



Thalassa Holdings Ltd
(formerly Thalassa Energy Ltd)

Interim Report

**Six months to
30 June 2009**

Registered Number: 1433759

Directors, Secretary and Advisers

Directors	C Duncan Soukup, <i>Executive Chairman</i> Graham Cole FCA, FSI, <i>Non-executive Director</i> James H Grossman, <i>Non-executive Director</i> David M Thomas, <i>Non-executive Director</i>
Registered Office	Folio Chambers Road Town, Tortola British Virgin Islands
Company Secretary	Christopher J Langrick ACA
Nominated Adviser	Dowgate Capital Advisers Limited 46 Worship Street London EC2A 2EA
Broker	Dowgate Capital Stockbrokers Limited Talisman House Jubilee Walk, Three Bridges Crawley RH10 1LQ
Solicitors to the Company (as to English Law)	Pinsent Masons LLP CityPoint One Ropemaker Street London EC2Y 9AH
Solicitors to the Company (as to BVI Law)	Conyers Dill & Pearman Romasco Place, Wickhams Cay 1 PO Box 3140 Road Town, Tortola British Virgin Islands VG1110
Auditors	Moore Stephens LLP St Paul's House Warwick Lane London EC4M 7BP
Registrars	Capita IRG Trustees Ltd The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Company website	www.thalassaholdingsltd.com

Contents	Page
Chairman’s Statement.....	1
Consolidated Interim Income Statement	4
Consolidated Interim Balance Sheet.....	5
Consolidated Interim Statement of Cash Flows	6
Consolidated Interim Statement of Changes in Equity.....	7
Notes to the Consolidated Interim Financial Information	8
Independent Auditors’ Review Report on Interim Financial Information to Thalassa Holdings Ltd (formerly Thalassa Energy Ltd)	11

Chairman's Statement

Thalassa Holdings Ltd.

Let me begin by addressing the name change; On 27 April 2009, the Company changed its name from Thalassa Energy Ltd to Thalassa Holdings Ltd; the purpose of this was to better reflect the Company's function as a Holding Company with various holdings the most significant of which is currently the investment in Thalassa Energy Services Ltd and the PMSS™ initiative with WGP Projects Ltd.

Since making the name change your Board has been busy and I am glad to say productive.

New Subsidiaries

The Company has set up two new subsidiaries, Thalassa Public Investments Ltd and Thalassa Private Investments Ltd, the first to invest in publicly quoted companies and the second to invest in private opportunities.

To date your Board has invested US\$1.4 million in publicly quoted companies which are currently showing a 32.9% (US\$483,000) gain, the majority of which is as yet unrealised. In order to fund these investments I have, as announced, lent the Company US\$1.3 million.

Share Buy Back

A portion of the loan mentioned above was, as announced, also used to fund the repurchase of 2 million of the Company's own shares which have been placed in Treasury.

First Half Results to 30 June 2009

The Company has reduced cash burn to a minimum and I am happy to report that, notwithstanding the difficult economic environment, that the Company recorded a profit for the first half of 2009. Although the Company has not yet deployed the PMSS™ (see my comments below) I am satisfied that the Company is well positioned to survive a protracted downturn in the Energy Services Market.

Cash and cash equivalents at the end of the period were US\$451,411.

Neither I nor the Board are in a position to divine when conditions in the oil services industry will recover, and it may well even take further bankruptcies such as the one I refer to below before the market improves. What I can say, however, is that I believe that your Board has reacted quickly and decisively to the crisis and taken steps to protect Shareholder's equity.

In this connection I would also like to announce that the Board has discussed the return of capital to shareholders from any capital gains realised by the Company. I say "discussed" rather than "decided" as capital gains to date are deminimus and until such time as gains in excess of running costs are achieved there is no point in counting chickens!

Thalassa Energy Services Ltd

The collapse in oil from a high of US\$140 has resulted in a period of almost complete spending inertia within the oil and gas offshore exploration and production market. Although many seismic contractors remain busy, most are still completing a back-log of work awarded during the boom oil price period of early to mid 2008 and there is great uncertainty still regarding market conditions in the late 2009 – early 2010 period.

Some of the newer more aggressive (too highly leveraged) players are now suffering as witnessed by the recent announcement by SCAN Geo that it was considering filing for bankruptcy protection from its creditors.

Oil companies have reduced existing operating costs wherever possible and adopted a “wait and see” policy that has resulted in negative knock on effects right through the industry supply chain. The situation has been further exacerbated by the lack of loan finance for new, higher risk, opportunistic projects seeking to take advantage of lower exploration prices and that have always “kick-started” recovery after past oil price crashes and economic woes. However, it is not all doom and gloom and money is still finding its way into projects with good prospects vis the recent fund raisings completed by Petroceltic International PLC and Mediterranean Oil & Gas PLC.

Although the Thalassa’s PMSS™ initiative is aimed primarily at oil reservoir monitoring and reserve recovery enhancement rather than pure exploration, the current general freeze on new expenditure has caused oil companies (with one or two exceptions) to postpone planned projects in this emerging reservoir technology and push plans at least 12 months into the future. As all the alternative uses of the PMSS™ equipment rely on at least an average amount of exploration activity, the PMSS™ has been the victim of a “double whammy” regarding commercial opportunities and remains to date without immediate work.

The good news is that there are positive signs of recovery. On the reservoir monitoring side (the planned market for the PMSS™) we can see at least one of the oil majors taking real and immediate steps to plan the deployment and operation of the first truly full scale and long life reservoir monitoring capability over a major oilfield. Thalassa Energy Services Ltd and its Operations Manager (WGP Projects Ltd) are responding to this opportunity and remain hopeful that there is a role for both companies to play.

At the same time, manufacturers of the next generation of reservoir monitoring cables and node systems remain committed to this new area of our industry and have completed successful trials and are actively marketing their products as “tried and proven”. The PMSS™ provides air gun shooting support that is a common factor to all methods and modes of reservoir monitoring so this increased market activity by cable and node suppliers can only be helpful to future work.

The secondary market for the PMSS™ equipment is also showing the first positive signs of recovery. WGP is currently responding to a major government enquiry for work that would require all the components of the PMSS™ to be fitted to a “vessel of opportunity” and deployed over a four year period. There are other market possibilities that may see the PMSS™ deployed in a seismic exploration shooting support role that will earn valuable income and spread the knowledge of the system’s effectiveness to a wide audience. Given that these are all very recent signs of recovery and activity, it is too soon to name names or

to announce contractual certainties but at least we can look forward to a market recovery with some sense now of optimism.

There is no doubt that oil reservoir monitoring and reserve recovery enhancement will become a major activity within the next few years and Thalassa and its investors remain well placed to benefit from the early involvement and faith in this exciting and potentially lucrative market area. Very soon the main challenge may be staying ahead of the game as the major contractors wake up to the fact that reservoir monitoring will form a major part of the market in the coming years.



C. Duncan Soukup
Chairman

6 August 2009

Consolidated Interim Income Statement

		Six months ended 30 June 2009 Unaudited US\$	Six months ended 30 June 2008 Unaudited US\$
Continuing operations			
Revenue		-	-
Cost of sales		-	-
Gross profit / (loss)		<u>-</u>	<u>-</u>
Administrative expenses		(109,948)	(201,490)
Operating expenses		(25,148)	-
Other gains and losses - foreign currency gains / (losses)		61,910	-
Operating loss		<u>(73,186)</u>	<u>(201,490)</u>
Interest income		218	-
Interest expense		(1,778)	(18,323)
Dividends received		79,077	-
Realised gain on the disposal of investments		6,061	-
Profit / (loss) before taxation		<u>10,392</u>	<u>(219,813)</u>
Tax		-	-
Profit / (loss) for the financial period		<u>10,392</u>	<u>(219,813)</u>
Earnings / (loss) per share			
Basic	3	<u>0.00</u>	<u>(22.0)</u>
Diluted	3	<u>0.00</u>	<u>(22.0)</u>

The notes on pages 8 to 10 form an integral part of this consolidated interim financial information.

Consolidated Interim Balance Sheet

		At 30 June 2009 Unaudited US\$	At 31 December 2008 Audited US\$
ASSETS			
Non-current assets			
Tangible fixed assets		5,756,948	5,756,948
Available for sale investments	4	1,949,041	34,395
		<u>7,705,989</u>	<u>5,791,343</u>
Current assets			
Trade and other receivables		249,296	87,459
Cash and cash equivalents		451,411	1,159,536
Total current assets		<u>700,707</u>	<u>1,246,995</u>
LIABILITIES			
Current liabilities			
Trade and other payables		265,198	115,889
Loans		1,280,617	-
Total current liabilities		<u>1,545,815</u>	<u>115,889</u>
Net current assets		<u>(845,108)</u>	<u>1,131,106</u>
Net assets		<u>6,860,881</u>	<u>6,922,449</u>
EQUITY			
Equity attributable to owners of the parent			
Share capital		85,000	85,000
Share premium		7,117,374	7,116,651
Treasury shares	7	(482,653)	-
Other reserves	4	404,327	(5,643)
Retained earnings / (losses)		(263,167)	(273,559)
Total shareholders equity		<u>6,860,881</u>	<u>6,922,449</u>

The notes on pages 8 to 10 form an integral part of this consolidated interim financial information.

These financial statements were approved by the board on 6 August 2009.

Signed on behalf of the board by:

C. Duncan Soukup

Consolidated Interim Statement of Cash Flows

	Six months ended 30 June 2009 Unaudited US\$	Six months ended 30 June 2008 Unaudited US\$
Cash flows from operating activities		
Operating loss for the period	(73,186)	(201,490)
Increase in trade and other receivables	(161,837)	(7,921)
Increase in trade and other payables	149,309	109,008
Depreciation	-	2,036
Unrealised foreign currency (gain) / loss	(84,969)	-
Cash used by operations	(170,683)	(98,367)
Interest paid	(1,778)	-
Net cash flow from operating activities	(172,461)	(98,367)
Cash flows from investing activities		
Acquisition of investments	(1,434,628)	-
Disposal of investments	20,982	-
Dividends received	79,077	-
Interest received	218	-
Net cash flow from investing activities	(1,334,351)	-
Cash flows from financing activities		
Listing costs	723	-
Treasury shares	(482,653)	-
Increase in shareholder loan	1,280,617	-
Increase in Founding shareholder loan account re operating activities	-	98,367
Net cash flow from financing activities	798,687	98,367
Net (decrease) / increase in cash and cash equivalents	(708,125)	-
Cash and cash equivalents at the start of the period	1,159,536	-
Cash and cash equivalents at the end of the period	451,411	-

The notes on pages 8 to 10 form an integral part of this consolidated interim financial information.

Consolidated Interim Statement of Changes in Equity
for the six months ended 30 June 2009 (unaudited)

	Note	Share Capital US\$	Share Premium US\$	Treasury shares US\$	Other reserves US\$	Retained earning / (losses) US\$	Shareholders Loan US\$	Total Equity US\$
Balance as at 1 January 2008		100	-	-	-	(4,383)	393,537	389,254
Total recognised income and expense for the period		-	-	-	-	(219,813)	-	(219,813)
Shareholder's loan		-	-	-	-	-	2,042,096	2,042,096
Balance as at 30 June 2008		100	-	-	-	(224,196)	2,435,633	2,211,537
Balance as at 1 January 2009		85,000	7,116,651	-	(5,643)	(273,559)	-	6,922,449
Shareholders loan		-	-	-	-	-	-	-
Issue of share capital		-	-	-	-	-	-	-
Deductible costs of share issues		-	723	-	-	-	-	723
Purchase of treasury shares	7	-	-	(482,653)	-	-	-	(482,653)
Revaluation of available for sale investments		-	-	-	409,970	-	-	409,970
Total recognised income and expense for the period		-	-	-	-	10,392	-	10,392
Balance as at 30 June 2009		85,000	7,117,374	(482,653)	404,327	(263,167)	-	6,860,881

The notes on pages 8 to 10 form an integral part of this consolidated interim financial information.

Notes to the Consolidated Interim Financial Information

1. General information

On 27 April 2009 the Company changed its name from Thalassa Energy Ltd to Thalassa Holdings Ltd; the purpose of this was to better reflect the Company's function as a Holding Company with various holdings the most significant of which is currently the investment in Thalassa Energy Services Ltd and the PMSS™ initiative with WGP.

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 one operating subsidiary, Thalassa Energy Services Ltd. ("TESL"), and two investment companies, Thalassa Public Investments Ltd ("TPUIL") and Thalassa Private Investments Ltd ("TPRIL") (together with Thalassa Holdings Ltd, the "Group").

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

The Company has set up two new subsidiaries. TPUIL has been formed to invest in publicly quoted companies and TPRIL has been formed to invest in private opportunities.

The consolidated interim financial information was approved for issue by the Company's Board of Directors on 6 August 2009. 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 these condensed consolidated interim financial statements are the same to those applied by the Company in its consolidated financial statements as at and for the period ended 31 December 2008.

2.1. Basis of preparation

This consolidated interim financial information for the six months ended 30 June 2009 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 2008.

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.

Notes to the Consolidated Interim Financial Information (continued)

3. Earning / (Loss) per share

	Note	Six months ended 30 June 2009 Unaudited	Six months ended 30 June 2008 Unaudited
The calculation of earnings per share is based on the following profit / (loss) and number of shares:			
Profit / (loss) for the period (US\$)		10,392	(219,813)
Weighted average number of shares of the Company:			
Basic		8,201,657	10,000
Diluted	3.1	10,581,657	10,000
Earnings / (loss) per share:			
Basic (US\$)		0.00	(22.0)
Diluted (US\$)		0.00	(22.0)

3.1 Diluted weighted average number of share of the Company

The basic weighted average number of shares of the Company have been adjusted in order to calculate the diluted weighted average number of shares of the Company for the share options detailed below. Further details of which can be found in the Financial Statements for the period to 31 December 2008.

- Founding shareholder options – 2,125,000 shares
- Non-Executive Director share options – 255,000 shares

On 4 June 2009, the Company acquired 2,000,000 of its own shares which are held in Treasury.

4. Investments

	US\$
Available for sale investments	
At the beginning of the period	34,395
Acquisitions	1,434,629
Disposals	(14,922)
Revaluation	409,970
Exchange difference	84,969
Fair value at 30 June 2009	1,949,041

During the period, dividends of US\$79,077 were received. The revaluation movement is included within other reserves. The acquisitions were partly funded by the loan received from the Chairman, as set out in note 5. The investments held at 30 June 2009 are to be transferred to the new subsidiary, Thalassa Public Investments Ltd.

5. Related party balances and transactions

During the period, the Chairman provided loans totalling US\$1,280,617 which have been used for investment in publicly quoted shares and for the repurchase of shares in the Company, now held in Treasury. These loans are secured against the corresponding investments in publicly quoted companies and bear interest at 10%.

Notes to the Consolidated Interim Financial Information (continued)

Also during the period, the Company was invoiced US\$239,093 of administrative fees from a company in which the Chairman has a beneficial interest. At 30 June 2009, the amount owed to this company of US\$219,561 was waived by the Chairman.

6. Share options

During the period none of the share options were exercised.

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

Of the share options in Thalassa Energy Services Ltd granted to employees of WGP, 4,000 options lapsed, due to a termination of employment, during the six month period to 30 June 2009. A further 2,500 options lapsed post 30 June 2009 due to a further termination of employment.

7. Treasury shares

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

8. Copies of the Interim Report

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

Independent Auditors' Review Report on Interim Financial Information to Thalassa Holdings Ltd (formerly Thalassa Energy Ltd)

Introduction

We have reviewed the accompanying consolidated interim balance sheet of Thalassa Holdings Ltd (formerly Thalassa Energy Ltd) at 30 June 2009 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.

06 AUG 2009

St Paul's House
Warwick Lane
London
EC4M 7BP



Moore Stephens LLP
Chartered Accountants