



Interim report

Six months to 30 June 2017

Directors, Secretary and Advisers

Directors	C Duncan Soukup, <i>Chairman</i> A Francis Smulders, <i>Director</i> Graham Cole FCA, FSI, <i>Director</i> David M Thomas, <i>Director</i>
Registered Office	Folio Chambers P.O. Box 800, Road Town, Tortola, VG1110 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 Aldergate Street London EC1A 4AB
Registrars	Capita Asset Services 12 Castle Street St Helier Jersey JE2 3RT
Company websites	www.thalassaholdingsltd.com www.wgp-group.com www.autonomousroboticsltd.com

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Highlights for the 6 months ended 30 June 2017

GROUP RESULTS 1H 2017 versus 1H 2016

Revenue	\$8.2 vs. \$5.2m
Gross Profit	\$4.9m vs. \$2.9m
Gross Margin	59.6% vs. 56.7%
Operating Profit before depreciation (EBITDA)	\$2.4m vs. \$0.5m
Group Net Profit	\$0.8m vs. \$0.8m
Group Earnings Per Share - basic and diluted*1	\$0.04/£0.03 vs. \$0.03/£0.02
Book value per share*2	\$1.29/£0.99 vs. \$1.17/£0.77
Cash	\$3.1m vs. 1H16 \$13.2m
Debt	\$nil vs \$nil

*1 based on weighted average number of shares in issue of 21,657,704 (1H16: 22,806,734)

*2 based on actual number of shares in issue as at 30 June 2017 of 21,633,865

1H17 OPERATIONAL HIGHLIGHTS

WGP

- Completion of PRM surveys over Snorre and Grane in the North Sea
- Completion of PRM survey over Ekofisk in the North Sea
- Ongoing operations over Eldfisk In the North Sea

ARL

- Completion of 1st stage testing of prototype flying node
- Progress with the development of autonomous operational software

Chairman's Statement

Operations

1H 2017 results surpassed the Board's expectations. However, the continued non-performance of certain operating equipment is a major concern. The Board hopes to resolve these equipment issues equitably and without the need for litigation. The Company has served notice on the supplier under the terms of the warranty, however, there is no certainty that the Company will succeed in exchanging equipment, nor that it will be able to recover costs or damages. If resolution of the equipment problems is unsuccessful, WGP has potential exposure in excess of \$1m, to write down and replace the non-performing equipment.

Clearly, after so much hard work, this would be a very annoying and disappointing result.

M&A

During the period under review the Board spent a significant amount of time involved in potential acquisition and partial acquisition discussions of WGP and ARL respectively.

As reported in the Company's RNS of 13 July 2017, the Board terminated these discussions as the final offer was, in the aggregate, far removed from the indicative offer.

WGP

The seismic market's recovery remains elusive, as the price of Brent crude dropped back during the first half of 2017 to around \$50/bbl, and market commentators do not expect a recovery in seismic service day rates until at least mid-2018.

Given the difficult market environment, WGP's operational performance was solid and it successfully completed three and a quarter life of field surveys in the first half of 2017. Unfortunately, one of WGP's projects continues to suffer from significant operational issues which are yet to be resolved. These issues have resulted in unacceptably high levels of downtime due to equipment failure. Fortunately, however, data quality has not been affected and data delivered is deemed better than 2016 by the client.

In the first half of 2017 WGP continued with a solid HSE performance with zero recordable incidents for the period. Also, WGP's quality, occupational health & safety and environmental management systems were successfully audited by BSI in May for their compliance with ISO 9001, 18001 and 14001.

ARL

The development and testing of the prototype 'Flying Node' for OBN seismic survey is progressing as planned with 1st stage testing complete using partial control via a tether cable. Software for autonomous operation is currently under development with testing of the autonomous functions planned for Q3 of 2017. This 2nd stage test of autonomous operation will also include initial testing of the underwater acoustic communications and positioning technology.

Outlook

I am hopeful that we can resolve our equipment problems swiftly under which circumstances 2H 2017 and Full Year 2017 results should show further improvement.

Duncan Soukup

Chairman
Thalassa Holdings Ltd
28 July 2017

Financial Review

Group results for the 6 months to 30 June 2017 showed an increase in revenue of 58% to \$8.2m versus \$5.2m in 1H16. Revenue from Seismic Operations has been generated from the Spring survey's over the Snorre and Grane fields in the North Sea with the addition of surveys over Ekofisk and Eldfisk in 1H17, also in the North Sea.

Cost of Sales increased by 43% to \$3.3m in 1H17 (1H16: \$2.3m) as a result of operational costs associated with the additional surveys over Ekofisk and Eldfisk.

Gross profit was \$4.9m versus \$2.9m in 1H16, an increase of 69% with gross margin of 59.6%, an increase of 2.9% points from 56.7% in 1H16 and 1.6% points up from the full year 2016 gross margin of 58%.

Administrative expenses increased by \$0.1m to \$2.5m (1H16: \$2.4m) resulting in **operating profit before depreciation** of \$2.4m (1H16: \$0.5m) with a margin of 29.3% (1H16: 10.0%).

Depreciation increased by 164% to \$1.0m (1H16: \$0.4m) reflecting additional depreciation charged on new equipment acquired and put into use in Q416. **Operating Profit** was therefore \$1.3m (1H16 \$0.1m) with a margin of 15.8%.

Net financial income of \$1.0m included foreign exchange gains/losses and interest income (1H16: \$1.0m).

Interest Expense of \$1.3m (1H16: \$0.2m) reflects accrued interest on inter company loans between the parent company and its subsidiaries.

Profit before tax was therefore \$1.0m versus \$0.9m in 1H16 with **Tax** in the period of \$0.2m incorporating an estimate of the tax liability incurred from the Company's operations across its different regions (1H16 \$0.2m), resulting in a **Net profit** of \$0.8m compared to \$0.8m in 1H16.

Net assets at 30 June 2017 amounted to \$27.8m (1H16: \$26.4m, 2016: \$27.3m) resulting in net assets per share of \$1.29/£0.99 based on 21,633,865 shares in issue versus \$1.17/£0.77 in 1H16 (based on 22,578,865 shares in issue) and \$1.24/£1.01 in 2016 (based on 21,958,865 shares in issue). Included is \$3.1m of cash, equivalent to \$0.15/£0.11 per share (1H16: \$0.58/£0.39, 2016: \$0.35/£0.29).

The Company had no net **debt** at the period end (1H16: \$nil).

Included within Trade and Other Receivables was \$5.7m of trade receivables, of which \$3.0m has since been received.

Net cash outflow from operating activities amounted to \$(3.4)m however this includes \$5.7m of trade receivables and does not reflect the \$3.0m of outstanding trade receivables at 30 June 2017 subsequently received.

Net cash outflow from investing activities amounted to \$0.9m relating to the purchase of available for sale investments and investments in associates.

Net cash outflow from financing activities amounted to \$0.3m relating to the buy back of 325,000 Thalassa ordinary shares into Treasury.

Net decrease in cash and cash equivalents was \$4.6m resulting in Cash and Cash Equivalents of \$3.1m as at 30 June 2017. Cash at the time of reporting is \$4.2m (1H16: \$13.2m, Y/E 2016: \$7.7m).

Consolidated Statement of Income

For the six months ended 30 June 2017

	Note	Six months ended 30 Jun 17 Unaudited \$	Six months ended 30 Jun 16 Unaudited \$	Year ended 31 Dec 16 Audited \$
Revenue		8,195,290	5,195,619	13,987,926
Cost of sales		(3,309,225)	(2,250,995)	(5,877,401)
Gross profit		4,886,065	2,944,624	8,110,525
Administrative expenses		(2,530,871)	(2,423,061)	(5,885,970)
Operating profit before depreciation		2,355,194	521,563	2,224,555
Depreciation		(1,027,361)	(389,225)	(1,100,445)
Operating profit		1,327,833	132,338	1,124,110
Net financial income		995,358	1,001,226	1,907,533
Interest Expense		(1,268,711)	(194,820)	(600,505)
Share of profits less losses of associated entities		(7,167)	-	60,741
Profit before taxation		1,047,313	938,744	2,491,880
Taxation		(242,002)	(181,097)	(523,299)
Profit for the financial period		805,311	757,647	1,968,581

Earnings per share - US\$ (using weighted average number of shares)

Basic and Diluted	3	0.04	0.03	0.09
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The notes on pages 12 to 14 form an integral part of this consolidated interim financial information.

Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2017

	Six months ended 30 Jun 17 Unaudited \$	Six months ended 30 Jun 16 Unaudited \$	Year ended 31 Dec 16 Audited \$
Profit/(loss) for the financial period	805,311	757,647	1,968,581
Other comprehensive income:			
Exchange differences on re-translating foreign operations	37,110	(49,287)	(86,587)
Unrealised losses on available for sale investments	-	(24,800)	11,130
Total comprehensive income	842,421	683,560	1,893,124

The notes on pages 12 to 14 form an integral part of this consolidated interim financial information.

Consolidated Statement of Financial Position

At 30 June 2017

	Six months ended 30 Jun 17 Unaudited \$	Six months ended 30 Jun 16 Unaudited \$	Year ended 31 Dec 16 Audited \$
Assets			
Non-current assets			
Goodwill	368,525	368,525	368,525
Property, plant and equipment	9,888,076	9,642,600	10,985,757
Available for sale financial assets	1,379,826	-	826,022
Intangible assets	197,200	-	-
Loans	1,572,953	1,526,522	1,549,564
Investments in associated entities	8,833,565	-	8,636,972
Total non-current assets	22,240,145	11,537,647	22,366,840
Current assets			
Inventories	517,104	372,325	491,151
Derivative financial asset	-	295,000	-
Trade and other receivables	6,693,666	6,128,395	836,908
Cash and cash equivalents	3,145,345	13,247,222	7,732,215
Total current assets	10,356,115	20,042,942	9,060,274
Liabilities			
Current liabilities			
Trade and other payables	4,769,314	5,217,842	4,162,534
Total current liabilities	4,769,314	5,217,842	4,162,534
Net current assets	5,586,801	14,825,100	4,897,740
Net assets	27,826,946	26,362,747	27,264,580
Shareholders equity			
Share capital	250,675	250,675	250,675
Share premium	45,202,810	45,202,810	45,202,810
Treasury shares	(2,238,109)	(1,650,322)	(1,958,054)
Foreign exchange reserve	(72,579)	(83,520)	(109,689)
Retained earnings	(15,315,851)	(17,356,896)	(16,121,162)
Total shareholders equity	27,826,946	26,362,747	27,264,580
Total equity	27,826,946	26,362,747	27,264,580

The notes on pages 12 to 14 form an integral part of this consolidated interim financial information. These financial statements were approved by the board on 28 July 2017.

Signed on behalf of the board by:

Duncan Soukup

Consolidated Statement of Cash Flows

For the six months ended 30 June 2017

	Six months ended 30 Jun 17 Unaudited \$	Six months ended 30 Jun 16 Unaudited \$	Year ended 31 Dec 16 Audited \$
Cash flows from operating activities			
Profit for the period before taxation	1,047,313	938,744	2,491,879
Decrease/(increase) in inventories	(25,953)	18,710	(100,116)
Decrease/(increase) in trade and other receivables	(5,940,430)	(5,316,668)	(25,180)
Increase/(decrease) in trade and other payables	690,451	205,122	1,622,756
Net foreign exchange gain	37,110	(49,288)	(86,587)
Accrued interest income	(23,389)	(22,699)	(45,740)
Taxation	(242,002)	(181,095)	(523,299)
Cash generated by/(used in) operations	(4,456,900)	(4,407,174)	3,333,713
Depreciation	1,027,361	389,225	1,100,445
Amortisation of multi-client library	-	-	-
Net cash flow (used in)/from operating activities	(3,429,539)	(4,017,949)	4,434,158
Net cash flow used in/from investing activities	(877,276)	(2,328,068)	(15,987,450)
Cash flows from financing activities			
(Purchase)/disposal of treasury shares	(280,055)	(709,897)	(1,017,629)
Net cash flow from financing activities	(280,055)	(709,897)	(1,017,629)
Net decrease in cash and cash equivalents	(4,586,870)	(7,055,914)	(12,570,921)
Cash and cash equivalents at the start of the period	7,732,215	20,303,136	20,303,136
Cash and cash equivalents at the end of the period	3,145,345	13,247,222	7,732,215

The notes on pages 12 to 14 form an integral part of this consolidated interim financial information.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2017

	Share Capital \$	Share Premium \$	Treasury Shares \$	Foreign Exchange Reserve \$	Retained Earnings \$	Total Total Equity \$
Balance as at 30 June 2016	250,675	45,202,810	(1,650,322)	(83,520)	(17,356,896)	26,362,747
Share option expense	-	-	-	-	-	-
Purchase of treasury shares	-	-	(307,732)	-	-	(307,732)
Total comprehensive income for the period	-	-	-	(26,169)	1,235,734	1,209,565
Balance as at 31 December 2016	250,675	45,202,810	(1,958,054)	(109,689)	(16,121,162)	27,264,580
Purchase of treasury shares	-	-	(280,055)	-	-	(280,055)
Total comprehensive income for the period	-	-	-	37,110	805,311	842,421
Unrealised losses on available for sale investments	-	-	-	-	-	-
Balance as at 30 June 2017	250,675	45,202,810	(2,238,109)	(72,579)	(15,315,851)	27,826,946

The notes on pages 12 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 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. 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 as those applied by the Company in its consolidated financial statements as at and for the period ended 31 December 2016.

2.1. Basis of preparation

The condensed consolidated interim financial information for the six months ended 30 June 2017 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 2016.

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

Notes to the Consolidated Interim Financial Information

Continued

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 Jun 2017 Unaudited	Six months ended 30 Jun 2016 Unaudited	Year ended 31 Dec 2016 Audited
The calculation of earnings per share is based on the following loss and number of shares:			
Profit/(loss) for the period (\$)	805,311	757,648	1,968,581
Weighted average number of shares of the Company	21,657,704	23,420,184	22,806,734
Earnings per share:			
Basic and Diluted (US\$)	0.04	0.03	0.09

4. Loans and receivables

	Six months ended 30 Jun 17 Unaudited \$	Six months ended 30 Jun 16 Unaudited \$	Year ended 31 Dec 16 Audited \$
Loans	1,572,953	1,526,522	1,549,564

Loans and receivables includes a loan of \$1,503,823 plus accrued interest of \$69,130 to the THAL Discretionary Trust. Interest is payable at 3% per annum (reviewed periodically).

The THAL Discretionary Trust is a trust, independent of Thalassa, established for the benefit of individuals or parties to whom the Trustees wish to make awards at their discretion.

5. Related party balances and transactions

Under the consultancy and administrative services agreement entered into on 23 July 2008 with a company in which the Chairman has a beneficial interest, the Group was invoiced \$280,000 for consultancy and administrative services provided to the Group. At 30 June 2017 the amount owed to this company was \$nil (1H16: \$40,694).

Notes to the Consolidated Interim Financial Information

Continued

6. Share capital and share premium

	Six months ended 30 Jun 17 Unaudited \$	Year ended 31 Dec 16 Audited \$	
Authorised share capital: 100,000,000 ordinary shares of \$0.01 each	1,000,000	1,000,000	
Allotted, issued and fully paid	250,675	250,675	
	Number of shares	Number of Treasury shares	Treasury Shares \$
Number of shares outstanding at the period end:			
Balance as 31 December 2016	21,958,865	3,108,657	1,958,054
Shares purchased	(325,000)	325,000	280,055
Balance as 30 June 2017	21,633,865	3,433,657	2,238,109

7. Subsequent events

There have been no material subsequent events to report.

8. Copies of the Interim Report

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

www.wgp-group.com



www.thalassaholdingsltd.com



www.autonomousroboticsltd.com