Thalassa Holdings Ltd

Interim Report

Six months to
30 June 2010

Registered Number: 1433759

Directors, Secretary and Advisers

Directors	C Duncan Soukup, *Executive Chairman* Graham Cole FCA, FSI, *Non-executive Director* James H Grossman, *Non-executive Director* David M Thomas, *Non-executive Director*
Registered Office	Folio Chambers Road Town, Tortola British Virgin Islands
Company Secretary	Christopher J Langrick ACA
Nominated Adviser and Broker	Daniel Stewart & Company Plc Becket House 36 Old Jewry London EC2R 8DD
Solicitors to the Company (as to English Law)	Pinsent Masons LLP CityPoint One Ropemaker Street London EC2Y 9AH
Solicitors to the Company (as to BVI Law)	Conyers Dill & Pearman Romasco Place, Wickhams Cay 1 PO Box 3140 Road Town, Tortola British Virgin Islands VG1110
Auditors	Moore Stephens LLP 150 Aldergate Street London EC1A 4AB
Registrars	Capita Registrars (Jersey) Limited 12 Castle Street St Helier Jersey JE2 3RT
Company website	www.thalassaholdingsltd.com

Contents **Page**

Chairman's Statement

Summary:

- WGP wins seismic contract using Thalassa seismic equipment as reported on 11 June 2010
    - The Valhall contract is for 7 seismic-shoots over the Valhall field in the Norwegian section of the North Sea over a period of 3.5 years, with an option to extend for another two years
    - The first seismic-shoot was successfully completed during September 2010

- Realisation of a further $572,733 of gains from investments (including dividends and interest)

- Total realised gains 2009 and 2010 half year $1.2 million ($651,162 in 2009, $572,733 in 2010 half year)

- Private Investment portfolio performing better than management expectation

Overview:

In the 2009 year end Statement I wrote:

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

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

I am happy to report both statements have proven correct, the Company realised $572,733 of gains on investments in the first half of 2010 and also won its first operating contract.

As a result of maintained cost controls, the Company registered a Net Profit of $185,153 on Total Income of $572,733.

Whilst any profit in the current market is a "success", I will not be happy until the Company begins to operate to its full potential.

Financial Review:

Group results for the six months to 30 June 2010 show a profit of US$185,153, in comparison to a profit of US$10,392 in the comparative six month period. Basic profit per share was US$0.03(£0.02) and diluted profit per share was US$0.02 (£0.01). In the prior period basic and diluted profit per share was US$0.00 (£0.00).

Net assets at 30 June 2010 amounted to US$6,758,952, resulting in a net asset value per share of US$1.04 (£0.69) in comparison to US$1.06 (£0.66) for the comparative period and US$1.10 (£0.69) as at 31 December 2009.

Cash inflow for the six months to 30 June 2010 amounted to US$925,279, of which US$505,417 related to an increase in the shareholder loan and US$419,735 to the net cash inflow from operating activities.

At 30 June 2010, the Group held investments worth US$1,200,661.

Outlook for remainder of 2010:

The second half of 2010 will probably present more challenges than already experienced year to date. Increased political intervention in “free” markets will, in my opinion, cause further disruption in the financial markets. US focus on avoiding a 1929/30 depression situation by printing US$ can only end in tears! Until the West adjusts its standard of living downwards, central Governments will continue to borrow to prop up their “busted” social systems and private individuals will continue to live beyond their means.

Conclusion:
I remain extremely concerned about the outlook for a sustained economic recovery in the West. This caution is already reflected in the reduction of our portfolio of publicly quoted investments and increased focus on special situations.

C. Duncan Soukup
Chairman

29 September 2010

Consolidated Interim Statement of Income

	Note	Six months ended 30 June 2010 Unaudited $	Six months ended 30 June 2009 Unaudited $
Continuing operations			
Revenue		572,733	85,138
Cost of sales		(60,193)	-
Gross profit		**512,540**	**85,138**
Administrative expenses		(348,684)	(109,948)
Operating expenses		(17,723)	(25,148)
Other gains and losses - foreign currency gains		48,217	61,910
Operating profit		**194,350**	**11,952**
Interest income		127	**218**
Interest expense		(10,538)	(1,778)
Share of profit of associate		1,214	-
Profit before taxation		**185,153**	**10,392**
Tax		-	-
Profit for the financial period		**185,153**	**10,392**
Earnings per share			
Basic	3	**0.03**	**0.00**
Diluted	3	**0.02**	**0.00**

The notes on pages 8 to 11 form an integral part of this consolidated interim financial information.

Consolidated Statement of Comprehensive Income

	Six months ended 30 June 2010 Unaudited $	Six months ended 30 June 2009 Unaudited $
Profit for the financial period	**185,153**	**10,392**
Other comprehensive income:		
Financial assets - available-for-sale - fair value movement	(545,526)	409,970
Total comprehensive income	**(360,373)**	**420,362**

The notes on pages 8 to 11 form an integral part of this consolidated interim financial information.

Consolidated Interim Statement of Financial Position

	Note	At 30 June 2010 Unaudited $	At 31 December 2009 Audited $
ASSETS			
Non-current assets			
Tangible fixed assets		5,782,763	5,782,763
Available for sale investments	4	512,582	1,580,306
Investment in associate	5	688,079	240,300
		6,983,424	**7,603,369**
Current assets			
Loans and receivables		173,560	232,992
Trade and other receivables		236,395	217,109
Cash and cash equivalents		1,061,017	135,738
Total current assets		**1,470,972**	**585,839**
LIABILITIES			
Current liabilities			
Trade and other payables		488,526	368,382
Shareholders' loan		1,206,918	701,501
Total current liabilities		**1,695,444**	**1,069,883**
Net current assets		**(224,472)**	**(484,044)**
Net assets		**6,758,952**	**7,119,325**
EQUITY			
Equity attributable to owners of the parent			
Share capital		85,000	85,000
Share premium		7,125,634	7,125,634
Treasury shares		(482,653)	(482,653)
Other reserves		(35,318)	510,208
Retained earnings / (losses)		66,289	(118,864)
Equity attributable to owners of the parent		**6,758,952**	**7,119,325**

The notes on pages 8 to 11 form an integral part of this consolidated interim financial information.

These financial statements were approved by the board on 29th September 2010.

Signed on behalf of the board by:

C. Duncan Soukup

Consolidated Interim Statement of Cash Flows

	Six months ended 30 June 2010 Unaudited $	Six months ended 30 June 2009 Unaudited $
Cash flows from operating activities		
Operating profit / (loss) for the period	**194,350**	**11,952**
Decrease in loans and receivables	59,432	**-**
Increase in trade and other receivables	(19,286)	(161,837)
Increase in trade and other payables	120,140	149,309
Acquisition of investments	(1,094,132)	(1,434,628)
Disposal of investments (cost)	1,169,769	14,921
Unrealised foreign currency (gain) / loss	-	(84,969)
Cash used by operations	**430,273**	**(1,505,252)**
Interest paid	(10,538)	(1,778)
Net cash flow from operating activities	**419,735**	**(1,507,030)**
Cash flows from investing activities		
Interest received	127	218
Net cash flow from investing activities	**127**	**218**
Cash flows from financing activities		
Listing costs	-	723
Treasury shares	-	(482,653)
Increase in shareholder loan	505,417	1,280,617
Net cash flow from financing activities	**505,417**	**798,687**
Net (decrease) / increase in cash and cash equivalents	**925,279**	**(708,125)**
Cash and cash equivalents at the start of the period	135,738	1,159,536
Cash and cash equivalents at the end of the period	**1,061,017**	**451,411**

The notes on pages 8 to 11 form an integral part of this consolidated interim financial information.

Consolidated Interim Statement of Changes in Equity

for the six months ended 30 June 2010 (unaudited)

	Note	Share Capital $	Share Premium $	Treasury shares	Other reserves $	Retained earning / (losses) $	Total Equity $
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		-	-	(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**
Balance as at 1 January 2010		85,000	7,125,634	(482,653)	510,208	(118,864)	7,119,325
Shareholders loan		-	-	-			-
Issue of share capital		-	-	-			-
Deductible costs of share issues		-	-	-			-
Purchase of treasury shares		-	-	-			-
Total comprehensive income for the period		-	-	-	(545,526)	185,153	(360,373)
Balance as at 30 June 2010		**85,000**	**7,125,634**	**(482,653)**	**(35,318)**	**66,289**	**6,758,952**

The notes on pages 8 to 11 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 29th September 2010. 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 2009.

2.1. Basis of preparation

This consolidated interim financial information for the six months ended 30 June 2010 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 2009.

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 2010 Unaudited	Six months ended 30 June 2009 Unaudited
The calculation of earnings per share is based on the following profit / (loss) and number of shares:		
Profit / (loss) for the period (US$)	185,153	10,392
Weighted average number of shares of the Company:		
Basic	6,500,000	8,201,657
Diluted	8,880,000	10,581,657
Earnings / (loss) per share:		
Basic (US$)	0.03	0.00
Diluted (US$)	0.02	0.00

3.1 Diluted weighted average number of shares 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 2009.

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

4. Investments

	At 30 June 2010 Unaudited $	At 31 December 2009 Audited $
Available for sale investments listed on a recognised stock exchange	512,582	1,580,306
	512,582	**1,580,306**

During the period, dividends of US$7,418 were received. The revaluation movement is included within other reserves.

The shareholder loan is secured against the above investments.

5. Investment in associate

	At 30 June 2010 Unaudited $	At 31 December 2009 Audited $
At the beginning of the period	240,300	-
Movement	447,779	240,300
	688,079	**240,300**

On 18 January 2010, the Company acquired 9,827,430 shares in Renewable Power & Light Plc ("RPL") at a cost of $496,132. Following this acquisition, the Company has a direct interest of 11.07% in RPL.

RPL is an investment vehicle seeking investment opportunities.

CityPoint Holdings Ltd, (a company in which Thalassa has a 26.84% interest) has a direct interest of 18.77% of the shares in RPL. The Company therefore has an effective interest of 16.1% in RPL.

Following the removal of the previous Board members on 18 May 2010 and the appointment of Duncan Soukup as Chairman, the Takeover Panel have concluded that Thalassa, Citypoint and Novus (a company with a 26.91% interest in RPL) are acting in concert.

The Novus interest, along with Thalassa and CityPoint's combined 29.84% interest would equate to a total interest of 56.75% and as such Thalassa is deemed to have significant influence over RPL. From 18 May 2010, Thalassa has accounted for RPL as an associated undertaking.

At 30 June 2010, RPL had:

- Assets of $3.9 million
- Liabilities of $0.4 million

From the date that RPL became an associated undertaking, RPL has generated no revenue, incurred operating expenses of $64,197 and earned net finance income of $75,168, resulting in a net profit of $10,971.

6. Related party balances and transactions

During the period, the Chairman provided additional loans totalling £300,000 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 investment assets held by the company and bear interest at 10%.

Also during the period, the Company was invoiced US$253,252 of administrative fees and interest from a company in which the Chairman has a beneficial interest. At 30 June 2010, the amount owed to this company was US$205,865.

7. Share options

During the period none of the share options were exercised and no share options lapsed.

8. Post balance sheet events

On 30 July 2010, the Company privately placed 500,000 ordinary shares out of Treasury at a price of 30 pence per ordinary share raising gross proceeds of £150,000.

On 26 August 2010, the Company privately placed 200,000 ordinary shares out of Treasury at a price of 30 pence per ordinary share raising gross proceeds of £60,000.

Thalassa Energy Services Ltd won its first seismic contract to procure and supply the ongoing seismic source service for BP's Life of Field Seismic project. The first shoot was completed in September 2010 with 2 shoots per year scheduled for the next 3 years. Thalassa has committed to purchase marine seismic equipment from BP for approximately $1.8m which will be used to fulfil this contract. Payment will be made in two instalments with the first payment due in October 2010.

9. Copies of the Interim Report

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

MOORE STEPHENS

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

Introduction

We have reviewed the accompanying consolidated interim balance sheet of Thalassa Holdings Ltd at 30 June 2010 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.

September 30, 2010

150 Aldersgate Street
London
EC1A 4AB

Moore Stephens LLP

Moore Stephens LLP
Chartered Accountants