Thalassa Holdings Ltd
(formerly Thalassa Energy Ltd)

Financial Statements

Year to
31 December 2009

Registered Number: 1433759

Directors, Secretary and Advisers

Directors	C Duncan Soukup, *Executive Chairman* Graham Cole FCA, FSI, *Non-executive Director* James H Grossman, *Non-executive Director* David M Thomas, *Non-executive Director*
Registered Office	Folio Chambers Road Town, Tortola British Virgin Islands
Company Secretary	Christopher J Langrick ACA
Nominated Adviser and Broker	Daniel Stewart & Company Plc Becket House 36 Old Jewry London EC2R 8DD
Solicitors to the Company (as to English Law)	Pinsent Masons LLP CityPoint One Ropemaker Street London EC2Y 9AH
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 Registrars (Jersey) Limited 12 Castle Street St Helier Jersey JE2 3RT
Company website	www.thalassaholdingsltd.com

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Chairman's Statement

Summary:

- **THAL registers initial profit**
  - **2009 revenues $651,000, net income $155,000 and EPS $0.02**

- **Formation of Thalassa Public Investments Ltd completed**
  - **2009 ROCE +108% (weighted), ROCE +198%**

- **Formation of Thalassa Private Investments Ltd completed**
  - **investment in a number of strategic and private situations completed**

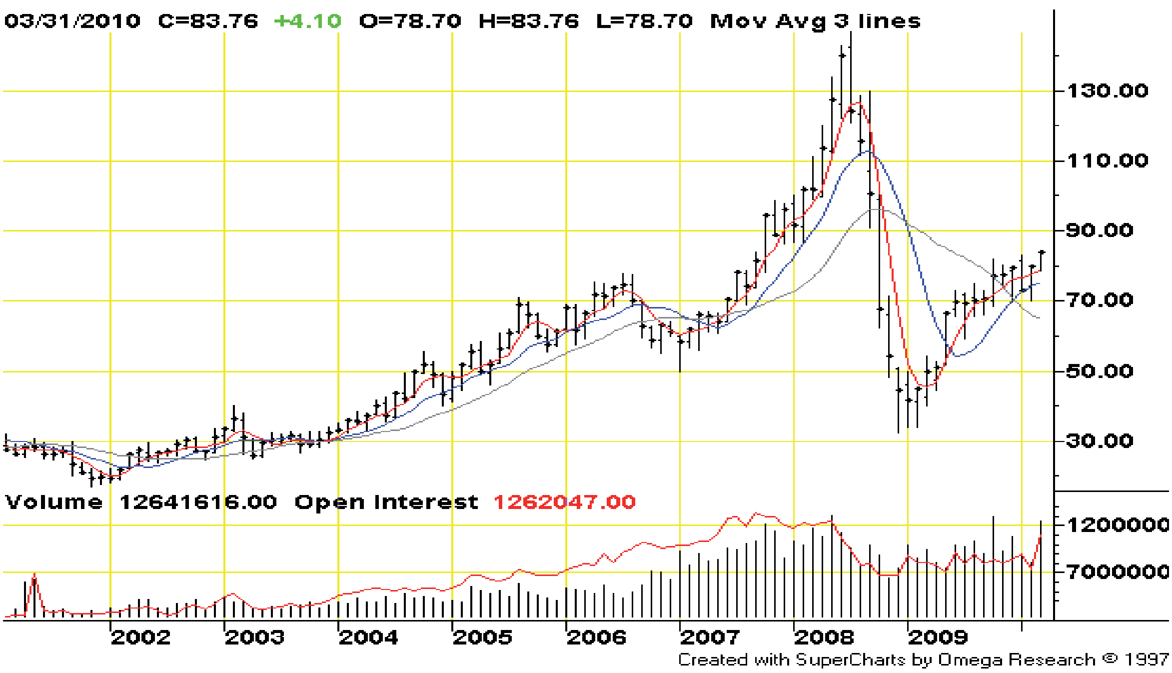
- **Deployment of Thalassa Energy Services PMSS™ unit still pending**

Overview:

Thalassa Energy Services Ltd.

2009 was a year of immense challenge for the oil services industry; in some respects more so than 2008. The collapse in the price of crude oil from a high of $145 per barrel in July 2008 to a low of $34 per barrel in February 2009 allowed the major E&P companies to acquire distressed assets, restructure marginal areas of their own businesses, delay new and renegotiate existing service and supply contracts across the board.

With crude oil trading in the region of $85 per barrel in mid April 2010, oil service contracts of the type that we were competing for are now tendering again. Unfortunately pricing has collapsed whilst competition has increased. Notwithstanding the reality of the new order, I remain committed to the business and we continue to explore opportunities with our operating partner, WGP.



Chairman's Statement continued

Thalassa Public Investments Ltd./Thalassa Private Investments Ltd.

Given the collapse in the price of crude oil in 2008, your Board has taken a number of initiatives to protect and build shareholder value.

Firstly I loaned the Company US$1,280,619. Although this loan carried an interest rate of 10%, I forgave all interest in the year to 31 December 2009. Secondly your Board further cut their remuneration at the same time as I waived all my fees and compensation. Where possible all service contracts were renegotiated. I would particularly like to thank WGP for waiving their fees.

While we were cutting costs wherever we could, we took two initiatives to expand operations through the formation of Thalassa Public Investments Ltd. (investing in publicly quoted investments) and Thalassa Private Investments Ltd. (investing in private companies).

The +108% performance of our portfolio of public investments in 2009 was exceptional.

It should be noted that we realised only part of the gains achieved in 2009 and are still substantially invested. I am, however, concerned that the problems of the private sector have in large part now been absorbed by the public sector but that nothing has yet been done to address the structural problems exposed by the collapse of the property and financial markets in 2008. For this reason I have reduced our exposure to the broader equity markets but increased our investment in special situations.

Financial Review:

The financial information presented by the Group covers the year to 31 December 2009 and comparative information for the period from incorporation on 26 September 2007 to 31 December 2008. The financial information presented by the Group has been prepared in accordance with applicable International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Group results for the year to 31 December 2009 show a profit of US$154,695, in comparison to a loss of US$273,559 in the prior period. Basic profit per share was US$0.02 and diluted profit per share was US$0.02. In the prior period, basic and diluted loss per share was US$0.10.

Net assets at 31 December 2009 amounted to US$7,119,325, resulting in a net asset value per share of US$1.10 after taking into account the treasury shares (£0.69 at 31 December 2009), in comparison to US$0.81 (£0.56) for the prior period.

On 4 June 2009, the Company acquired 2,000,000 of its own shares at a cost of US$482,653. These shares are held in Treasury and are recorded at cost.

Cash outflow for the year to 31 December 2009 amounted to US$1,023,798, of which US$482,653 related to the purchase of 2,000,000 of the Company's own shares and US$1,226,138 was the result of cash out in relation to operating activities.

At 31 December 2009, the Group held investments worth US$1,820,606, of which unrealised gains amounted to US$485,600.

Since the year end, the Group has realised a further US$377,000 in gains from the disposal of investments.

The Group, primarily through Thalassa Public Investments Ltd, has generated a return on capital of 118% from the investments that it has made during the year (based on weighted average capital invested).

Chairman's Statement continued

During the year to 31 December 2009, I have made loans to the Company amounting to US$1,280,619, of which US$579,118 was repaid during the year. I have waived the interest accrued against these loans amounting to US$61,096 at 31 December 2009. The balance owed to me in relation to these loans at 31 December 2009 was US$701,501.

I would also mention that I have waived fees owed to my management company totalling US$324,571 at 31 December 2009 and that the Company's operations manager, WGP have also agreed to waive their 2009 fees amounting to US$9,413.

The Group has continued to make further cost savings, that will have further impact during 2010.

Outlook for 2010:

With the increased interest in our PMSS™ system and a tight rein on overheads, the continued performance in our publicly quoted investment portfolio should generate healthy returns, although I doubt these will be at the level witnessed during 2009.

As mentioned, I remain cautious on the broader outlook for the financial markets and cannot make any forecasts as to the deployment of the PMSS™ at this time, other than to express guarded optimism.

C. Duncan Soukup
Chairman

11 May 2010

Directors' Report

The Directors present their report and the audited financial statements for the year ended 31 December 2009.

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 was established as a holding company, and currently has three subsidiaries, Thalassa Energy Services Ltd ("TESL"), Thalassa Public Investments Ltd ("TPUIL") and Thalassa Private Investments Ltd ("TPRIL") (together with Thalassa Holdings Ltd, the "Group").

TESL was established to acquire marine seismic equipment, specifically a Portable Modular Source System ("PMSS™"). The PMSS™ has been acquired and is now in storage awaiting deployment. The PMSS™ is equipment which can be installed on a vessel in order to provide the seismic (sound) source to allow exploration and production companies to perform reservoir monitoring.

TPUIL was formed to invest in publicly quoted companies and TPRIL was formed to invest in private opportunities.

Results and dividends
The Group made a profit for the year ended 31 December 2009 of US$154,695. The Directors do not recommend the payment of a dividend.

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

Name	**Date Appointed**	**Shares held**
Executive Director		
D. Soukup	26 September 2007	2,839,821
Non-Executive Directors		
G. Cole	2 April 2008	39,870
J.H. Grossman	2 April 2008	25,000
D.M. Thomas	2 April 2008	-

Mr Soukup's interest in the share capital of the Company includes 200,000 ordinary shares issued to Vidacos Nominees Limited, although Mr Soukup's wife is the beneficial owner of these shares.

Directors' remuneration

	2009	**2008**
	$	**$**
Executive Directors		
Duncan Soukup	-	-
Non Executive Directors		
Graham Cole	1,000	10,000
Jim Grossman	1,000	10,000
David Thomas	2,000	10,000
Total remuneration	**4,000**	**30,000**

Directors' Report continued

Under the consultancy agreement between Duncan Soukup and Thalassa Holdings Ltd, Duncan Soukup has the right to receive US$200,000 per annum in consultancy fees. However, due to the non deployment of the PMSS™, Duncan Soukup has waived all compensation due to him in 2008 and 2009.

As part of the cost cutting exercise, and pending the deployment of the PMSS™, each of the non-executive Directors has agreed to reduce their fees to US$1,000 for each Board meeting attended.

Substantial Shareholdings
As of 31 December 2009, the Company had been advised of the following substantial shareholders:

Name	Holding	%
BBHISL Nominees Limited	2,639,821	40.6
Lynchwood Nominees Limited	1,428,210	22.0
Securities Services Nominees Limited	1,000,000	15.4
Strand Nominees Limited	500,000	7.7
Vidacos Nominees Limited	500,000	7.7
TD Waterhouse Nominees (Europe) Limited	251,000	3.9

Related Party Transactions
Details of all related party transactions are set out in note 8 to the financial statements.

Future Prospects
The increase in the price of oil from the February 2009 low of $34 has resulted in increased interest in our PMSS™ system. However, due to the nature of the potential contracts there is no guarantee that the Company will be able to profitably deploy its equipment.

Financial risks
Details of the financial risks and strategy of the group are set out in note 18.

AGM
The Annual General Meeting will be held at 11:30AM on 27 May 2010. 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

Directors' Statement of 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 year 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. A fair presentation also requires the directors to:

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

All of the current Directors have taken all the steps that they ought to have taken to make themselves aware to 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.

Consolidated Statement of Income

from the year ended 31 December 2009

	Note	2009 $	26 September 2007 to 31 December 2008 $
Continuing operations			
Revenue		651,162	-
Cost of sales		-	-
Gross profit / (loss)		**651,162**	**-**
Administrative expenses		(476,719)	(309,427)
Other gains and (losses) - foreign currency gains		(12,936)	24,019
Operating profit / (loss)	3	**161,507**	**(285,408)**
Interest income	4	324	33,670
Finance expense	5	(7,136)	(21,821)
Profit / (loss) before taxation		**154,695**	**(273,559)**
Taxation		-	-
Profit / (loss) for the financial period		**154,695**	**(273,559)**
Earnings / (loss) per share			
Basic	6	**0.02**	**(0.10)**
Diluted	6	**0.02**	**(0.10)**

Note: Costs in relation to the PMSS™ amounting to US$22,970 have been reclassified from cost of sales to administrative expenses for the period to 31 December 2008, in line with similar costs for the year to 31 December 2009.

The notes on pages 12 to 23 form an integral part of this consolidated financial information.

Consolidated Statement of Comprehensive Income

	2009	26 September 2007 to 31 December 2008
	$	$
Profit / (loss) for the financial period	**154,695**	**(273,559)**
Other comprehensive income:		
Financial assets - available-for-sale - fair value gains / (losses)	515,851	(5,643)
Total comprehensive income	**670,546**	**(279,202)**

The notes on pages 12 to 23 form an integral part of this consolidated financial information.

Consolidated Statement of Financial Position

as at 31 December 2009

	Note	2009 $	2008 $
Assets			
Non-current assets			
Tangible fixed assets	9	5,782,763	5,756,948
Investments	10	1,820,606	34,395
Total non-current assets		**7,603,369**	**5,791,343**
Current assets			
Loans and receivables	11	232,992	-
Trade and other receivables	12	217,109	87,459
Cash and cash equivalents		135,738	1,159,536
Total current assets		**585,839**	**1,246,995**
Liabilities			
Current liabilities			
Trade and other payables	13	368,382	115,889
Loans	8	701,501	-
Total current liabilities		**1,069,883**	**115,889**
Net current assets		**(484,044)**	**1,131,106**
Net assets		**7,119,325**	**6,922,449**
Shareholders Equity			
Share capital	14	85,000	85,000
Share premium	14	7,125,634	7,116,651
Treasury shares	14	(482,653)	-
Other reserves	15	510,208	(5,643)
Retained earnings / (losses)		(118,864)	(273,559)
Total shareholders equity		**7,119,325**	**6,922,449**

The notes on pages 12 to 23 form an integral part of this consolidated financial information.

These financial statements were approved and authorised by the board on 11 May 2010.

Signed on behalf of the board by:

C. Duncan Soukup
Chairman

Consolidated Statement of Cash Flows

from the year ended 31 December 2009

	2009	26 September 2007 to 31 December 2008
	$	$
Cash flows from operating activities		
Operating profit / (loss) for the period	**161,507**	**(285,408)**
Increase in loans and receivables	(232,992)	-
Increase in trade and other receivables	(129,650)	(87,459)
Increase in trade and other payables	252,493	115,889
Acquisition of investments	(3,046,804)	(48,450)
Disposal of investments	1,776,444	-
Unrealised foreign currency gain	-	8,412
Cash used by operations	**(1,219,002)**	**(297,016)**
Interest paid	(7,136)	(21,821)
Net cash flow from operating activities	**(1,226,138)**	**(318,837)**
Cash flows from investing activities		
Acquisition of plant and equipment	(25,815)	(5,756,948)
Interest received	324	33,670
Net cash flow from investing activities	**(25,491)**	**(5,723,278)**
Cash flows from financing activities		
Shareholder loans	1,280,619	-
Repayment of borrowings	(579,118)	-
Issue of ordinary share capital	-	8,490,100
Cost of share issues	8,983	(1,288,449)
Treasury shares	(482,653)	-
Net cash flow from financing activities	**227,831**	**7,201,651**
Net (decrease) / increase in cash and cash equivalents	(1,023,798)	1,159,536
Cash and cash equivalents at the start of the period	1,159,536	-
Cash and cash equivalents at the end of the period	**135,738**	**1,159,536**

Note: Acquisition of investment in the comparative period have been reclassified from investing activities to operating activities.

The notes on pages 12 to 23 form an integral part of this consolidated financial information.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2009

	Share Capital	Share Premium	Treasury shares	Other Reserves	Retained earnings / (losses)	Total Equity
	$	**$**	**$**	**$**	**$**	**$**
On incorporation (26 September 2007)	100	-	-	-	-	100
Issue of share capital	84,900	8,405,100	-	-	-	8,490,000
Deductible costs of share issues	-	(1,288,449)	-	-	-	(1,288,449)
Total comprehensive income for the period	-			(5,643)	(273,559)	(279,202)
Balance as at 31 December 2008	**85,000**	**7,116,651**	**-**	**(5,643)**	**(273,559)**	**6,922,449**
Deductible costs of share issues	-	8,983	-	-	-	8,983
Purchase of treasury shares	-	-	(482,653)	-	-	(482,653)
Total comprehensive income for the period	-	-	-	515,851	154,695	670,546
Balance as at 31 December 2009	**85,000**	**7,125,634**	**(482,653)**	**510,208**	**(118,864)**	**7,119,325**

The notes on pages 12 to 23 form an integral part of this consolidated financial information.

Notes to the Consolidated Financial Statements

from the year ended 31 December 2009

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 subsidiaries, Thalassa Energy Services Ltd ("TESL"), Thalassa Public Investments Ltd ("TPUIL") and Thalassa Private Investments Ltd ("TPRIL") (together with Thalassa Holdings Ltd, the "Group").

TESL was established to acquire marine seismic equipment, specifically a Portable Modular Source System ("PMSS™"). The PMSS™ has been acquired and is now in storage awaiting deployment. The PMSS™ is equipment which can be installed on a vessel in order to provide the seismic (sound) source to allow exploration and production companies to perform reservoir monitoring.

TPUIL was formed to invest in publicly quoted companies and TPRIL was formed to invest in private opportunities.

2. Accounting policies

The Group prepares its accounts in accordance with applicable International Financial Reporting Standards ("IFRS") as adopted by the European Union. The consolidated financial statements have been prepared on the historical cost basis except for available for sale investments that have been measured at fair value.

The financial statements are expressed in US dollars, being the functional currency of the company and its subsidiaries.

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

2.1. Recent accounting and financial reporting pronouncements

IFRS 7 Financial Instruments - deals with the disclosure of financial instruments. The major changes to IFRS 7 arise out of IFRS 9. There are significant changes to the standard, reflecting the replacement of the four categories of financial assets under IAS 39 with the two under IFRS 9. All of the IFRS 7 disclosures by category of financial asset will have to be altered to reflect the new categorisation. The standard is applicable with the adoption of IFRS 9.

IFRS 9 Financial Instruments - deals with the classification and measurement of financial assets when determining whether financial assets should be recorded at amortised cost or at fair value, and the associated accounting treatment of embedded derivatives within financial assets. The standard is applicable for accounting periods beginning on or after 1 January 2013 but early adoption is allowed.

The Company does not anticipate the adoption of Standards and Interpretations in issue, but not yet effective, the annual improvements project and IFRICs will have a significant impact on the financial statements.

2.2. Going concern
The financial statements have been prepared on the going concern basis as management consider that the Group has sufficient cash and other financial assets to fund its current commitments for the foreseeable future.

2.3. Basis of consolidation
The consolidated accounts include the assets, liabilities and results of the Company together with its wholly owned subsidiaries; Thalassa Energy Services Ltd, Thalassa Public Investments Ltd and Thalassa Private Investments Ltd from the date of their formation. All significant intercompany transactions and balances within the group are eliminated in the preparation of the consolidated financial information.

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 area relates to the carrying value of the plant and equipment. The carrying value of the PMSS™ may significantly differ from its market value. It is affected by management's assessment of its fair value and indicators of impairment. If the carrying value of the PMSS™ exceeds the recoverable amount then an impairment charge is recognised.

2.5. Tangible Fixed assets
Tangible fixed assets 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.

Depreciation is provided at rates calculated to write off the cost of the tangible fixed assets over their estimated useful economic life, less estimated residual values, once the equipment is deployed and is in use, as follows:

- Plant and equipment: 5 to 15 years

2.6. Impairment of assets
An assessment is made at each financial position 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.

2.6. Impairment of assets (continued)
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.

2.7. 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.

Investments in associates are carried in the statement of financial position under the equity method at cost as adjusted for post-acquisition changes in the Group's share of net assets of the associate, less amortisation of any excess value over the net assets acquired and any impairment.

2.8. Revenue
Revenue includes realised gains or losses from the disposal of available for sale investments, dividends received from investments held in publicly listed companies and interest receivable on loans made to companies through Thalassa Private Investments Ltd.

2.9. Taxation
Thalassa Holdings Ltd is incorporated in the BVI as an International Business Company (IBC) and as such is not subject to tax in the BVI.

2.10. 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 financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the financial position date. Exchange differences arising are included in the statement of comprehensive income for the period.

2.11. Borrowing costs
Borrowing costs in respect of qualifying assets are capitalised otherwise expensed.

2.12. Financial instruments and risk management
Financial assets and liabilities are recognised on the Group's statement of financial position when the Group becomes party to the contractual provisions of the instrument.

Loans and receivables are initially measured at fair value and are subsequently measured at amortised cost, plus accrued interest, and are reduced by appropriate provisions for estimated irrecoverable amounts. Such provisions are recognised in the statement of income.

Trade receivables are initially measured at fair value and are subsequently measured at amortised cost, do not carry any interest, and are reduced by appropriate provisions for estimated irrecoverable amounts. Such provisions are recognised in the statement of income.

Cash and cash equivalents comprise cash in hand and demand deposits and other short-term highly liquid investments with maturities of three months or less 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.

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).

2.13. Share Based Payments

The share options in Thalassa Holdings Ltd, issued to the non-executive directors and the share options in Thalassa Energy Services Ltd issued to the Marketing Consultant and employees of WGP are measured at the intrinsic value at each reporting date.

The intrinsic value is calculated as the difference between the market price of the underlying shares (net asset value per share for the options in Thalassa Energy Services Ltd as the underlying shares are unlisted) and the exercise price of the option.

The share options are measured at intrinsic value, initially at the date granted and subsequently at each reporting date until the corresponding options are exercised, forfeited or lapse. The effects of revaluations are recognised in the statement of income.

Refer to Note 16 for details of all share-based payments.

3. Operating profit for the year

The operating profit for the year is stated after charging:

	2009	**2008**
	$	**$**
Consultancy fees / staff costs	28,880	95,963
Audit fees	30,589	26,399

Included within consultancy fees / staff costs is $4,000 in relation to amounts paid for non-executive directors' remuneration.

4. Interest income

	2009	**2008**
	$	**$**
Interest on bank deposits	324	33,670

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2009

5. Interest expense

	2009	2008
	$	**$**
Bank interest payable	7,136	3,449
Loan interest payable	-	18,372
	7,136	**21,821**

6. Earnings / (Loss) per share

	2009	2008
The calculation of earnings per share is based on the following profit / (loss) and number of shares:		
Profit / (loss) for the period (US$)	**154,695**	**(273,559)**
Weighted average number of shares of the Company:		
Basic	7,343,836	2,840,000
Diluted	9,723,836	2,840,000
Earnings / (loss) per share:		
Basic (US$)	0.02	(0.10)
Diluted (US$)	0.02	(0.10)
Number of shares outstanding at the period end:		
Basic	6,500,000	8,500,000
Diluted	8,880,000	10,710,000
Earnings / (loss) per share based on the number of shares outstanding at the period end:		
Basic (US$)	0.02	(0.03)
Diluted (US$)	0.02	(0.03)

The share options as detailed in note 16 are potentially dilutive in the future.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2009

7. Segment information

The Group has identified three operating segments; investments in publicly listed companies, investments in private companies and operations from the PMSS™.

Information about reportable segments

	Publicly listed investments 2009 $	**Private investments 2009 $**	**PMSS™ 2009 $**	**Other 2009 $**	**Total 2009 $**
Revenue					
Segment revenue	648,225	2,937	-	-	**651,162**
Cost of sales	-	-	-	-	**-**
Other segment information					
Administrative expenses	-	-	(111,715)	(365,004)	**(476,719)**
Other gains and losses - foreign currency gains	-	11,041	(3,411)	(20,566)	**(12,936)**
Interest income	-	-	218	106	**324**
Finance expense	-	-	(176)	(6,960)	**(7,136)**
Financial position					
Assets					
Tangible fixed assets	-	-	5,782,763	-	**5,782,763**
Available for sale investments	1,580,306	240,300	-	-	**1,820,606**
Loans and receivables	-	232,992	-	-	**232,992**
Trade and other receivables	-	-	208,518	8,591	**217,109**
Cash and cash equivalents	-	-	169,498	(33,760)	**135,738**
Liabilities					
Trade and other payables	-	-	(271,781)	(96,601)	**(368,382)**

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2009

7. Segment information (continued)

	PMSS™ 2008 $	Other 2008 $	Total 2008 $
Revenue			
Segment revenue	-	-	**-**
Cost of sales	-	-	**-**
Other segment information			
Administrative expenses	(290,595)	(18,832)	**(309,427)**
Other gains and losses - foreign currency gains	24,927	(908)	**24,019**
Interest income	11,049	22,621	**33,670**
Finance expense	(932)	(20,889)	**(21,821)**
Financial position			
Assets			
Tangible fixed assets	5,756,948	-	**5,756,948**
Available for sale investments	-	34,395	**34,395**
Trade and other receivables	12,352	75,107	**87,459**
Cash and cash equivalents	690,265	469,271	**1,159,536**
Liabilities			
Trade and other payables	(14,332)	(101,557)	**(115,889)**

8. Related party transactions

During the period, the Chairman provided loans totalling US$1,280,619 which have been used for investment in publicly quoted shares and for the repurchase of shares in the Company, now held in Treasury. These loans are secured against the corresponding investments in publicly quoted companies and bear interest at 10%. During the year, the Company repaid US$579,118 in relation to these loans. Interest accrued amounting to US$61,096 at 31 December 2009 was waived by the Chairman. The balance owed to the Chairman at 31 December 2009 in relation to these loans was US$701,501. Each loan is for a maximum term of 12 months.

Also during the period, the Company was invoiced US$505,086 of administrative fees and interest from a company in which the Chairman has a beneficial interest. At 31 December 2009, an amount of US$324,571 owed to this company was waived. As at 31 December 2009, the amount owed to this company was US$31,589.

At 31 December 2009, the Company had a loan outstanding of US$7,148 to Northward Holdings Ltd out of a total facility of £200,000 and a secured loan outstanding of US$225,844 to CityPoint Investments plc.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2009

9. Tangible fixed assets

	Plant and equipment 2009 $	Plant and equipment 2008
Cost		
Cost at 1 January	5,756,948	-
Additions	25,815	5,756,948
Cost at 31 December	**5,782,763**	**5,756,948**
Depreciation		
Charge for the period	-	-
Depreciation at 31 December	**-**	**-**
Closing net book value at 31 December	**5,782,763**	**5,756,948**

Management has assessed the carrying value of the PMSS™ and as the replacement cost exceeds the carrying value, no provision for impairment has been made.

10. Investments

	2009 $	2008 $
Available for sale investments - listed on a recognised stock exchange	1,580,306	34,395
Unquoted investments - investment in associate	240,300	-
At 31 December	**1,820,606**	**34,395**

Available for sale investments which are listed on a recognised stock exchange are classified as level 1 financial instruments.

	2009 $	2008 $
Unquoted investments - investment in associate		
At the beginning of the period	-	-
Acquisitions	240,300	-
At 31 December	**240,300**	**-**

11. Loans and receivables

	2009 $	2008 $
Capital	218,952	
Interest	2,999	-
Foreign currency movement	11,041	
Total loans and receivables	**232,992**	**-**

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2009

12. Trade and other receivables

	2009	2008
	$	$
Other debtors	206,065	15,378
Prepayments	11,044	72,081
Total trade and other receivables	**217,109**	**87,459**

13. Trade and other payables

	2009	2008
	$	$
Trade creditors	101,791	76,213
Other creditors	194,392	1,779
Accruals	72,199	37,897
Total trade and other payables	**368,382**	**115,889**

14. Share capital and share premium

	2009	2008
	$	$
Authorised share capital:		
100,000,000 ordinary shares of $0.01 each	1,000,000	1,000,000
Alloted, isssued and fully paid:		
8,500,000 ordinary shares of $0.01 each	85,000	85,000

	Number of shares	Share capital	Share premium	Treasury shares
Balance at 1 January 2009	8,500,000	85,000	7,116,651	-
Cost of share issues	-	-	8,983	-
Shares repurchased	-	-	-	(482,653)
Balance at 31 December 2009	**8,500,000**	**85,000**	**7,125,634**	**(482,653)**

Share premium relates to 8,490,000 shares issued with a nominal value of US$0.01 issued at a price of US$1.00, less costs of issue amounting to US$1,279,466.

On 4 June 2009, the Company acquired 2,000,000 of its own shares at a cost of US$482,653. The shares are held in Treasury and are recorded at cost.

15. Other reserves

Other reserves relate to unrealised gains and losses on available for sale investments.

16. Share – based payments

Thalassa Holdings Ltd share options

	Founding shareholder options	Non - Executive director share options
	16.1	16.2
Outstanding at 1 January 2009	**2,125,000**	**255,000**
Options granted	-	-
Options lapsed	-	-
Options exercised	-	-
Outstanding at 31 December 2009	**2,125,000**	**255,000**
Exercise price	$0.01	$1.00

16.1. Founding shareholder options

On 23 July 2008 Duncan Soukup was granted a five year option to subscribe for 2,125,000 shares at US$0.01 per share. These options incur no income statement charge as they were issued in the capacity as a holder of equity shares in the Company and as such are not a share based payment transaction.

Duncan Soukup did not exercise any of his options during the year to 31 December 2009.

16.2. Non-Executive Director share options

On 23 July 2008 each of the Directors (other than the Chairman), was granted a three year option to subscribe for up to 85,000 shares in the Company, at US$1.00 per share.

None of the non-executive director share options were exercised during the year to 31 December 2009.

Thalassa Energy Services Ltd share options

	Marketing consultant share options	Employees of WGP share options
	16.3	16.4
Outstanding at 1 January 2009	**350,000**	**97,500**
Options granted	-	-
Options lapsed	350,000	6,500
Options exercised	-	-
Outstanding at 31 December 2009	**-**	**91,000**
Exercise price	US$1.00	US$1.00

16.3. Marketing consultant share options in Thalassa Energy Services Ltd

During the year, the share options of up to 350,000 shares in Thalassa Energy Services Ltd granted to Martin Smith (Marketing Consultant) lapsed due to the termination of the consultancy agreement between the Company and Martin Smith.

16.4. Share options in Thalassa Energy Services Ltd granted to employees of WGP

On 23 July 2008, certain employees of WGP were granted five year options in respect of a total of up to 100,000 ordinary shares of Thalassa Energy Services Ltd at US$1.00 per share.

None of the WGP employee options were exercised and 6,500 options lapsed, due to a termination of employment, during the year to 31 December 2009.

16.5. Valuation of share options

Management believe that the fair value of the share options issued in the Company and Thalassa Energy Services Ltd cannot be reliably estimated at the date the options were granted as volatility assumptions based on other listed entities are not appropriate as:

- The Group operates in a niche market
- The Group has no trading history and has no sales orders
- The shares in the Company are currently illiquid
- The current economic environment prevents reliable comparison

The Group has therefore valued the share options issued in the Company and Thalassa Energy Services Ltd using the intrinsic value, i.e. the difference between the market price of the underlying shares (net asset value per share for the options in Thalassa Energy Services Ltd as the underlying shares are unlisted) and the exercise price of the option.

As the exercise price of the share options in the Company at 31 December 2009 was in excess of the market price at 31 December 2009, the charge to the income statement for the period to 31 December 2009 is US$Nil (31 December 2008: US$Nil). The exercise price of the share options in the Company is US$1.00. The sterling equivalent of the exercise price at 31 December 2009 was £0.63. The sterling equivalent of the average exercise price for the share options during the year to 31 December 2009 was £0.64.

As the exercise price of the share options in Thalassa Energy Services Ltd at 31 December 2009 was in excess of the net asset value per share at 31 December 2009, the charge to the income statement for the period to 31 December 2009 is $Nil.

17. Investment in subsidiaries

Details of the Company's subsidiaries at the year end are as follows:

Name of subsidiary directly held by Thalassa Holdings Ltd	Place of incorporation	Share holding 2009	2008
Thalassa Public Investments Ltd	British Virgin Islands	100%	n/a
Thalassa Private Investments Ltd	British Virgin Islands	100%	n/a
Thalassa Energy Services Ltd	British Virgin Islands	100%	100%

Thalassa Public Investments Ltd and Thalassa Private Investments Ltd were incorporated on 16 June 2009.

18. Financial instruments

The Group's financial instruments comprise cash and cash equivalents together with various items such as other debtors and trade creditors etc, that arise directly from its operations.

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

18. Financial instruments (continued)

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 borrowings are from the Chairman and accrue interest at a rate of 10% per annum. All interest accrued at 31 December 2009 was waived by the Chairman.

Foreign exchange risk

The Group undertakes hedging activities from time to time for foreign exchange risk.
An increase in foreign exchange rates of 5% at 31 December 2009 would have increased the profit and net assets by US$32,000. A decrease of 5% would have had an equal and opposite impact.

Credit risk

The Group considers the credit ratings of banks in which it holds funds in order to reduce exposure to credit risk.

Market risk

Market risk includes currency risk, interest rate risk and comprises the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holding of financial instruments.

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. Based on current forecasts the Group has sufficient cash to meet future obligations.

The fair value of the financial assets and liabilities approximates the carrying values disclosed in the financial statements. The Group's capital comprises ordinary share capital, retained earnings and capital reserves. 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 2009, the Group had capital of US$7,119,325 (2008: US$ 6,922,449). The Group does not have any externally imposed capital requirements.

19. Subsequent events

After the year end, the Chairman provided a further loan to the Company amounting to £300,000. The purpose of this loan is to provide additional investment capital to the Company and its subsidiaries at a time when the Board believes the current market conditions provide access to, in its opinion, a number of undervalued investment opportunities.

On 18 January 2010, Thalassa Private Investments purchased 9,827,430 shares in Renewable Power & Light plc for a cost of £295,443.

Since the year end, the Group has realised a further US$377,000 in gains from the disposal of investments.

20. 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 on 27 May 2010 at 11:30AM 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 2009 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 2010 and to authorise the Directors to determine the auditor's remuneration.

3. To re-elect Graham Cole as a Director of the Company, who is retiring by rotation and offering himself for re-election in accordance with the Company's Articles of Association.

4. To re-elect James Grossman as a Director of the Company, who is retiring by rotation and offering himself for re-election in accordance with the Company's Articles of Association.

5. To re-elect David Thomas as a Director of the Company, who is retiring by rotation and offering himself for re-election in accordance with the Company's Articles of Association.

Dated 11 May 2010
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.

Independent Auditors' Report on the Financial Statements

We have audited the accompanying financial statements of Thalassa Holdings Ltd, which comprise the consolidated statement of financial position as at 31 December 2009 and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flowsfor the year then ended, and a summary of significant accounting policies and other explanatory notes.

This report is made solely to the members, as a body, in accordance with the terms of our engagement. Our audit work has been undertaken so that we might state to the 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 group and the group'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 Statement
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express an opinion on these 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 whether the financial statements are free from material misstatement.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Chairman's Report and the Directors Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 entities internal controls. 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 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 financial statements present fairly in all material respects the financial position of the group as of 31 December 2009 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

150 Aldersgate Street
London
EC1A 4AB

Moore Stephens LLP
Chartered Accountants
11 May 2010