,490,862	-	59,781	

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

17. TRADE AND OTHER PAYABLES

	2015 $	2014 $
Trade payables	2,409,500	1,750,651
Other payables	-	295,818
Corporation tax payable	490,179	69,129
Accruals	2,113,041	2,414,621
Total trade and other payables	**5,012,720**	**4,530,219**

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

Included within accruals are restructuring costs of US$0.3m associated with redundancies put into effect in 2016 as part of the Group's cost cutting review in 2015 and the reversal of the 2014 accrual relating to the remediation of equipment from Ecuador that has not been utilised.

18. SHARE CAPITAL

	2015 $	2014 $
Authorised share capital:		
100,000,000 ordinary shares of $0.01 each	1,000,000	1,000,000
Allotted, issued and fully paid:		
25,067,522 ordinary shares of $0.01 each	250,675	250,675

	Number of shares	Number of Treasury shares	Treasury shares $
Balance at 31 December 2014	25,067,522	-	-
Shares purchased	(1,458,657)	1,458,657	940,425
Balance at 31 December 2015	**23,608,865**	**1,458,657**	**940,425**

Share capital represents 23,608,865 ordinary shares of US$ 0.01 each.

Treasury shares represents the cost of the Company buying back its shares. There were 1,458,657 shares held in Treasury as at 31 December 2015.

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

19. 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 2015, the Group had capital of US$26,389,084 (2014: US$39,376,904). The Group does not have any externally imposed capital requirements.

20. SHARE-BASED PAYMENTS

Thalassa Holdings Ltd share options

	Director share options	Non - Executive director share options	Other share options
Outstanding at 1 January 2015	150,000	120,000	60,000
Options granted	-	-	-
Options lapsed	(100,000)	(20,000)	(60,000)
Outstanding at 31 December 2015	**50,000**	**100,000**	**-**
Outstanding at 1 January 2014	150,000	120,000	70,000
Options granted	-	-	-
Options exercised	-	-	(10,000)
Outstanding at 31 December 2014	**150,000**	**120,000**	**60,000**

20.1. DIRECTOR SHARE OPTIONS

On 21 November 2012 100,000 share options were granted to Duncan Soukup at a strike price of £0.521. The options granted had an exercise period of three years and have subsequently lapsed.

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

20.2. NON-EXECUTIVE DIRECTOR SHARE OPTIONS

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

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

20.3. EMPLOYEE AND CONSULTANT SHARE OPTIONS

On 21 November 2012 80,000 share options were granted to employees and consultants at a strike price of £0.521. The options granted have an exercise period of three years. The options have either been exercised or lapsed.

20.4. SHARE OPTION CHARGES

There were no share options granted in the period. The charge to share option expense in the period was US$168,375 (2014: US$168,377) relating to historical share options granted in 2012 and 2013 as described above.

20.5 WEIGHTED AVERAGE EXERCISE PRICE

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

	2015		2014	
	Weighted average exercise price $	Number of options	Weighted Average exercise price $	Number of options
At the beginning of the year	2.19	330,000	2.27	340,000
Lapsed during the year	0.84	(180,000)	-	-
Exercised during the year	-	-	0.84	(10,000)
Outstanding at the reporting date	4.08	150,000	2.19	330,000

	2015	2014
Exercisable at the reporting date	150,000	330,000

The weighted average remaining contractual life of the options is 0.77 years.

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 2015	Effective Share holding 2014
WGP Group Ltd	British Virgin Islands	100%	100%
WGP Energy Services Ltd	British Virgin Islands	100%	100%
WGP Exploration Ltd	United Kingdom	100%	100%
WGP Technical Services Ltd	British Virgin Islands	100%	100%
WGP Professional Services Ltd	British Virgin Islands	100%	100%
WGP Survey Ltd	British Virgin Islands	100%	100%
GO Science Group 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%

22. OPERATING LEASE

Thalassa's subsidiary, WGP Exploration Limited, entered into a 10 year lease in 2014 for the rent of 10,000 square feet of office space at Eastleigh Court near Warminster. Thalassa's subsidiary WGP Group AT GmbH entered into a 5 year lease in 2014 for the rent of office space in Vienna, Austria. Operating leases of US$247,715 were recognised as expenses in 2015 (2014: US$94,793). Future minimum payments for operating leases at 31 December 2015 are as follows:

	2015 $	2014 $
Within one year	456,773	262,949
After one year but not more than five years	1,191,033	1,007,135
More than five years	532,872	855,324

23. FINANCIAL INSTRUMENTS

The Group's financial instruments comprise cash and cash equivalents together with various items such as trade and other receivables and trade payables etc, that arise directly from its operations. The fair value of the financial assets and liabilities approximates the carrying values disclosed in the financial statements. Included within cash and cash equivalents is an amount of US$850,000 (2013: US$2,205,181) which is restricted in relation to sales contracts with a particular customer.

The main risks arising from the Group's financial instruments are interest rate risk, foreign exchange risk, credit risk and liquidity risk.

INTEREST RATE RISK

The Group does not undertake any hedging against interest rate risk. The Group finances its operations from the cash balances on the current and deposit accounts. The Group has no borrowings as at 31 December 2015.

FOREIGN EXCHANGE RISK

The Group undertakes hedging activities from time to time to mitigate foreign exchange risk.

An increase in foreign exchange rates of 5% at 31 December 2015 would have increased the profit and net assets by US$114,665 (2014: US$145,604). 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 2015 approximately 18% of amounts owing to suppliers are held in GBP, 3% in NOK and 74% in EUR.

The group entered into a foreign exchange option agreement in 2014 that closed out in January 2015. The Option was in relation to 15 lots of a EURUSD June 2015 1.23 Put Option with a premium of US$39,000. A gain of US$67,125 was booked in 2015.

CREDIT RISK

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

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

The company's customers include large multinational E&P companies and other geophysical service providers. In 2015, a significant proportion of the Groups revenue was generated from 2 customers. As at 31 December 2015, net trade receivables outstanding amounted to US$0.0m. Net trade receivables includes a provision for doubtful debts of US$3.4m.

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.

24. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

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

As at the year end, the Group had capital commitments of US$8.5m (2014: US$0m).

25. SUBSEQUENT EVENTS

There have been no material subsequent events to report.

26. COPIES OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING (the "Meeting") of Thalassa Holdings Ltd (the "Company") will be held at Le Cabanon, Pointe des Douaniers 06320 Cap d'Ail, France on 13 May 2016 at 12:00 noon for the purpose of considering and, if thought fit, passing the following simple resolutions:

1. To receive and consider the financial statements for the year to 31 December 2015 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 2016 and to authorise the Directors to determine the auditor's remuneration.
3. To re-elect Duncan Soukup as a Director of the Company, who is retiring and offering himself for re-election.
4. To re-elect Graham Cole as a Director of the Company, who is retiring and offering himself for re-election.
5. To re-elect David Thomas as a Director of the Company, who is retiring and offering himself for re-election.
6. To re-elect Francis Smulders as a Director of the Company, who is retiring and offering himself for re-election.

Dated 4 April 2016

By Order of the Board

Notes

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

DIRECTORS, SECRETARY AND ADVISERS

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

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WGP

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