THALASSA

Interim Report

Six months to 30 June 2012

Contents

Directors, Secretary and Advisers

Directors	C Duncan Soukup, *Executive Chairman* Graham Cole FCA, FSI, *Non-executive Director* John R Duncan, *Non-executive Director* David M Thomas, *Non-executive Director* James Grossman, *Non-executive Director (resigned 17 May 2012)*
Registered Office	Folio Chambers Road Town, Tortola British Virgin Islands
Company Secretary	Julian Henley-Price
Nominated Adviser and Broker	Daniel Stewart & Company Plc Becket House 36 Old Jewry London EC2R 8DD
Solicitors to the Company (as to English Law)	Pinsent Masons LLP 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 Aldergate Street London EC1A 4AB
Registrars	Capita Registrars (Jersey) Limited 12 Castle Street St Helier Jersey JE2 3RT
Company website	www.thalassaholdingsltd.com www.wgp-group.com

Chairman's Statement

Financials

- WGP Exploration Ltd ("WGPE") fully integrated within the Company for the period.
- Revenues for the 6 months to 30 June 2012 increased by 756% to US$3,978,560 (H1 2011 US$464,777).
- Operating Profit before depreciation increased by 752% to US$501,884 (H1 2011 US$58,885).
- Net Profit for the period increased by US$391,415 to US$335,991 (H1 2011 loss of US$55,424).
- Earnings per share for the period of US$0.04 / £0.03 versus a loss of US$(0.01) / £(0.01) per share for the same period in 2011.

Operations

- Successful completion of the fifteenth Life of Field Seismic ("LoFS") survey over the Valhall field in the North Sea for BP, the Group's fourth survey since the award of the contract in 2010.
- Joint venture arrangement with P-Cable 3D Seismic AS ("P-Cable") to commercialise P-Cable's patented 3D seismic technology.
- Award of new contract to provide seismic data acquisition surveys using the P-Cable 3D seismic technology for Spring Energy Norway AS ("Spring Energy").
- Award of turnkey contract to provide seismic data acquisition surveys in the Arctic to Russian State Sevmorgeo Company ("SMG").
- Completion of permanent reservoir monitoring ("PRM") feasibility studies for two major energy companies with the hope of securing more contracts in 2013.
- Enhancement of operational capability through the acquisition of two compressor units and planned further CAPEX of $1.3m before the year end.

First Half Review

The Company has delivered strong revenue and earnings growth in the period under review with the 15th LoFS survey over the Valhall field in the North Sea successfully completed and the commencement of the contracts with SMG and Spring Energy.

Outlook - 2nd Half and Full Year 2012

Operations

The second half's focus has turned from the completion of the BP Valhall shoot and the mobilisation phase of the SMG and Spring Energy projects, to completion of the operational and subsequent de-mobilisation phases, expected to complete in October.

The Company's performance to date in the second half has been severely affected by very poor weather in the North Atlantic which has been some of the worst since records began. As a result the Company has operated below targeted production rates. Despite this, the data acquired has far exceeded the clients expectations and I am happy to report that we are in discussions with both major contractors regarding possible repeat business and expanded operating opportunities.

Financials

The operational and demobilisation phases of both the SMG and the Spring Energy projects largely fall into the second half of the year. As a result the contribution to revenue and profit of these projects will be significantly higher in the second half than in the first half of the year.

Due to the severe weather in the North Atlantic and an increase in operational standby (when the vessel is either at standby at sea or in port due to adverse weather conditions), we anticipate revenues will be around US$14m for the year as compared to US$15m previously estimated. Despite this, due to early response to diminished revenue and strict cost control, profit after tax attributable to shareholders of the company is expected to exceed current estimates of around US$1.2m.

Outlook for 2013

I am happy to report that due to the success of our work in LoFS, that a number of significant opportunities in Europe and Latin America have presented themselves. These contracts are potentially very significant and present a great opportunity along with the associated challenges which projects of such size present.

Along with the ongoing BP contract, with a further three surveys to complete in 2013/14, and potential follow on work from the projects due to complete in 2012, business enquiries are at an all time high.

As a final note, I would like to express my gratitude to the Company's shareholders for their patience as we have built the Company to the point we are at now and to our employees for their continued commitment and outstanding performance in what has been some extremely challenging conditions.

C. Duncan Soukup
Chairman

26 September 2012

Operational Review – Mark Burnett
(CEO WGP Exploration Ltd)

Exploration and Beyond… 2012 has thus far clearly demonstrated the strategic aim to undertake and seek opportunities aimed at providing seismic solutions for both the Exploration and Production sectors with exploration projects in frontier and challenging locations coupled with the continuation of LoFS projects in maturing basins.

Valhall LoFS

Under the existing four year contract with BP (which commenced on the 10th May 2010), WGP acquired **LoFS 15** survey during the summer. Mobilisation commenced in Stavanger on the 9th May with installation and testing of the PMSS™ on the PSV "Stril Myster", being deemed complete on the 12th May.

The survey was completed on the 18th June, having acquired the full data set, whereupon demobilisation was effected in Stavanger, which involved removing the equipment from the vessel followed by a period of maintenance and preservation works.

Only a single LoFS survey is to be completed during 2012 as opposed to the usual two, due to SIMOPS (**Simultaneous Operations**), which prevented a second survey being acquired later in the year. **LoFS 16** is planned for Q2 2013, date to be confirmed.

SMG – Arctic Operations

As a follow-on to the work performed in 2011 in conjunction with Ion Geoventures, the Group was contracted by SMG directly to provide a solution to acquire seismic data in the Russian sector of the Arctic Ocean.

To perform the project, a PMSS™ coupled with a towed streamer system (cable / recording system / handling system) was installed on the back deck of the Russian Ice Breaker "Dikson".

Mobilisation was undertaken in Kirkenes, northern Norway and took 30 days to complete, including sea trials and shake down.

The project will focus on the East Siberian and Laptev seas, acquiring data to assist the delineation of the Russian continental shelf. Acquisition will continue until the end of September, whereupon the vessel will return to Kirkenes to remove the equipment and reinstate the vessel.

Whilst the summer melt of the sea ice in the Arctic has been quite astonishing, the operations have still been undertaken in an extreme environment of both treacherous conditions on deck and hazards to the in-sea equipment from the pack ice through which the vessels have sailed.

Spring Energy – P-Cable High Resolution 3D

In June 2012, as previously announced, a new joint venture was formed between WGP Group Ltd (a wholly owned subsidiary of the Company) and Fjorgyn AS (a wholly owned subsidiary of P-Cable).

The purpose of the vehicle was to marry the technology developed and patented by P-Cable, with WGP's operational and engineering expertise and experience to offer a 3D High Resolution data acquisition service to clients.

The Joint Venture's initial marketing efforts were rewarded with a contract from Spring Energy, a Norwegian private energy company with interests in the Norwegian Sector of the Barents Sea.

In order to fulfil the contract, a suitable vessel was identified ("Atlantic Wind"), in a very condensed time frame, and the equipment installed. Mobilisation was completed in Stavanger commencing in May, with sea trials conducted during the transit north and further remedial works undertaken in Tromsø.

The vessel was severely hampered by the unseasonably poor weather in the North Atlantic and the number of shooting days were less than expected however, the P-Cable equipment is acquiring a quality and resolution of data that far exceeds the Client's expectations.

Outlook for H2 2012

Q4 will see the demobilisation of the two major projects that have been running during Q2/3. This will absorb all operational resources during that time. Also planned for Q4 is a discrete project in the UK for an Oil Major to test a novel and innovative method in the operation of seismic airguns, which will potentially be tested in field conditions in the North Sea in Q2 2013.

The pipeline remains healthy, with enquiries (RFI's / RFP's) for both PRM activity (predominantly South America and the North Sea) and niche projects requiring bespoke solutions.

During 2012, WGP had a QHSSE Verification Audit completed by Shell, the positive outcome of which ensures pre-qualification to participate in future tenders.

Whilst the quantum of secured backlog of work into 2013 remains at a nominal level, it is a repeat of a pattern seen over the past few years, where projects for Q2/3 2013 will not be awarded, and may not appear on the radar until Q1 2013.

Offshore seismic operations are heavily weather dependent, with operating capabilities usually restricted to the summer months for the region of activity. Currently, the Group's operations are focused in the North Atlantic and Arctic with the result that we experience peaks and troughs in the demand for our services. One of the Group's strategic aims is to increase activities in the Southern hemisphere, being counter cyclical to the Northern hemisphere seasons, or in equatorial regions where there is less seasonal variance.

Mark Burnett
CEO – WGP Exploration Ltd

September 2012

Financial Review

Group results for the 6 months to 30 June 2012 show an increase in revenue to US$3,978,560 as compared to the first half of 2011 of US$464,777, an increase of 756% due in part to the incorporation of WGPE for the period following its acquisition in November 2011.

Revenue in the first half was generated from the seismic shoot on the Valhall field that completed in June 2012, the new turnkey contract with SMG to provide seismic data acquisition surveys in the Arctic and with Spring Energy as part of the new joint venture with P-Cable. Due to the operational phase of both these contracts falling into the second half of the year, the contribution to revenue and profit of these projects will be significantly higher in the second half.

Cost of sales of US$2,113,888 (H1 2011: US$ 19,484) and Administrative Expenses of US$1,362,788 (H1 2011: US$386,408) have resulted in Operating Profit before depreciation of US$501,884 compared to a profit of US$58,885 for the comparative period.

Operating profit, stated after Depreciation of US$149,187 (H1 2011: US$110,937), was US$352,687 (H1 2011: loss US$52,052).

Net interest expense of US$(8,623), foreign currency gains of US$7,583 and a tax charge of US$(15,666) have resulted in a net profit for the period of US$335,991 as compared to a net loss of US$(55,424) in H1 2011.

Basic profit per share was US$0.04/£0.03 and diluted loss per share was US$0.03/£0.02 compared to basic and diluted loss per share of US$(0.01)/£(0.01) in the prior period.

Net assets at 30 June 2012 amounted to US$9,335,273 resulting in a net asset value per share of US$0.96 (£0.61) in comparison to US$1.03 (£0.64) for the prior period.

Cash outflow for the period amounted to US$(27,599) relating largely to cash inflow from operating activities offset by equipment purchases.

Consolidated Income Statement

Six months ended 30 June 2012

	Note	Six months ended 30 June 2012 Unaudited US$	Six months ended 30 June 2011 Unaudited US$
Continuing operations			
Revenue		3,978,560	464,777
Cost of sales		(2,113,888)	(19,484)
Gross profit		**1,864,672**	**445,293**
Administrative expenses		(1,362,788)	(386,408)
Operating profit before depreciation		**501,884**	**58,885**
Depreciation		(149,187)	(110,937)
Operating profit/(loss)		**352,697**	**(52,052)**
Interest income		621	1,610
Interest expense		(9,244)	(25,009)
Other gains and losses - foreign currency gains		7,583	20,027
Profit/(loss) before taxation		**351,657**	**(55,424)**
Tax		(15,666)	-
Profit/(loss) for the financial period		**335,991**	**(55,424)**
Earnings per share			
Basic (US$)	*3*	**0.04**	**(0.01)**
Diluted (US$)	*3*	**0.03**	**(0.01)**
Basic (£)		**0.03**	**(0.01)**
Diluted (£)		**0.02**	**(0.01)**

The notes on pages 13 to 14 form an integral part of this consolidated interim financial information.

Consolidated Statement of Comprehensive Income

Six months ended 30 June 2012

	Six months ended 30 June 2012 Unaudited US$	Six months ended 30 June 2011 Unaudited US$
Profit for the financial period	**335,991**	**(55,424)**
Other comprehensive income:		
Exchange differences on re-translating foreign operations	(10,427)	-
Total comprehensive income	**325,564**	**(55,424)**

The notes on pages 13 to 14 form an integral part of this consolidated interim financial information.

Consolidated Statement of Financial Position

At 30 June 2012

	At 30 June 2012 Unaudited US$	At 31 December 2011 Audited US$
ASSETS		
Non-current assets		
Goodwill	368,525	368,525
Tangible fixed assets	7,913,479	7,018,787
Available for sale investments	35,888	-
Total non-current assets	**8,317,892**	**7,387,312**
Current assets		
Trade and other receivables	2,448,537	558,381
Cash and cash equivalents	1,943,226	1,970,825
Total current assets	**4,391,763**	**2,529,206**
LIABILITIES		
Current liabilities		
Trade and other payables	3,374,382	906,809
Total current liabilities	**3,374,382**	**906,809**
Net current assets	**1,017,381**	**1,622,397**
Net assets	**9,335,273**	**9,009,709**
EQUITY		
Shareholders' equity		
Share capital	111,887	111,887
Share premium	8,517,782	8,517,782
Treasury shares	(384,226)	(384,226)
Other reserves	(29,231)	(18,804)
Retained earnings	1,119,061	783,070
Total Shareholders' equity	**9,335,273**	**9,009,709**

The notes on pages 13 to 14 form an integral part of this consolidated interim financial information.

These financial statements were approved by the board on 26 September 2012.

Signed on behalf of the board by:

C. Duncan Soukup

Consolidated Cash Flow Statement

Six months ended 30 June 2012

	Six months ended 30 June 2012 Unaudited US$	Six months ended 30 June 2011 Unaudited US$
Cash flows from operating activities		
Operating Profit before depreciation	**501,884**	**58,885**
Increase in inventory	-	(81,109)
Decrease in loans and receivables	-	21,268
Increase in trade and other receivables	(1,890,156)	(23,726)
Increase/(Decrease) in trade and other payables	2,451,907	(126,888)
Acquisition of investments	(35,888)	-
Net Foreign Exchange gain/(loss)	(2,845)	20,027
Cash used by operations	**1,024,902**	**(131,543)**
Interest paid	(9,244)	(25,009)
Net cash flow from operating activities	**1,015,658**	**(156,552)**
Cash flows from investing activities		
Interest received	621	1,610
Purchase of equipment	(1,043,878)	(46,669)
Net cash flow from investing activities	**(1,043,257)**	**(45,059)**
Cash flows from financing activities		
Increase in shareholder loan	-	12,373
Net cash flow from financing activities	**-**	**12,373**
Net decrease in cash and cash equivalents	**(27,599)**	**(189,238)**
Cash and cash equivalents at the start of the period	1,970,825	504,989
Cash and cash equivalents at the end of the period	**1,943,226**	**315,751**

The notes on pages 13 to 14 form an integral part of this consolidated interim financial information.

Consolidated Statement of Changes in Equity

Six months ended 30 June 2012 (unaudited)

	Share Capital US$	Share Premium US$	Treasury shares US$	Other reserves US$	Retained earning / (losses) US$	Total Equity US$
Balance as at 1 January 2011	**85,000**	**7,264,414**	**(313,725)**	**-**	**427,395**	**7,463,084**
Total comprehensive income for the period	-	-	-	-	(55,424)	(55,424)
Balance as at 30 June 2011	**85,000**	**7,264,414**	**(313,725)**	**-**	**371,971**	**7,407,660**
Balance as at 1 January 2012	**111,887**	**8,517,782**	**(384,226)**	**(18,804)**	**783,070**	**9,009,709**
Total comprehensive income for the period	-	-	-	(10,427)	335,991	325,564
Balance as at 30 June 2012	**111,887**	**8,517,782**	**(384,226)**	**(29,231)**	**1,119,061**	**9,335,273**

The notes on pages 13 to 14 form an integral part of this consolidated interim financial information.

Notes to the Consolidated Interim Financial Information

1. General information

Thalassa Holdings Ltd (the "Company") is a British Virgin Island ("BVI") International business company ("IBC"), incorporated and registered in the BVI on 26 September 2007. The Company was established as a holding company, and has one operating subsidiary, WGP Group Ltd ("WGP"), in the Energy Services Industry currently focused on marine geophysical services in the following areas of activity:

- Production Enhancement
- Exploration
- Surveying

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 Survey Ltd ("WGPS")

The condensed consolidated interim financial information was approved for issue by the Company's Board of Directors on 26th September 2012. This financial information is unaudited but has been reviewed by the Company's auditors.

2. Significant Accounting policies

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

The accounting policies applied by the Company in this unaudited consolidated interim financial information are the same to those applied by the Company in its consolidated financial statements as at and for the period ended 31 December 2011.

2.1. Basis of preparation

The consolidated interim financial information for the six months ended 30 June 2012 has been prepared in accordance with International Accounting Standard No. 34, 'Interim financial reporting'. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Company as at and for the period ended 31 December 2011.

2.2. Going concern

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

3. Earnings per share

	Six months ended 30 June 2012 Unaudited	Six months ended 30 June 2011 Unaudited
The calculation of earnings per share is based on the following profit / (loss) and number of shares:		
Profit / (loss) for the period (US$)	335,991	(55,424)
Weighted average number of shares of the Company:		
Basic	7,526,823	7,200,000
Diluted	9,794,344	9,580,000
Earnings / (loss) per share:		
Basic (US$)	0.04	(0.01)
Diluted (US$)	0.03	(0.01)

4. Related party balances and transactions

During the period, the Company was invoiced US$222,000 of fees (H1 2011: US$222,000) and US$7,689 of interest (H1 2011: US$12,085) from a company in which the Chairman has a beneficial interest. Such fees include legal, financial and administrative services provided to the Company. At 30 June 2012, the amount owed to this company was US$235,932.

5. Share options

During the period none of the share options were exercised, lapsed or issued.

6. Post balance sheet events

No material events to report.

7. Copies of the Interim Report

The interim report is available on the Company's website: www.thalassaholdingsltd.com.

Independent Auditor's Review Report on Interim Financial Information to Thalassa Holdings Ltd

Introduction

We have reviewed the accompanying consolidated interim statement of financial position of Thalassa Holdings Ltd at 30 June 2012 and the related consolidated interim statements of income, changes in equity and cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this consolidated interim financial information in accordance with International Financial Reporting Standards as adopted by the European Union. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

This report is made to you in accordance with the terms of our engagement. Our work has been undertaken so that we might review the consolidated financial statements that we have been engaged to review, report to you that we have done so, and state those matters that we have agreed to state to you in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Thalassa Holdings Ltd, for our work or for this report.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review Of Interim Financial Information Performed By The Independent Auditor Of The Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with International Financial Reporting Standards as adopted by the European Union.

26 September 2012

150 Aldersgate Street
London
EC1A 4AB

Moore Stephens LLP
Chartered AccountantsChartered Accountants

www.thalassaholdingsltd.com

www.wgpgroupltd.com

WGP

NP0912-766

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