THALASSA

Annual Report and Accounts

Year to 31 December 2016

CONTENTS

2016 HIGHLIGHTS

GROUP RESULTS 2016 VERSUS 2015

• Revenue	$14.0m vs. $18.9m
• Gross Profit	$8.1m vs. $9.4m
• Operating Profit before depreciation (EBITDA)	$2.2m vs. $3.7m
• Adjusted Group Net Profit*1	$3.0m vs. $1.3m
• Group Net Profit/(Loss)	$2.0m vs. ($12.3m)
• Adjusted Group Earnings Per Share - basic and diluted*1,2	$0.13/£0.11 vs. $0.05/£0.04
• Group Earnings Per Share - basic and diluted*2	$0.09/£0.07 vs. ($0.50)/(£0.35)
• Book value per share*3	$1.24/£1.01 vs. $1.12/£0.79
• Cash	$7.7m vs. $20.3m
• Debt	$ nil vs. $ nil

*1 excluding R&D costs at Autonomous Robotics of US$1.0m (2015: $13.5m, including R&D costs of $0.6m and non-recurring costs $12.9m)

*2 based on weighted average number of shares in issue of 22,806,734 (2015: 24,656,136)

*3 based on actual number of shares in issue as at 31 Dec 2016 of 21,958,865. Current number of shares in issue 21,633,865, resulting in an adjusted year end 2016 book value per share of $1.26/£1.02

OPERATIONAL HIGHLIGHTS

- WGP

  Completion of PRM surveys over Snorre and Grane in the North Sea

  Completion of 1st PRM survey over Ekofisk in the North Sea

  Late multi-client data sales

- ARL

  Redesign of Autonomous Node

  Prototype sub-assemblies completed

CHAIRMAN'S STATEMENT

"Plan for the worst, hope for the best and prepare to be surprised"

Rule 78, Rules of Management, Richard Templar

We went into 2016 fearing the worst, with every expectation that, at some point during the year, global politics would finally bring the financial markets to their knees. It would appear that quantitative easing has delayed the day of reckoning for another year or perhaps longer. Time will tell.

Total Gross National Debt of the US, as of 26 January 2016 amounted to $18.96 trillion ($13.62 trillion held by the public and $5.34 trillion of intra-government debt) in excess of 100% of GDP $18.56 trillion in 2016 …give or take a $billion or two, here or there! However, given low interest rates the annual cost of servicing the country's ever increasing debt mountain has remained relatively stable at around 1.6% of GDP or $450 billion. Unfortunately, the CBO estimates that debt service will increase to more like 3% of GDP or $800 billion by 2024.

And in case you were wondering, US consumer debt as of December 31 2016, stood at $12.58 trillion, a $226 billion (1.8%) increase from the third quarter of 2016.

In 2016, Europe as a whole (thanks to Germany) looked better than the US, sort of! The EU National Debt was lower than in the US at 83.3% of GDP, and EU consumer debt was also lower, mainly due to higher savings rates in the Northern European countries.

Given the above environment it would, in our opinion, be foolhardy to get too excited about the anaemic global recovery being trumpeted by politicians in both the US and Europe.

WGP

On 23 January 2017 we issued a trading update in which we stated, "The Board's current view for 2017 is one of cautious (but unpredictable) optimism".

Our optimism today remains cautious. WTI oil recovered from its 2016 low of $26 bbl. to around $56 but has since fallen again to $52. Easy money has fuelled renewed investment in onshore exploration in North America but, as mentioned above, we are not impressed with global economic growth and the political arena is, frankly, nothing short of scary as hell.

In a recent article in E&P magazine the reality of the market was highlighted in David Johnston's article on 4-D Seismic, I have included a few paragraphs to illustrate just how severely the seismic industry has been impacted by the collapse in the price of oil.

Four-dimensional Seismic In The Downturn, David H. Johnston, Contributing Editor Monday, March 27, 2017 - 7:00am

"The Industry downturn has had a devastating impact on the seismic industry. Tied closely to E&P budgets, seismic spending is roughly half that seen prior to 2014. In the marine sector vessel rates have declined sharply to values that have not been seen since 2003, and there appear to be few drivers to push rates higher. Even with the recent increase in oil prices, the 2017 E&P spend for major operators appears to continue its decline."

"For those companies that expect modest 2017 increases in their E&P budgets, most of that spend will likely be focused onshore. Data from the Norwegian Petroleum Directorate (NPD) show that of the 52 seismic surveys completed in Norway during 2015 and 2016 (excluding 2-D and site surveys), 30 were multiclient and 22 were contractual acquisitions. Of the 22 proprietary surveys, 17 were 4-D. However, 11 of the 17 4-D surveys were shot over permanent reservoir monitoring (PRM) systems at the Snorre, Grane, Ekofisk and Valhall fields. In these cases, the operators have significant upfront investments that must be recovered. Fortunately for PRM, monitor survey costs are lower than for comparable towed-streamer surveys."

As a company we were fortunate to have been cautious in our outlook and equally fortunate to have secured work over three of the four fields mentioned above, as well as a fourth, Eldfisk. We were also fortunate that we were able to get ahead of the curve and adjust our cost structure in anticipation of the hard times we saw coming. As a result, in 2016, WGP exceeded performance expectations at every level from sales all the way to the bottom line. These results are clearly reflected in the group results.

As we have already announced, we anticipate further revenue growth, which should allow us to strengthen the organisation whilst at the same time increasing profitability.

ARL

The Board is more than satisfied with the progress that is being made at ARL. First phase in-water testing of our flying node has successfully been completed and it is now time to ramp up operations.

The anticipated investment needed to fund design and development of the ARL node from where we are to production ready for manufacture of a 200-node shallow water commercially deployable suite is estimated at $18m. The cost to manufacture the 200-node system including the handling, deployment and recovery system, is estimated at $24m. The final phase of the project, including high volume production engineering of the node and the manufacture of a 3,500 node system with associated deployment/recovery and deck handling systems is estimated at $52m; a total funding requirement of $94m. Clearly THAL does not have sufficient capital to fund completion of the project.

The Board was always cognisant of the Company's capital limitations and the plan has always been to prove initial concept of operations before seeking third party funding. We have reached that point and will now begin to execute phase II of our business plan to seek commercial partnership and third party funding. In the interim THAL will continue to fund ARL's near term development.

In due course, ARL will start with a round of private client funding, prior to approaching institutional investors. Given the time, effort and THAL's investment to date, and the significant potential returns, the Board has high expectations of a potential valuation but acknowledges that this will be dictated by investor demand and subject to change. The Board would point out that ultimately investors will agree or disagree with the valuation assigned to ARL. However, the Board would also stress that it would have little interest in raising money at less than its expectation other than from one or more strategic investors capable of bringing both capital and expertise to the table.

The Board would also like to advise shareholders that Management have been involved in extensive discussions with a public defence entity and a leading UK defence contractor regarding development of various defence applications. Given the nature of these discussions, the Board is naturally limited in its ability, at this stage, to comment further. What we are able to say is that, given the uniqueness of the ARL node and the swarm technology that we are developing, the Board is very excited about the potential for multiple defence related applications for the ARL node.

MISCELLANEOUS HOLDINGS

The Local Shopping REIT plc ("LSR")

The 23.3% equity interest in LSR is a cash management position, nothing more nothing less. The Board of THAL has been and remains openly critical of the LSR board, specifically in regard of their unwillingness to bring costs in line with a diminishing level of assets. The LSR Board's stated goal is to maximise shareholder value; this clearly cannot be achieved if costs are not curtailed as assets are sold. To that end, your Board will continue to pursue a policy of urging the LSR board to reduce costs in line with reduced assets and revenues.

Papua Mining plc ("Papua Mining")

The 26% equity interest in Papua Mining was strategic and the Board will announce In due course its intentions on how to exploit this Interest.

FOREX and Asset Risk Management

During 2016, the Company made in excess of $1.3m net gains in forex and asset risk management, more than offsetting the decline in the LSR position due to the 17% decline in £ versus the $. We will continue to mitigate against our foreign currency exposure but must point out that whilst these efforts have been immensely profitable in the past (net gains since 2008 amount to $4.4m) there is no guaranty that past results are any indication of future performance.

OUTLOOK 2017 AND BEYOND...

E&P companies work with 25 year budgets, as they have to when developing billion barrel oil fields with a life expectancy of 20 to 40 years. Unfortunately, however, even the best-laid plans go awry when the price of oil gyrates like a yoyo. The experience of a couple of Oil Majors and their announcement to divest their Alberta tar-sands projects is testament to what can go horribly wrong when oil prices don't behave as expected.

For our part, the Board focuses on short term, 1 year, and medium term, 3 to 5 year, budgets and plans. I am happy to say that the long-term nature of our current book of business (5 year plus contracts), asset light model and flexible management structure gives us a remarkable competitive advantage, which thankfully our competitors do not share. It is, therefore with a certain amount of confidence that we are able to look out 3 to 5 years into the future in the knowledge that we should continue to perform in line or above expectations, as long as we perform to our clients' satisfaction and the price of oil does not collapse for any extended period of time.

2017 should, therefore, be a very good year for WGP and, if we successfully execute our plan for ARL, Group results should also continue to improve.

It remains for me to thank our staff, and, to the extent they read this statement, our clients and suppliers for their support during the past year. Thank you.

And to our shareholders, a reminder, Rome was not built in a day, or we would have hired their workers! Slow and steady wins the race, not a dash for the first hurdle.

Duncan Soukup
Chairman
Thalassa Holdings Ltd

11 April 2017

WGP OPERATIONAL REVIEW

Following the agreement by Opec and Russia to reduce production by 1.2m barrels per day in November 2016, the price of oil has recovered. However, this development did not translate into a recovery of the seismic market. The number of 3D seismic vessels operating in Q4 of 2016 dropped to around 22 vessels; the lowest in the last 10 years. WGP's view is that the contract and multi-client markets are structurally unattractive, i.e. unprofitable and nil/low growth in the medium term.

WGP's strategy of focussing on Life of Field Seismic ("LoFS") and value added bespoke seismic solutions proved fortuitous in 2016, notwithstanding continued pricing pressure from our clients. Management has continued to focus on re-organizing the business and driving down costs, whilst maintaining zero recordable lost time incidents in 2016. Furthermore, in August 2016, BSI recertified WGP's quality, occupational health & safety and environmental management systems to be compliant with ISO 9001, 18001 and 14001, respectively.

Permanent Reservoir Monitoring ("PRM")

The Dual Portable Modular Source System (D-PMSSTM), operating over Snorre and Grane, continued to perform well following a successful 2015 campaign and 2016 saw further improvements in operational efficiency. All the surveys were delivered on time, with zero HSE incidents.

Despite little time between contract award and mobilisation over Ekofisk in August 2016, WGP designed, built and delivered a new 3rd generation Portable Modular Source System (PMSSTM) on time. This was largely possible due to tight control of all significant parts of the process and logistics. The first mobilisation was executed successfully, despite a complicated work programme, and the vessel departed on schedule. However, bad weather in October delayed survey operations, but nevertheless, work was completed in early November.

A significant technical improvement was the installation and operation of a LoFS Operational Centre ("LOC"). This encompassed the QC monitoring of the PRM system, data merge of vessel attributes and real time QC with remote access for the client.

Contract Awards

WGP's sales pipeline remains promising and, following the successful completion of the autumn PRM surveys in the North Sea, WGP was awarded a further contract to acquire seismic data sets in 2017 over the Eldfisk field.

In addition to the current contracted projects, WGP's technology department is also involved in research, development and trials related to new displacement technologies within the E&P market. These are sponsored in association with oil majors and complementary to WGP's existing services.

OUTLOOK

WGP expects E&P Capex in 2017 to be flat or negative and thus, given the substantial overcapacity in the general seismic market, we do not anticipate any recovery in the seismic market in 2017. WGP will continue to focus on improving operational efficiencies and controlling costs. WGP does see healthy growth in the LoFS market over the coming 2 to 3 years but exact timing is currently unknown.

Contracted work in 2017 comprises the on-going Snorre & Grane PRM surveys and the COP Ekofisk PRM project as well as the recently awarded work over the Eldfisk field.

The R&D and trials work now being undertaken provide WGP with additional opportunities and potential for growth beyond PRM work. The industry is continually changing and WGP's ability to adapt to these challenges coupled with a motivated and highly skilled workforce plays to our strengths as a bespoke provider of value added solutions, as opposed to the industry's standard service model.

Francis Smulders
Chairman
WGP Group Ltd

AUTONOMOUS ROBOTICS LTD (ARL) OPERATIONAL REVIEW

SUMMARY

The 'Flying Nodes' system design for deep water Ocean Bottom Node ("OBN") seismic surveys has continued during 2016 with the main priority being the design and manufacture of a prototype autonomous underwater vehicle ("AUV"). The complete system 'Flying Nodes' concept is presented in an animation on the ARL website www.autonomousroboticsltd.com.

A delay to the development schedule was experienced during the Computational Fluid Dynamics ("CFD") analysis of the node stability during flight. Based on this analysis, the outer form of the node was modified to improve the node stability and efficiency during its various modes of operation. Design continued based on this modified node shape with the majority of the prototype sub-assemblies completed at the end of the year.

Operational costs remained tightly controlled with priority on design and manufacture of the prototype node. Costs were considerably less than budget mainly due to no personnel recruitment. Funding continues to be provided by Thalassa Holdings Ltd.

MARKETING AND FUNDING

With ARL management resources focused on the design and manufacture of the prototype node, marketing efforts were suspended pending successful prototype in-water testing, which I am happy to report was successfully completed in Q1 2017. Presentations of the 'Flying Nodes' system concept and commercial justification for the system were given at seismic conferences, EAGE in Vienna and PETEX in London. Oil Majors continue to show interest in the development of 'Flying Nodes' as a means of reducing operational costs for deep water seismic surveys and would like to see further development of the proposed equipment. Other applications and markets for the technology have also been identified and further commentary will be forthcoming, as appropriate.

OPERATIONS

There have been no changes in staff levels during 2016. ARL has identified and managed subcontractors to assist in the design and manufacture of the prototype node and this business model has helped keep a lid on costs in advance of phase 1 proof of concept. Design of the major subassemblies continued during the year with manufacture starting in the second half of the year. At year end the majority of subassemblies were complete with software and some electronic hardware completed in the Q1 2017 ahead of the final assembly and successful test.

TECHNOLOGY DEVELOPMENT

Design and manufacture of the prototype node was the priority during 2016. The theoretical improvement in node stability and efficiency during flight was evaluated using CFD and this work resulted in a change in shape to the outline of the original concept node. This optimisation of performance was integrated into the physical design of the node, which allowed the design of all subassemblies to be progressed.

The first stage test and trials of the node to evaluate flight and stability performance, initially with a tether cable, have now been successfully completed. Autonomous flight tests will begin Q2 2017 and our target is to have full autonomous functionality by the end of Q3. The seismic sensor system, complex autonomous control navigation system and acoustic communication system was not included in the first series of tests but will be introduced during the latter part of 2017.

Various subassemblies were manufactured and tested including the outer skin, the thrusters, the pressure vessel, battery pack and electronic printed circuit boards (pcb's).

A number of new patents to protect inventions specific to the 'Flying Nodes' system have been filed in 2016.

OUTLOOK FOR 2017

The main priorities for engineering work in 2017 are listed below.

- Complete the final assembly and factory test of the prototype node
- Perform the first stage in water performance trials of the prototype node
- Design and test the fully autonomous control functions of the node
- Design and test the navigation and acoustic communications systems of the node
- Perform second stage in water trials to evaluate the upgraded prototype node
- Design and test of node – recovery cage acoustic homing system
- Design and manufacture of the seismic sensor system for the node
- Various engineering studies to reduce engineering and financial risk

After proving trials on the prototype node ARL will engage with potential funding organisations who wish to partner with Thalassa to allow the 'Flying Nodes' system development to progress at a higher rate.

Dave Grant
Chairman
Autonomous Robotics Ltd

FINANCIAL REVIEW

GROUP RESULTS

Total revenue for the period to 31 December 2016 showed a decrease of 25.8% to $14.0m from $18.9m in 2015. Recurring revenues from seismic operations increased by 22% to $11.6m (2015: $9.6m) generated from the completion of the survey's over the Snorre and Grane fields for Statoil and the new project to provide seismic services for ConocoPhillips ("COP"), while $2.3m of non-recurring revenues from late data sales generated from the 2014 multi-client project resulted in a 75% decrease (2015: $9.3m), the decrease as a result of the proprietary project in 2015 that was not repeated in 2016.

Cost of Sales decreased by 37.6% in 2016 to $5.9m (2015: $9.4m). As a result **Gross Profit** decreased by 14.1% to $8.1m (2015: $9.4m) although with Gross margin increasing by 7.8% points to 57.9% from 50.1% in 2015 due to improvements in operational efficiency and stringent cost control.

Administrative expenses increased by $0.1m (2.7%) in 2016 to $5.9m (2015: $5.8m) resulting in **operating profit before depreciation** of $2.2m (2015: $3.7m) and on an adjusted basis (excluding R&D costs at ARL of $1.1m) $3.3m (2015: $4.3m excluding R&D costs at ARL of $0.6m and non-recurring costs of $12.3m). **Depreciation** decreased by 50.6% to $1.1m compared to $2.2m in 2015 as a result of the impact of the asset review in 2015 and resultant impairment of $6.1m.

There were no **Non-recurring costs** in 2016 (2015: $12.9m relating to impairment on plant and equipment, $6.1m, the multi-client library, $1.5m, and loans receivable from the THAL Discretionary Trust, $5.8m).

Operating Profit/(loss) was therefore $1.1m (2015: $(11.5)m).

Adjusted Operating Profit (excluding non-recurring costs and R&D costs at ARL) was $2.2m, compared to $2.1m in 2015 with adjusted operating margin at 15.7% (2015: 10.9%).

Net financial income/(expense) of $1.3m included foreign exchange gains and losses, interest income/expense and gains/losses from financial investments (2015: $(0.3)m).

Share of profits less losses of associated entities of $0.1m (2015: $nil) relates to the 23.3% equity interest in The Local Shopping REIT plc ("LSR").

Profit/(loss) before tax was therefore $2.5m (2015: $(11.8)m). **Adjusted Profit before tax** (excluding non-recurring costs and R&D costs or ARL) was $3.6m (2015: $1.8m) with an adjusted net margin of 25.5% (2015: 9.5%).

Tax for the period was $0.5m (2015: $0.5m) and includes an estimate of the tax liability incurred by the Company's operations across its different jurisdictions ($0.6m), partially offset by R&D tax credits in relation to ARL ($0.1m). WGP Group Ltd is currently awaiting the outcome of an appeal, that if successful, could reduce the tax charge by up to $0.3m.

Profit/(loss) for the financial period was therefore $2.0m (2015: $(12.3)m). **Adjusted Profit/(loss) for the financial period** (excluding non-recurring costs and R&D costs at ARL) was $3.0m (2015: $1.3m), an increase of 127% with net margin at 21.1% (2015: 6.9%).

Net assets at 31 December 2016 amounted to $27.3m (2015: $26.4m) resulting in net assets per share of $1.24 (£1.01) based on 21,958,865 shares in issue versus $1.12 (£0.79) in 2015 (based on 23,608,865 shares in issue) including cash of $7.7m equivalent to $0.35 (£0.29) per share (2015: $20.3m and $0.86 (£0.61) per share).

Net cash flow from operating activities amounted to $4.4m as compared to $4.8m in 2015. This includes cash generated from operations in 2016, cash from the net late data sales relating to the multi-client project with TGS in 2014 and net foreign exchange gains.

Net cash outflow from investing activities, amounted to $16.0m relating to the investment in plant and equipment, the purchase of available for sale investments and investments in associates.

Net cash outflow from financing activities amounted to $1.1m relating to the buy back of 1,650,000 Thalassa ordinary shares into Treasury at an average price of £0.44.

Net decrease in cash and cash equivalents was $12.6m resulting in Cash and Cash Equivalents at 31 December 2016 of $7.7m.

DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the year ended 31 December 2016.

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 profit attributable to shareholders of the parent for the year ended 31 December 2016 of $2.0m (2015 loss: $12.3m). The Directors do not recommend the payment of a dividend.

DIRECTORS AND DIRECTORS' INTERESTS

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

Name	Date Appointed	Shares held	Share options
Executive Director			
C Duncan Soukup	26 September 2007	3,562,571	-
Non-Executive Directors			
Graham Cole	2 April 2008	39,870	-
David M Thomas	2 April 2008	-	-
A Francis Smulders	9 October 2013	20,000	-

DIRECTORS' REPORT CONTINUED

DIRECTORS' REMUNERATION

	2016		2015	
	Directors Fees $	**Consultancy Fees $**	**Directors Fees $**	**Consultancy Fees $**
Executive Directors				
Duncan Soukup	-	200,000	20,000	200,000
Non-Executive Directors				
Graham Cole	15,000	-	20,000	-
David Thomas	24,000	-	20,000	-
Francis Smulders	24,000	122,135	20,000	-
Total remuneration	**63,000**	**322,135**	**80,000**	**200,000**

SUBSTANTIAL SHAREHOLDINGS

As of 11 April 2017, the Company had been advised of the following substantial shareholders:

Name	Holding	%
Duncan Soukup	3,562,571	16.5
THAL Discretionary Trust	3,078,667	14.2
Lombard Odier Asset Management (Europe) Limited	2,240,266	10.4
Lynchwood Nominees Limited	1,157,230	5.3
Other	11,595,131	53.6
Total number of shares in issue	**21,633,865**	**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 24.

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 11 May 2017 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

Duncan Soukup
Chairman

11 April 2017

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 good corporate governance, 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 2016, in addition to a number of informal ones. The Audit Committee, the AIM Rules Compliance Committee and Remuneration Committee held no meetings.

AUDIT COMMITTEE

During the financial period to 31 December 2016, the Audit Committee consisted of Graham Cole and any other one director.

The key functions of the audit committee are 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 2016, 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.

AIM RULES COMPLIANCE COMMITTEE

During the financial period to 31 December 2016, 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.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are required to prepare the financial statements of the Group on the going concern basis unless it is inappropriate to presume the Group will continue in business. The Directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the financial year ended 31 December 2016 and that applicable accounting standards have been followed. They must also ensure the safeguarding of the Groups' assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and for ensuring that the financial statements comply with International Financial Reporting Standards. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the AIM, a market operated by the London Stock Exchange plc.

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

OPINION

We have audited the consolidated financial statements of Thalassa Holdings Ltd ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2016 and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Thalassa Holdings Ltd as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted in the European Union.

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 auditors' 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.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in The British Virgin Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED 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 in 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.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the relate disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

The engagement partner on the audit resulting in this independent auditors' report is Michael Simms.

Moore Stephens LLP
Chartered Accountants

150 Aldersgate Street
London
EC1A 4AB

11 April 2017

CONSOLIDATED STATEMENT OF INCOME
for the year ended 31 December 2016

	Note	2016 $	2015 $
Revenue	8	13,987,926	18,863,273
Cost of sales		(5,877,401)	(9,416,746)
Gross profit		**8,110,525**	**9,446,527**
Administrative expenses		(5,885,970)	(5,775,983)
Operating profit before depreciation and non recurring costs		**2,224,555**	**3,670,544**
Depreciation	12	(1,100,445)	(2,226,645)
Operating profit before non-recurring costs	**3**	**1,124,110**	**1,443,899**
Non-recurring costs	3	-	(12,948,755)
Operating profit/(loss)	**3**	**1,124,110**	**(11,504,856)**
Net financial income/(expense)	4	1,307,028	(261,144)
Share of profits less losses of associated entities	22	60,741	-
Profit/(loss) before taxation		**2,491,880**	**(11,766,000)**
Taxation	5	(523,299)	(493,230)
Profit/(loss) for the year		**1,968,581**	**(12,259,230)**
Earnings per share - US$ (using weighted average number of shares)			
Basic and Diluted	**6**	**0.09**	**(0.50)**

The notes on pages 21 to 37 form an integral part of this consolidated financial information.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2016

	2016 $	2015 $
Profit/(loss) for the financial year	**1,968,581**	**(12,259,230)**
Other comprehensive income:		
Exchange differences on re-translating foreign operations	(86,587)	43,460
Unrealised gains on AFS Securities	11,130	-
Total comprehensive income	**1,893,124**	**(12,215,770)**

The notes on pages 21 to 37 form an integral part of this consolidated financial information.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2016

	Note	2016 $	2015 $
Assets			
Non-current assets			
Goodwill	10	368,525	368,525
Property, plant and equipment	12	10,985,757	8,023,557
Available for sale financial assets	14	826,022	-
Loans	7	1,549,564	1,503,823
Investments in associated entities	22	8,636,972	-
Total non-current assets		**22,366,840**	**9,895,905**
Current assets			
Inventories	15	491,151	391,035
Trade and other receivables	16	836,908	811,728
Cash and cash equivalents		7,732,215	20,303,136
Total current assets		**9,060,274**	**21,505,899**
Liabilities			
Current liabilities			
Trade and other payables	17	4,162,534	5,012,720
Total current liabilities		**4,162,534**	**5,012,720**
Net current assets		**4,897,740**	**16,493,179**
Net assets		**27,264,580**	**26,389,084**
Shareholders' Equity			
Share capital	18	250,675	250,675
Share premium		45,202,810	45,202,810
Treasury shares	18	(1,958,054)	(940,425)
Other reserves	18	(109,689)	(34,233)
Retained earnings		(16,121,162)	(18,089,743)
Total shareholders' equity		**27,264,580**	**26,389,084**
Total equity		**27,264,580**	**26,389,084**

The notes on pages 21 to 37 form an integral part of this consolidated financial information.

These financial statements were approved and authorised by the board on 11 April 2017.

Signed on behalf of the board by:

Duncan Soukup
Chairman

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2016

	Notes	2016 $	2015 $
Cash flows from operating activities			
Profit/(loss) for the year before taxation		**2,491,879**	**(11,766,000)**
Impairment of assets	7,12,13	-	13,374,071
Share option expense	20	-	168,375
Unrealised loss on FX option		-	66,563
Increase in inventories		(100,116)	(47,804)
(Increase)/decrease in trade and other receivables		(25,180)	1,943,195
Increase/(decrease) in trade and other payables		1,622,756	(975,750)
Net foreign exchange (loss)/gain		(86,587)	43,460
Accrued interest income		(45,740)	(212,082)
Taxation		(523,299)	(493,230)
Cash generated by operations		**3,333,713**	**2,100,798**
Depreciation	12	1,100,445	2,226,645
Amortisation of multi-client library	13	-	430,336
Net cash flow from operating activities		**4,434,158**	**4,757,779**
Net cash flow used in investing activities	12,14,22	**(15,987,450)**	**(1,242,292)**
Cash flows from financing activities			
Purchase of treasury shares		(1,017,629)	(940,425)
Net cash flow used in financing activities		**(1,017,629)**	**(940,425)**
Net (decrease)/increase in cash and cash equivalents		**(12,570,921)**	**2,575,062**
Cash and cash equivalents at the start of the year		20,303,136	17,728,074
Cash and cash equivalents at the end of the year		**7,732,215**	**20,303,136**

The notes on pages 21 to 37 form an integral part of this consolidated financial information.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2016

	Share Capital $	Share Premium $	Treasury Shares $	Other Reserves $	Retained Earnings $	Total Equity $
Balance as at						
31 December 2014	**250,675**	**45,034,435**	**-**	**(77,693)**	**(5,830,513)**	**39,376,904**
Purchase of treasury shares	-	-	(940,425)	-	-	
(940,425)						
Share option expense	-	168,375	-	-	-	168,375
Total comprehensive						
income for the period	-	-	-	43,460	(12,259,230)	
(12,215,770)						
Balance as at						
31 December 2015	**250,675**	**45,202,810**	**(940,425)**	**(34,233)**	**(18,089,743)**	**26,389,084**
Purchase of treasury shares	-	-	(1,017,629)	-	-	
(1,017,629)						
Total comprehensive						
income for the period	-	-	-	(75,456)	1,968,581	1,893,125
Balance as at						
31 December 2016	**250,675**	**45,202,810**	**(1,958,054)**	**(109,689)**	**(16,121,162)**	**27,264,580**

The notes on pages 21 to 37 form an integral part of this consolidated financial information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2016

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 2016

The Group has adopted the new interpretations and revised standards effective for the year ended 31 December 2016. 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 2016. 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 is effective for periods beginning on or after 1 January 2018.

The standard makes substantial changes to the measurement of financial assets and financial liabilities. 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 adjustments other than 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.

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

IFRS 15 – Revenue from contracts with customers

The standard has been developed to provide a comprehensive set of principles in presenting the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is based around the following 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; and
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 date the standard is effective from 1 January 2018.

IFRS 16 – Leases

The standard which has not yet been endorsed by the European Union, is effective for periods beginning on or after 1 January 2019, but can be applied before that date if the Company also applies IFRS 15 revenue from Contracts with Customers. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead all leases are treated in a similar way to finance leases applying IAS 17. Leases are 'capitalised' by recognising the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, a company also recognises a financial liability representing its obligation to make future lease payments. IFRS 16 replaces the typical straight-line operating lease expense for those leases applying IAS 17 with a depreciation charge for lease assets (included within operating costs) and an interest expense on lease liabilities (included within finance costs).

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.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by 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, loans receivable and investments in associates. The carrying value of the PMSS™ units of $10.7m 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 has been exercised over the Group's impairment assessment for the carrying value of its holding in Local Shopping REIT plc at 31 December 2016 in relation to the current % shareholding based on the audited underlying net assets as opposed to the % shareholding based on the share price.

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 revenue and revisions to estimated remaining revenues. Where amortisation expense is accelerated it is calculated as the proportion of the total cost of a survey calculated according to the proportion of cumulative revenues for the survey to the estimated total revenue for the survey. The costs of a survey are completely amortised when the estimated revenue has been reached.

2.7. 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.

2.13. FINANCIAL INSTRUMENTS

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).

2.14. SHARE BASED PAYMENTS

FAIR VALUED SHARE BASED PAYMENTS

Where new share options have been granted in the period, a charge is made to the consolidated statement of income 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.

2.15. BUSINESS COMBINATIONS

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

2.16. GOING CONCERN

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

2.17. INVESTMENT IN ASSOCIATED ENTITIES

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

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

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

3. OPERATING PROFIT/(LOSS) FOR THE YEAR

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

	Note	2016	2015
		$	$
Consultancy fees		1,044,452	824,810
Wages and salaries		1,405,630	1,728,073
Social security costs		221,311	233,193
Pension costs		63,954	66,730
Audit fees		67,718	65,527
Non-Recurring costs			
Impairment - Plant and Equipment	12	-	6,081,807
Impairment - Multi-Client Library	13	-	1,459,357
Impairment - THAL DT loan receivable	7	-	5,832,907
Restructuring costs	17	-	324,683
Other non-recurring costs	17	-	(750,000)
Total Non-Recurring costs		**-**	**12,948,755**

Included within consultancy fees / wages and salaries is $63,000 in relation to amounts accrued for directors' remuneration (2015: $80,000).

4. NET FINANCIAL INCOME/(EXPENSE)

	Note	2016	2015
		$	$
Share option expenses		-	(168,375)
Loan interest receivable		45,740	212,083
Bank interest payable		(47,649)	(23,223)
Gains/(Losses) on investments		99,999	(343,789)
Impairment on investments	14	(448,031)	-
Foreign currency gains	24	1,656,969	62,160
		1,307,028	**(261,144)**

5. INCOME TAX EXPENSE

	2016	2015
	$	$
Current tax	523,299	493,230
Total Tax	**523,299**	**493,230**

	$	$
Profit/(loss) before tax	2,491,879	(11,766,000)
Tax at applicable rates	-	-
Adjustment in relation to previous periods	-	202,462
R&D Tax Credits	(91,996)	(199,411)
Norwegian Withholding Tax	615,295	490,179
Total Tax	**523,299**	**493,230**

The applicable tax rates in relation to the Group's profits are BVI 0%, UK 20% and Norway 25%.

An unrecognised deferred tax asset relating to taxable losses carried forward amount to $0.2m as at 31 Dec 2016 (2015: $0.1m).

6. EARNINGS PER SHARE

	2016 $	2015 $
The calculation of earnings per share is based on the following loss and number of shares:		
Profit/(loss) for the year ($)	**1,968,581**	**(12,259,230)**
Weighted average number of shares of the Company	**22,806,734**	**24,656,136**
Earnings per share:		
Basic and Diluted ($)	0.09	(0.50)
Number of shares outstanding at the period end:		
Number of shares in issue	**23,608,865**	**25,067,522**
Treasury shares	(1,650,000)	(1,458,657)
Basic number of shares in issue	**21,958,865**	**23,608,865**
Share options	-	150,000

7. LOANS

	2016 $	2015 $
Loans	1,549,564	1,503,823

Loans includes an amount of US$1,549,564 to the THAL Discretionary Trust. An impairment was made to the loan in 2015 bringing the loan in line with the carrying value of the Thalassa shares in the Trust at the time based on a price of 33 pence per share. A further impairment review has been undertaken with no further adjustment in 2016 due to the current Thalassa share price being in excess of the carrying value, but not to such an extent at this stage to be considered to reverse previous impairments.

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

In addition to the matter referred to in note 16, 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 $510,000 (2015: $480,000) for consultancy and administrative services provided to the Group including $200,000 of consultancy fees. As at 31 December 2016, the amount owed to this company was $140,650 (2015: $nil).

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, on 11 July 2014. As at 31 December 2016, the amount owed by this company was $nil (2015: $25,779). 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 and was charged $25,397 (2015: $20,072) during the year. As at 31 December 2016, the balance owed by this company was $nil (2015: $817).

10. GOODWILL

	2016 $	2015 $
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	2016 $	2015 $
Cost		
Cost at 1 January	3,058,386	3,058,386
Additions	-	-
Cost at 31 December	**3,058,386**	**3,058,386**
Accumulated amortisation and impairment		
At 1 January	(3,058,386)	(3,058,386)
Charge for the year	-	-
Impairment	-	-
At 31 December	**(3,058,386)**	**(3,058,386)**
Carrying Amount		
At 31 December	**-**	**-**

12. PROPERTY, PLANT AND EQUIPMENT

Cost	**Total 2016 $**	**Plant and Equipment 2016 $**	**Motor Vehicles 2016 $**	**Computer Software 2016 $**
Cost at 1 January 2016	22,783,128	22,274,613	160,934	347,581
FX movement	(95,317)	(63,855)	(2,013)	(29,449)
	22,687,811	22,210,758	158,921	318,132
Additions	4,105,809	4,076,067	-	29,742
Disposals	-	-	-	-
Cost at 31 December 2016	**26,793,620**	**26,286,825**	**158,921**	**347,874**
Depreciation				
Depreciation at 1 January 2016	14,759,571	14,650,485	74,565	34,521
FX movement	(52,153)	(41,006)	(1,381)	(9,766)
	14,707,418	14,609,479	73,184	24,755
Charge for the year	1,100,445	977,166	36,174	87,105
Disposals	-	-	-	-
Impairment	-	-	-	-
Depreciation at 31 December 2016	**15,807,863**	**15,586,645**	**109,358**	**111,860**
Closing net book value at 31 December 2016	**10,985,757**	**10,700,180**	**49,563**	**236,014**

Cost	**Total 2015 $**	**Plant and Equipment 2015 $**	**Motor Vehicles 2015 $**	**Computer Software 2015 $**
Cost at 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 2015	**22,783,128**	**22,274,613**	**160,934**	**347,581**
Depreciation				
Depreciation at 1 January 2015	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 at 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**

As outlined in note 2.8, an assessment is made at each financial reporting date as to whether there is any indication of impairment of any asset. An impairment review of the Group's equipment has been undertaken, taking into account obsolescence, market conditions, value in use and useful economic life. As a result there has been no impairment charge in 2016 (2015: $6.1m).

*Additions amounting to $1.5m were paid in 2016.

13. MULTI-CLIENT LIBRARY

	Total 2016	Total 2015
Cost	**$**	**$**
Cost at 1 January 2016	2,369,523	2,369,523
Additions	-	-
Cost at 31 December 2016	**2,369,523**	**2,369,523**
Amortisation		
Amortisation at 1 January 2016	2,369,523	479,830
Charge for the year	-	430,335
Impairment	-	1,459,357
Amortisation at 31 December 2016	**2,369,523**	**2,369,523**
Closing net book value at 31 December 2016	**-**	**-**

14. INVESTMENTS - AVAILABLE FOR SALE FINANCIAL ASSETS

	2016 $	2015 $
Available for sale investments		
At the beginning of the period	-	-
Additions	1,274,053	295,839
Impairment	(448,031)	(295,839)
At 31 December	**826,022**	**-**

The Company, periodically, takes short term positions in equities and other investments, including the investment in Papua Mining plc.

The investments have been reviewed as at 31 Dec 2016 for potential impairment, and a charge of $0.4m included.

AFS investments have been valued incorporating Level 1 inputs in accordance with IFRS 7.

15. INVENTORIES

	2016 $	2015 $
Parts and equipment	491,151	391,035
At 31 December	**491,151**	**391,035**

During the year, the Group recorded $0.5m as an expense to the Consolidated Statement of Income (2015: $0.5m).

16. TRADE AND OTHER RECEIVABLES

	2016 $	2015 $
Trade receivables	35,506	3,630,400
Provision for doubtful debts	-	(3,369,171)
Trade receivables net	35,506	261,229
Other receivables	553,731	220,679
Prepayments	247,671	329,820
Total trade and other receivables	**836,908**	**811,728**

The Company's subsidiary, WGP Energy Services Ltd ("WESL"), in 2015, had 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 "Rusgeologia" and its ultimate parent, The Russian State regarding a claim of services provided in Ecuador in 2013, which were fully provided. During 2016, WESL entered into an assignment agreement with Joint Stock Company "Rosgeologia ("Rosgeo"), the parent company of SMG, under which the rights to the Claim were assigned to Rosgeo for a consideration of $750,000 payable to WESL. As disclosed in the 2015 annual report, Duncan Soukup, the Company's Chairman, had paid a $1.1m discount offered to SMG in January 2014 himself on a non-recourse basis provided an agreed repayment plan was met. As a result of the assignment, the Company was in a position to repay the Chairman $750,000. WESL has no further claim against SMG or Rosgeo.

As at 31 December 2016, 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 $
2016	35,506	-	-	35,506	-
2015	261,229	-	-	261,229	-

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

17. TRADE AND OTHER PAYABLES

	2016 $	2015 $
Trade payables	471,868	2,420,421
Other payables	220,545	(10,921)
Withholding tax	1,314,743	490,179
Accruals	2,155,378	2,113,041
Total trade and other payables	**4,162,534**	**5,012,720**

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

18. SHARE CAPITAL

	As at 31 Dec 2016 $	As at 31 Dec 2015 $
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 2015	23,608,865	1,458,657	940,425
Shares purchased	(1,650,000)	1,650,000	1,017,629
Balance at 31 December 2016	**21,958,865**	**3,108,657**	**1,958,054**

Share capital represents 21,958,865 ordinary shares of $ 0.01 each.

Treasury shares represents the cost of the Company buying back its shares. There were 3,108,657 shares held in Treasury as at 31 December 2016.

Other reserves represents the exchange differences on retranslation of foreign operations and fair value changes in AFS investments.

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 2016, the Group had capital of $27,264,580 (2015: $26,389,084). 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 2016	50,000	100,000	-
Options granted	-	-	-
Options lapsed	(50,000)	(100,000)	
Outstanding at 31 December 2016	**-**	**-**	**-**
Outstanding at 1 January 2015	150,000	120,000	-
Options granted	-	-	-
Options lapsed	(100,000)	(20,000)	-
Outstanding at 31 December 2015	**50,000**	**100,000**	**-**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2016

20.1. DIRECTOR SHARE OPTIONS

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 and have subsequently lapsed.

20.2. NON-EXECUTIVE DIRECTOR SHARE OPTIONS

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 and have subsequently lapsed.

20.3. SHARE OPTION CHARGES

There were no share options granted in the period. The charge to share option expense in the period was $nil (2015: $168,376).

20.4. 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:

	2016		2015	
	Weighted average exercise price $	**Number of options**	**Weighted Average exercise price $**	**Number of options**
At the beginning of the year	4.08	150,000	2.19	330,000
Lapsed during the year	(4.08)	(150,000)	0.84	(180,000)
Exercised during the year	-	-	-	-
Outstanding at the reporting date	-	-	4.08	150,000

	2016	2015
Exercisable at the reporting date	-	150,000

21. INVESTMENT IN SUBSIDIARIES

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

		Effective Share holding	
Name of subsidiary	**Place of incorporation**	**2016**	**2015**
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 Ltd	Cyprus	100%	100%
WGP Group AT GmbH	Austria	100%	100%

22. ASSOCIATED ENTITIES

Details of the Group's associated entities at 31 December 2016 are as follows:

Name of associated entity	Country of incorporation (registration)	Ownership %	Voting Rights %	Principal Activity
The Local Shopping REIT plc	UK	23.31%	23.31%	Real Estate Investment Trust

Movement on interests in associates can be summarised as follows:

	2016 $	2015 $
Cost of investment	8,576,231	-
Share of post-acquisition profits less losses	60,741	-
	8,636,972	**-**

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

	2016 £000	2015 £000
Assets - non-current	74,285	79,468
Assets - current	14,684	17,155
Total	**88,969**	**96,623**
Liabilities - non-current	(50,202)	(55,347)
Liabilities - current	(3,218)	(6,424)
Total **(61,771)**	**(53,420)**	
Revenue	6,989	7,664
Expenses	(6,358)	(7,644)
Profit for the year	**631**	**20**

There are no other entities in which the Group holds 20% or more of the equity, or otherwise exercises significant influence over the affairs of the entity, other than Papua Mining Ltd, which, due to its size has not been consolidated using the equity method as it does not exert significant influence. This position will be periodically reviewed by the Board in line with developments at the company.

LSR has a reporting date of 30 September, with 2016 results outlined above. Share of post-acquisition profits is based on the movement from the unaudited interim accounts as at 31 March 2016 to the last reporting date of 30 Sep 2016.

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

The Directors have evaluated the investment for potential impairment as at 31 Dec 2016. The recently disclosed net asset value of £0.43 per share in the audited financial statements to 30 Sep 2016, supports the assessment that there is no impairment charge to be taken in the period.

The fair value of the investment determined using Level 1 inputs in accordance with IFRS7 amounts to $6.9m.

23. OPERATING LEASE

Thalassa's subsidiary, WGP Exploration Limited, has entered into a 10 year lease for the rent of 10,000 square feet of office space at Eastleigh Court near Warminster. Thalassa's subsidiary WGP Group AT GmbH has entered into a 5 year lease for the rent of office space in Vienna, Austria. Operating leases of $606,650 were recognised as expenses in 2016 (2015: $584,417). Future minimum payments for operating leases at 31 December 2016 are as follows:

	2016 $	2015 $
Within one year	653,322	456,733
After one year but not more than five years	1,433,854	1,191,033
More than five years	296,071	532,872

24. FINANCIAL INSTRUMENTS

The Group's financial instruments comprise cash and cash equivalents together with various items such as trade and other receivables and trade payables etc, that arise directly from its operations. The fair value of the financial assets and liabilities approximates the carrying values disclosed in the financial statements.

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

INTEREST RATE RISK

The Group does not undertake any hedging against interest rate risk. The Group finances its operations from the cash balances on the current and deposit accounts. The Group has no borrowings as at 31 December 2016.

FOREIGN EXCHANGE RISK

The Group undertakes FOREX and asset risk management activities from time to time to mitigate foreign exchange risk. During the course of the year net gains of $1.3m were made.

An increase in foreign exchange rates between USD and GBP, NOK and EUR of 5% at 31 December 2016 would have increased the profit and net assets by $101,596 (2015: $114,665). 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 2016 approximately 28% of amounts owing to suppliers were held in GBP, 13% in NOK and 15% in EUR. As at 31 December 2016, approximately 15% of cash and cash equivalents were held in EUR and 12% in GBP.

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 2016, a significant proportion of the Groups revenue was generated from 2 customers.

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.

25. SUBSEQUENT EVENTS

As announced on 27 January 2017, the Company purchased 225,000 of its shares at a price of 70 pence per share.

As announced on 31 January 2017, the Company ,purchased 100,000 of its shares at a price of 65 pence per share.

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 11 May 2017 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 2016 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 2017 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 11 April 2017

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

THALASSA

www.thalassaholdingsltd.com

WGP

www.wgp-group.com

Autonomous Robotics

www.autonomousroboticsltd.com