



# ANNUAL REPORT 2013



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# 2013 HIGHLIGHTS

## PROJECTS

- In March 2013, The Highland Council announced that it would grant planning permission for the onshore works required for the MeyGen project. This was followed in September by confirmation from the Scottish government of the award of the offshore consents for the first 86MW of capacity
- Following award of the consents, Atlantis reached agreement with its fellow shareholders in MeyGen, Morgan Stanley and International Power Marine Developments, to regain full ownership of the project company. Atlantis will now capitalise on over five years of project planning and engineering to bring this milestone development to construction. Construction of Phase 1A of the MeyGen project is expected to commence in the second half of 2014, with first power expected in 2016

## STRATEGIC RELATIONSHIPS

- In January 2013, Atlantis signed a strategic agreement with Dongfang Electric Machinery Co. Ltd, under which Dongfang committed to a turbine supply price of US\$3 million for commercial production of the AR1500, more than 40% less than the cost of initial turbine units from European manufacturers
- In September, Atlantis and Lockheed Martin Corporation strengthened their longstanding relationship under a teaming agreement, through which Lockheed committed to investing US\$10 million in technology and projects with Atlantis

## TURBINE TECHNOLOGY

- In September 2013, Atlantis and Lockheed Martin Corporation signed a detailed design and systems integration contract for the AR1500, and this programme of work was formally commenced in March 2014
- In October 2013, Atlantis completed a £3.4 million programme of work for the Energy Technologies Institute. Working with 100 industry participants, Atlantis identified a system architecture which could offer a 50% reduction in the cost of tidal energy
- During 2013, the Atlantis engineering team completed the front end design for the AR1500, in readiness for commencing detailed design with its component suppliers and Lockheed
- Atlantis was awarded a consulting contract with Carnegie Wave Energy Limited for analysis of array configurations to reduce the cost of wave energy

## FUNDING AND REVENUE

- In January 2013, Atlantis shipped US\$2 million of onshore electrical and control equipment to China under a supply agreement with the China Energy Conservation and Environmental Protection Group, which is leading a project to deploy an Atlantis 1MW turbine in the Zhejiang province in 2014
- In February 2013, the UK's Energy and Climate Change Minister announced that the MeyGen project would be awarded a £10 million grant from the Marine Energy Array Demonstrator scheme
- In February 2014, Atlantis announced that it had been awarded €7.7 million for the development of a multi-turbine array at the MeyGen site, following a grant application to the European Commission's Seventh Framework Programme during 2013

# CHAIRMAN'S STATEMENT

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## UPDATE

Having successfully become the world's first tidal energy company to float on London's AIM in February this year, we now look forward to an exciting twelve months of project execution and pipeline growth. In our AIM admission document we set out a number of key milestones for the company, and the management team is committed to achieving these. We continue to progress well towards commencement of construction during 2014 on MeyGen, Europe's largest planned tidal power project, and we have recently announced the support of key strategic partners including Lockheed Martin Corporation and Dongfang Electric Machinery Co. Ltd, who will assist us in realising our ambition to be the world's leading developer of tidal power projects and tidal turbine technologies. Their domain expertise, size and global presence will augment the team of experts we have in-house, and which we are now consolidating in the new engineering centre of excellence that we are establishing in Edinburgh with the assistance of a £2 million loan from Scottish Enterprise's Renewable Energy Investment Fund.

We were also recently able to announce grant funding support of €7.7 million through the European Commission towards the development of a multi-turbine array on the MeyGen site. This programme, in conjunction with the industry leading research we are undertaking as part of the Energy Technology Institute's Tidal Energy Converter project, should ensure that Atlantis remains at the forefront of tidal energy technology development.

Our newly strengthened relationship with Dongfang is another important step in achieving our technology goals. Dongfang is one of China's largest manufacturers of electro-mechanical equipment, and will be assisting us in the onshore testing of our AR1000 turbine before it is installed offshore later this year. We've also extended our collaboration through an agreement for Atlantis to act as a sales agent for Dongfang's other product lines, including traditional hydro, tidal range and pumped storage equipment. This reflects Dongfang's recognition of our capabilities in global project origination, and creates a new revenue stream for us through sales commission.

## BOARD OF DIRECTORS

2013 saw the departure of several valued and long-serving directors to make way for new non-executive directors in readiness for our admission to AIM. I would like to take this opportunity to thank Ian Potter, Nick Elliot and Basil McIlhagga for their service to the company, and to thank Kim Manley for his long tenure as Chairman of the Board. I was honoured to take over this role from Kim, and to welcome my fellow new non-executive directors, Mike Lloyd and Ian Macdonald, each of whom has a wealth of experience to offer for the benefit of shareholders and the executive team.

## ANNUAL GENERAL MEETING

Our Annual General Meeting will be held on 30 June 2014 and the notice of meeting accompanies this annual report. I look forward to the opportunity to meet as many of our shareholders as possible at this, our first meeting as a public company.

A handwritten signature in black ink, appearing to read 'John Neill'. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

**John Neill**  
*Chairman*

30 May 2014

# CHIEF EXECUTIVE OFFICER'S STATEMENT

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## PROFILE

Atlantis Resources Limited is a vertically integrated turbine supplier and project developer in the tidal power industry. We hold interests in a diverse portfolio of tidal stream development projects, including 100% ownership of MeyGen Limited, the company developing the MeyGen project in Scotland. This is the largest consented tidal stream power project in Europe, and we are on track to commence construction of the first phase in 2014. Alongside our project development interests, we own a portfolio of patents and patent applications relating to tidal power generation and we provide tidal generation equipment and engineering services to third party developers and research institutions as well as to projects which we have originated.

It is my belief that our combination of rigorously developed technology and a geographically diverse project portfolio has positioned the company well for future growth. Atlantis has exclusive agreements with a range of international industrial partners; we are working with Lockheed Martin Corporation to complete the detailed design and systems integration of our 1.5MW AR1500 turbine, and we have a path to

future low cost manufacturing through our strategic agreement with Dongfang Electric Machinery Co. Ltd. In the projects sphere, we've teamed up with China Energy Conservation and Environmental Protection Group in China, with Lockheed Martin in Canada and with Gujarat Power Corporation Limited in India, and we're working with The Crown Estate, the Department of Energy and Climate Change and the Scottish government for the delivery of the MeyGen project in Scotland.

## BUSINESS MODEL

Our business model focuses on the development of multiple revenue streams across a global marketplace from a combination of government, private developers and utilities via turbine and hardware sales, proceeds from the sale of project development rights, consulting contracts, grants and industry sponsored research and development programmes. Following on from signature of our agreement with Dongfang to act as a sales agent for other renewable energy technology, we have reached a similar arrangement with RusHydro, one of Russia's largest power generating companies, to identify and pursue opportunities for its tidal barrage system. We principally aim to derive revenue through three main channels:

1. Turbines and associated technology
2. Project development rights
3. Consultancy and project management services

To support and develop these revenue streams, we have five central business functions:

- **Technology development and delivery**

One of our two core business activities is selling tidal power turbine systems to utility customers and project developers. The technology development team, numbering 15 and located in the UK and Singapore, is responsible for the design and delivery of the Atlantis turbines and for continuing research and development in components and turbine systems. This can involve prototyping and testing for novel components and manufacturing processes and includes the management of any associated intellectual property. The in-house team coordinates and manages a portfolio of subcontractors during design and delivery, including, for the AR1500 design, Lockheed Martin, Garrad Hassan, The Switch and Involution.

- **Project development**

Our other core business is tidal power project development, for which we are recognised as a leading project developer in the tidal power sector. Our project development division, currently comprising a team of 7, has taken the MeyGen project from a greenfield, undeveloped site through to a fully permitted project, including front end engineering design, grid connection and environmental consenting for the first 86MW, and continues to identify resource rich locations at which to replicate this process. For new markets, we expect to continue to be a significant shareholder in the relevant project company during the demonstration phase, which would typically comprise deployment and operation of 1 to 10 turbines, in order to prove the technical and commercial viability of the site. Having secured future turbine supply rights, we would then expect to sell on our stake in the project company to recover the investment as well as an additional developer's premium. Our project development team has already originated over 400MW of planned projects and will continue to be a decisive factor for Atlantis in the future, providing a sales channel for tidal turbine systems, opening new markets and attracting new clients internationally. Atlantis holds 100% of the equity in MeyGen in Scotland, and interests in the Mundra project in India and the FORCE project in Canada.

# CHIEF EXECUTIVE OFFICER'S STATEMENT continued

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- **Consulting**

During 2014, it is our aim to build a dedicated consulting team to provide resource analysis, techno-economic feasibility, engineering design and offshore management services to clients either at the preliminary stages of assessing the economic potential of a project location or during more mature project development. These services are currently provided through the technology development and delivery team, but a dedicated unit will allow active pursuit of consulting opportunities and hence growth of this revenue stream. The consulting team will work closely with the project development team to provide expertise through greenfield development and, subsequently, to the project company during development and construction. The consulting team will be able to draw on additional resources from the technology development and delivery team on a contract to contract basis.

- **Sales and marketing**

To promote sales of turbines, consultancy services and project development rights, we engage in sales and marketing efforts globally, responding to tenders and requests for proposals and initiating proactive efforts to promote tidal power generation within target resource rich markets. Our sales and marketing team, comprising 4 staff, works with governments to promote public policy that catalyses investment in marine power projects, including financial incentives, such as feed-in-tariffs, tax incentives and capital grants, and seabed ownership policy, such as leasing rounds, permitting procedures and development rights. In combination these create a domestic investment climate that is attractive to project sponsors and owner/operators, which are then targeted by the sales and marketing team with the ultimate goal of executing a turbine sales agreement for the supply of tidal turbines to be deployed at their project locations. The turbine sales process typically has a long decision timeline, and therefore the project development and consulting teams play an important role in order cultivation and client relationship management during the initial feasibility assessment and permitting phase. More importantly, we aim to control key tracts of seabed through early stage origination in order to limit the possibilities for other companies to enter the market in these locations, despite their turbine development activities. We expect this to give us a competitive advantage that is difficult to displace or replicate at attractive sites.

- **Corporate services**

The corporate services team is responsible for support functions to enable the smooth running of the Atlantis group. This team manages the in-house accounting and finance functions and maintains oversight of the outsourced delivery of legal, human resources and information technology services.

## SUMMARY OF RESULTS

Revenue in the year to 31 December 2013 was derived from the sale of equipment to CECEP Ocean Energy for its demonstration project in China, and from the provision of consulting services, including Phase 1 of the Energy Technologies Institute project for cost reduction in tidal energy. The group's total revenue for the financial year ended 31 December 2013 was approximately S\$6.2 million.

Our acquisition of the equity in MeyGen, which we did not previously own, gives Atlantis control of the entire MeyGen project. During the engineering and consenting phase, the project has not generated any revenue from power sales. However, as the project matures, and turbine deployment commences, operating revenue is expected to accrue and the carrying value of the project is expected to have a significant effect on our balance sheet in the short, medium and longer term.

The company commissioned an independent valuation of MeyGen which resulted in a release of S\$16.7 million of negative goodwill to income being recognised in the statement of profit or loss and other comprehensive income, within other gains and losses, partially offset by additional interest expense on loans resulting from conversion and fair value adjustments of S\$12.0 million. The majority of the fair value adjustment surrounded the sea bed option, further details of which are provided in Note 11 to the financial statements.

The net cash used in operating and investing activities was S\$10.3 million, a S\$1.8 million increase from the previous period. Net cash from financing activities for the year was S\$8.8 million of which S\$3.6 million was the proceeds from the issue of shares and S\$5.2 million from borrowings. The additional loans entered into by the company in 2013 converted to equity on the successful admission to the London AIM exchange.



**Timothy Cornelius**  
*Chief Executive Officer*

# CORPORATE GOVERNANCE REPORT

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The company was admitted to trading on the Alternative Investment Market (“AIM”) on 20 February 2014. Admission to AIM does not require the company to apply the UK Corporate Governance Code. Nevertheless, the directors are committed to high standards of corporate governance, and although not required to do so, it is their intention that the company will comply with the Corporate Governance Guidelines issued by the Quoted Companies Alliance (the “QCA Code”) where considered relevant and appropriate for a company of its size, nature and stage of development.

Just prior to admission to AIM, the company established the three committees recommended by the QCA guidelines, a Nomination Committee, a Remuneration Committee and an Audit Committee, as well as an additional Technology Committee. These committees operate within a scope and remit defined by specific terms of reference, as determined by the Board. The committees’ full terms of reference are available on the company’s website, [www.atlantisresourcesltd.com](http://www.atlantisresourcesltd.com).

## THE BOARD OF DIRECTORS

The Board is collectively responsible for the effective oversight and long term success of the company. It agrees the strategic direction and governance structure to achieve the long-term success of the company and deliver shareholder value. In addition to setting the strategy, the Board takes the lead in areas such as financial policy and making sure the company maintains a sound system of internal control. The Board’s full responsibilities are set out in a formal schedule of matters reserved for the Board.

The Board delegates authority to its committees to carry out certain tasks on its behalf, so that it can operate efficiently and give an appropriate level of attention and consideration to relevant matters. The composition and role of each committee is summarised below and on page 7.

The role of the Chairman and the Chief Executive Officer are separate with a distinct division of responsibilities. The Board’s independent oversight is enhanced by the separation of authority by ensuring that no one individual on the Board has unfettered authority. The Board delegates authority to the Chief Executive Officer to manage the day-to-day operations and implementation of the strategy of the company. In turn, the Chief Executive Officer delegates a number of his duties to the company’s management team.

The Board of directors comprises a non-executive chairman, four non-executive directors and two executive directors; the company’s Chief Executive Officer and Chief Financial Officer. The profiles of the current executive and non-executive directors illustrating their relevant skills and experience can be found on pages 9 and 10.

The non-executive directors contribute a wide range of skills and experience, forming a strong element within the Board and they have a key role in constructively challenging in all areas. All directors are obliged by the Articles of Association to retire on a rotating basis and are subject to re-election at the Annual General Meeting. None of the non-executive directors have been employees of the company at any time. Their opinions are influential in the decision-making of the company, both in financial and operational terms.

The Chairman is responsible for providing leadership for the Board and ensuring its effectiveness in all aspects of its role, ensuring that directors have sufficient resources available to them to fulfil their statutory duties. The Chairman is responsible for setting the Board’s agenda, ensuring that adequate time is available to discuss all items on the agenda and ensuring a particular focus on strategic issues. The Chairman promotes a culture of openness and debate by facilitating the effective contribution of non-executive directors in particular, and by encouraging a constructive relationship between executive and non-executive directors. The Board and its committees are provided with information on a timely basis in order to ensure proper assessment can be made of the matters requiring a decision or insight.

As well as the support of the Company Secretary, there is a procedure in place for any director to take independent professional advice at the company’s expense in the furtherance of their duties, where considered necessary. The Board may appoint a director as it thinks fit; however, any director appointed by the Board must offer himself or herself for reappointment at the first Annual General Meeting following appointment, and then must retire by rotation in accordance with the Articles of Association. The shareholders of the company may also remove a director by ordinary resolution.

## BOARD MEETINGS AND ATTENDANCE

The Board in its current form was established on 11 December 2013 and no further meetings were held prior to the year end, although meetings have been held subsequently. Details of meetings held in 2014 and the attendance of directors will be reported in next year’s Annual Report.

## AUDIT COMMITTEE

The Audit Committee is chaired by Ian Macdonald and its other members are John Woodley and Rune Nilsen. It is required to meet not less than three times a year at appropriate times in the financial reporting and audit cycle and whenever

# CORPORATE GOVERNANCE REPORT continued

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otherwise necessary to fulfil its responsibilities. The Audit Committee's role is to assist the Board in discharging its responsibilities with regard to monitoring the integrity of financial reporting, overseeing the relationship with the external auditor, making recommendations to the Board regarding the appointment of the external auditor, and reviewing the adequacy and effectiveness of the company's internal controls and risk management systems. The ultimate responsibility for reviewing and approving the Annual Report and Accounts and the half-yearly reports remains with the Board. The Audit Committee did not meet prior to the company's admission, but has met subsequently and has advised the Board that this Annual Report and Accounts, taken as a whole, is fair, balanced and understandable for shareholders to assess the company's performance, strategy and business model.

The QCA Code recommends that a separate report from the Audit Committee is included within the Annual Report. As the committee has only recently been constituted and was not in place in the reporting year, the committee's first report will be included in the 2014 Annual Report.

## REMUNERATION COMMITTEE

The Remuneration Committee is chaired by John Neill and its other members are Michael Lloyd and John Woodley. The Remuneration Committee is required to meet at least twice a year and whenever otherwise necessary to fulfil its responsibilities. The role of the Remuneration Committee includes setting policy on executive remuneration and recommending and monitoring the level and structure of remuneration for each of the executive directors. The objective of the policy is to attract, retain and motivate executive management of suitable calibre without paying more than necessary, having regard to the views of shareholders and stakeholders. Prior to admission, no committee meetings were held, but the committee has met subsequently.

The Directors' Remuneration Report from the Remuneration Committee is set out on pages 14 and 15.

## NOMINATION COMMITTEE

The Nomination Committee is chaired by John Neill and its other members are Michael Lloyd and John Woodley. It is required to meet at least twice a year and whenever otherwise necessary to fulfil its responsibilities. The role of the Nomination Committee is to assist the Board in determining its composition, and that of the committees of the Board. It is also responsible for periodically reviewing the Board's structure and identifying potential candidates to be appointed as directors as the need arises. The Nomination Committee is responsible for evaluating the balance of skills, knowledge, experience and diversity of the Board and keeps under review the leadership needs of the company. It makes appropriate recommendations to the Board on such matters. Prior to admission, no committee meetings were held.

## TECHNOLOGY COMMITTEE

The Technology Committee is chaired by Michael Lloyd and its other members are Rune Nilsen and John Woodley. The Technology Committee is responsible for monitoring the integrity of the regular internal reporting on the status of technology development within the company and for sanctioning the external reporting of key technology milestones. The committee also keeps under review the adequacy and effectiveness of the company's internal engineering, internal management controls and risk management systems and ensures that core technology is being developed to plan and within agreed risk parameters. The committee is required to meet at least three times a year. Prior to admission, no committee meetings were held, although the committee has met subsequently.

## INTERNAL CONTROLS AND RISK MANAGEMENT

The Board has overall responsibility for the group's system of internal control and for reviewing its effectiveness. It approves all aspects of the overall risk management framework, including the strategic direction of the business, annual budgets and business plans, the risk management policy and delegations of authority. There is an agreed risk tolerance which is reflected in the group's strategy and risk management activities are geared towards achieving business plans whilst safeguarding the group's assets.

The group's system of internal control includes an on-going process of identifying, monitoring and managing risks by executive management, who ensure that adequate systems, processes and controls are in place. Reports are provided by management to the Audit Committee on internal control and risk management and the Audit Committee monitors risk exposures, risk management activities and the effectiveness of controls. The Audit Committee reports to the Board on these matters.

This system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement and loss, and to prevent and detect fraud and other irregularities.



# CORPORATE GOVERNANCE REPORT continued

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## MAJOR SHAREHOLDER AND SHAREHOLDER ARRANGEMENT

In February 2014 the company, N+1 Singer and Morgan Stanley Renewables Development 1 (Cayman) Limited (“Morgan Stanley Renewables”), which on admission held 42.4% of the company’s share capital, entered into a relationship agreement, the principal purpose of which is to ensure that the company is capable at all times of carrying on its business independently of Morgan Stanley Renewables and its connected persons and to ensure all transactions and relationships between them and the group will be conducted at arm’s length and on normal commercial terms. Terms of the relationship agreement remain unchanged from the AIM admission document.

## SHAREHOLDER ENGAGEMENT

The company is committed to ensuring that there is effective communication with shareholders on matters such as governance and strategy, that the Board understands the views of large shareholders on these issues, and that shareholders receive a balanced and consistent view of the company’s performance. Communication is primarily through the Annual General Meeting which provides an opportunity for shareholders to meet and ask questions of management. All shareholders will receive a copy of the Annual Report and an interim report at the half year will be available on the company’s website.

As a part of a comprehensive investor relations programme, formal meetings with investors are scheduled to discuss the company’s interim and final results. In the periods between these reporting times, the company continues its dialogue with investors by periodical public correspondence between the Chairman and the shareholders.

# BOARD OF DIRECTORS

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## **JOHN NEILL CBE**

### **Non Executive Chairman**

John became a director and non-executive Chairman of the company on 11 December 2013. He is also Chairman and Group Chief Executive of the Unipart Group of companies which he joined from General Motors in 1974, setting out to establish a more independent and broadly based role for what was then British Leyland's Parts Division. In 1987 he led the management buyout of the company and began the process of changing not only the culture of the company but also the whole philosophy by which the business was run. He is a non-executive director of Rolls-Royce plc and was formerly a director of the Court of the Bank of England and a non-executive director of Royal Mail and Charter International plc. John was appointed Prince's Ambassador for the South East for 2009 by HRH The Prince of Wales.



## **TIMOTHY CORNELIUS**

### **Chief Executive Officer**

Timothy acquired a combination of academic, practical and commercial experience before taking the role of Chief Executive Officer of Atlantis in 2006. He joined the Board on 11 December 2013. He has accumulated a wealth of engineering and concept development experience through previous roles in underwater research and subsea engineering in the oil and gas sector with Submarine Escape and Rescue Service (Australia), Subsea Offshore, Halliburton Subsea and Subsea 7, as well as business development and corporate accountability experience through director and executive roles.

Timothy has a BSc in Marine Biology from Flinders University, an MBA from Bond University and remains a fully certified submersible engineer, ROV pilot and commercial diver.



## **DUNCAN BLACK**

### **Chief Financial Officer**

Duncan joined the Board on 11 December 2013. He has seventeen years of experience in the power generation and infrastructure sectors in senior operational and development roles, and as a fund manager, investment banker and engineer. Duncan's experience prior to joining Atlantis includes time as Chief Executive Officer of Babcock & Brown's Asia Infrastructure Fund LP, Chief Financial Officer of TRUenergy (now Energy Australia), which is owned by CLP Holdings Limited and is one of Australia's largest power generator and retail businesses, and business development and finance roles with CLP Holdings Ltd and InterGen focused on power projects in Asia and Australia. Duncan previously worked for Schrodgers Investment Bank, where he focused on project financing and M&A for power generation assets in Asia Pacific, prior to which he was an engineer for a UK construction firm.

Duncan graduated from Imperial College, London with a BEng (Hons) in Civil Engineering and PhD in Hydrodynamics.

## BOARD OF DIRECTORS continued

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### MIKE LLOYD

#### Non Executive Director

Mike was appointed to the Board on 11 December 2013. He has more than forty years of experience in engineering, manufacturing and supply chain roles in the electrical machinery and power sectors. His senior leadership roles have included Group Manufacturing Director, President of Rolls Royce Gas Turbines Operations, Technical Director of GEC Large Machines and Managing Director of Alstom Transport. Mike is currently Chairman of Magnomatics, a venture capital-backed technology company, specialising in the development of innovative magnetic transmission drives for applications including wind turbines and hybrid vehicles. Mike is also a non-executive director of Ceres Power Holdings plc, Aerospace Tooling Ltd and RIMOR Ltd. He has a BSc in Electrical Engineering, a PhD in Electrical Machines and is a Fellow of the Royal Academy of Engineering.



### JOHN WOODLEY

#### Non Executive Director

John joined the Board on 22 September 2008. He was previously co-head of the power and gas-related commodity business for Europe and Asia at Morgan Stanley. He founded the very successful US electricity trading operations for Morgan Stanley in New York in 1994. After ten years with Morgan Stanley in New York, John moved to London to help build the electricity and electricity related energy business outside the US. John is now based in Switzerland and acts as a senior adviser to Morgan Stanley.



### IAN MACDONALD

#### Non Executive Director

Ian was appointed to the Board on 11 December 2013. He has been the President of Hong Leong Finance Ltd since February 2002. Hong Leong Finance Ltd is Singapore's largest finance company with a network of 28 branches island-wide. Ian has been in the financial industry for more than 30 years and brings with him a wealth of experience in all aspects of financial services, particularly in the areas of business and consumer equipment financing. Ian was formerly the National Manager of Business Finance at Australian Guarantee Corporation Limited, a subsidiary of Australian financial giant Westpac Banking Corporation.



### RUNE NILSEN

#### Non Executive Director

Rune joined the Board on 22 September 2011. He has an MSc in Business and Economics from BI Norwegian Business School. He has worked at Statkraft since 1996, starting as a group controller and later heading the finance department in Innovation and Growth. Rune is currently working on a major project related to Statkraft's performance management and financial reporting systems. In addition to this he is engaged in projects related to Statkraft's osmotic power programme.

# REPORT OF THE DIRECTORS

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The directors present their report to the members together with the audited consolidated financial statements of the group and the statement of the financial position and statement of changes in equity of the company for the financial year ended 31 December 2013.

## PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The group is a vertically integrated turbine supplier and project developer in the tidal power industry. It also holds equity positions in a diverse portfolio of tidal stream development projects. Further information on the group's activities is contained in the Chief Executive Officer's Statement on pages 4 to 5.

A review of the business during the financial year is contained in the Chairman's Statement and Chief Executive Officer's Statement on pages 3 to 5.

On 2 October 2013 the company was converted to a public limited company and changed its name to Atlantis Resources Corporation Limited. Subsequently, on 11 November 2013, the company changed its name to Atlantis Resources Limited.

## EVENTS AFTER THE FINANCIAL YEAR END

On 20 February 2014 the company's entire issued ordinary share capital was admitted to trading on AIM, a market of the London Stock Exchange. On admission to AIM ("admission") the company's share capital was reorganised and the company's "B" non-voting preference shares ("B" shares) and "C" non-voting preference shares ("C" shares) were converted into "A" ordinary shares ("A" shares). The "A" shares were then consolidated into new ordinary shares on the basis of one new ordinary share for every 30 "A" shares. In addition, certain convertible loans of the company were converted into ordinary shares and the company undertook a placing of a further 12,765,957 new ordinary shares. Following admission the company's share capital comprised 76,704,200 ordinary shares. Further information is provided in note 31 on page 55.

## DIRECTORS

The directors of the company at the date of this report are:

John Neill ( <i>Non-Executive Chairman</i> )	– Appointed 11 December 2013
Timothy Cornelius ( <i>Chief Executive Officer</i> )	– Appointed 11 December 2013
Duncan Black ( <i>Chief Financial Officer</i> )	– Appointed 11 December 2013
Michael Lloyd ( <i>Non-Executive Director</i> )	– Appointed 11 December 2013
Ian Macdonald ( <i>Non-Executive Director</i> )	– Appointed 11 December 2013
Rune Nilsen ( <i>Non-Executive Director</i> )	
John Woodley ( <i>Non-Executive Director</i> )	

In addition to the above, the following served as directors during the year:

Basil McIlhagga	(Resigned on 11 December 2013)
Ian Potter	(Resigned on 11 December 2013)
Kim Manley	(Resigned on 11 February 2014)
Nicholas Elliot	(Resigned on 11 December 2013)

Biographies of the directors as at the date of this report are provided on pages 9 and 10.

## ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

During and at the end of the financial year, neither the company nor any of its subsidiaries was a party to any arrangement whose purpose was to enable the directors to acquire benefits by acquiring shares in, or debentures of, the company or any other corporate body, except as disclosed in the Directors' Remuneration Report on pages 14 and 15.

## DIRECTORS' INTEREST IN SHARES OR DEBENTURES AND DIRECTORS' CONTRACTUAL BENEFITS

Details of the Directors' Interests in Shares or Debentures and Directors' Contractual Benefits are set out in the Directors' Remuneration Report on pages 14 and 15.

## SHARE OPTIONS

### (a) Options to take up unissued shares

On 19 November 2013 the company granted options over 25,000,000 "B" shares (2012: Nil) under the Atlantis Resources Company Share Option Plan (the "Plan") which was established in 2009. The options vested and were exercisable at a price of S\$0.0001 at any time from 19 November 2013 to 18 November 2018.

# REPORT OF THE DIRECTORS continued

## (b) Unissued shares under option and shares exercised

### Number of options to subscribe for "A" shares

Date of Grant	Balance at 01.01.2013	Granted	Modified	Cancelled/ Lapsed	Balance at 31.12.2013	Exercise price per share	Exercise Period
05.06.2009	15,713,730	–	–	15,713,730	–	\$0.20	01.10.2006 to 26.02.2013
Total	15,713,730	–	–	15,713,730			

### Number of options to subscribe for "B" shares<sup>(1)</sup>

Date of Grant	Balance at 01.01.2013	Granted	Exercised	Cancelled/ Lapsed	Balance at 31.12.2013	Exercise price per share	Exercise Period
05.06.2009	4,342,746	–	–	–	4,342,746	\$0.1553 to \$0.1972	05.06.2009 to 04.06.2014
05.06.2009	27,114,254	–	–	–	27,114,254	\$0.1553 to \$0.1972	05.06.2009 to 04.06.2014
14.12.2009	4,809,000	–	–	–	4,809,000	\$0.1972	14.12.2009 to 04.06.2014
05.06.2010	2,000,000	–	–	–	2,000,000	\$0.20	05.06.2010 to 04.06.2015
10.06.2010	1,000,000	–	–	–	1,000,000	\$0.20	10.06.2010 to 09.06.2015
19.11.2013	–	25,000,000	25,000,000	–	–	\$0.0001	19.11.2013 to 18.11.2018
Total	39,266,000	25,000,000	25,000,000	–	39,266,000		

(1) On 11 December 2013 the Board approved certain amendments to the Plan, including an adjustment to the options outstanding over "B" shares, conditional on admission. The outstanding options over 39,266,000 "B" shares, exercisable at prices between \$0.1553 and \$0.20 per share, upon admission, became options over a total of 1,308,866 ordinary shares at prices between \$4.659 and \$6.00 per share. The outstanding options are not subject to any performance conditions. No further options have been issued under the Plan since the financial year end. The Plan was terminated on admission, without prejudice to the rights conferred by the outstanding options. The outstanding options are fully vested and exercisable.

Following the adjustment, the outstanding options will generally lapse on the earlier of 4 June 2014 or five years from grant (9 June 2015 for one participant). Until options are exercised, participants have no voting or other rights in respect of the options held. "B" shares issued or transferred pursuant to the Plan ranked *pari passu* in all respects with the "B" shares then already in issue except that they did not rank for any dividend or other distribution of the company paid or made by reference to a record date falling prior to the date of exercise of the relevant option. Following the adjustment, ordinary shares resulting from the exercise of the outstanding options will rank *pari passu* in all respects with the ordinary shares in issue. Options are not pensionable, assignable or transferable.

- (c) In accordance with the Deed of Undertaking between Atlantis Resources Limited and Morgan Stanley Renewables dated October 2008, the company irrevocably undertook to grant a call option upon the occurrence of a fund raising exercise in respect of such number of option shares as required to restore Morgan Stanley Renewables' shareholding in the company to 49.9% (2012: 49.9%) of the issued share capital of the company, subject to an aggregate cap of 239,263,119 option shares. As a result of a rights issue undertaken by the company in July 2013, Morgan Stanley Renewables' shareholding in the company fell below 49.9%. Morgan Stanley Renewables exercised all of its remaining 134,194,544 (2012: Nil) options and was issued a corresponding number of "A" shares in the company.
- (d) Other than the above, during the financial year no option to take up unissued shares of any corporation in the group was granted and there were no shares of any corporation in the group issued by virtue of the exercise of an option to take up unissued shares. At the end of the financial year, other than the above, there were no unissued shares of any corporation in the group under option.

## INDEPENDENT AUDITOR

KPMG LLP has expressed its willingness to be appointed at the company's Annual General Meeting in place of Deloitte LLP who are standing down following the audit of these financial statements. This follows a tender process for the group's independent auditor role, following AIM guidelines, given that Deloitte LLP has been the group's auditor for a period of ten years.

## REPORT OF THE DIRECTORS continued

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### ANNUAL GENERAL MEETING ("AGM")

The company's AGM will take place on 30 June 2014 at 10.00 am at the offices of Ashurst LLP, Broadwalk House, 5 Appold Street, London EC2A 2HA.

*For and on behalf of the Board*

Timothy Cornelius



Date: 30 May 2014

Duncan Black



# DIRECTORS' REMUNERATION REPORT

This report sets out details of the directors' remuneration in 2013 and 2012.

## REMUNERATION COMMITTEE

The members of the Remuneration Committee and the Remuneration Committee's role are set out on page 7.

## DIRECTORS' INTEREST IN SHARES OR DEBENTURES

According to the Register of Directors' Shareholdings kept by the company under Section 164 of the Singapore Companies Act (the "Act"), none of the directors of the company holding office at the end of the financial year had any interests in the shares or debentures of the company and its related corporations, except as follows:

Name of directors and company in which interests are held	Shareholdings registered in the name of directors		Shareholdings in which directors are deemed to have an interest	
	At 1 January 2013/date of appointment <sup>(1)</sup>	At 31 December 2013	At 1 January 2013/date of appointment <sup>(1)</sup>	At 31 December 2013
Atlantis Resources Limited				
Kim Manley:				
"A" shares <sup>(2)</sup>	–	–	79,052,717	80,451,540
Options to subscribe for "A" shares	3,142,746	–	–	–
Duncan Black:				
"B" shares	25,000,000	25,000,000	–	–
Timothy Cornelius:				
"C" shares	–	–	29,761,963	29,761,963 <sup>(3)</sup>

(1) Timothy Cornelius and Duncan Black were both appointed as directors on 11 December 2013.

(2) Kim Manley is sole shareholder of Minnow Holdings Pty Limited which, at the beginning of the year, held 77,877,716 "A" shares and which is a 3.2% shareholder in Enetec Holdings through which he had an interest equivalent to a further 1,175,000 "A" shares. He also has a 0.000002% shareholding in Yamba Energy Limited through which he had an interest equivalent to a further 1 "A" share. During the financial year his interest was increased by an additional 1,398,823 "A" shares, subscribed for by Minnow Holdings Pty Limited.

(3) Timothy Cornelius is the sole shareholder of Languedoc Pte Limited which held 29,761,963 "C" shares in the company. These shares were subject to a Singapore law charge in favour of Bank Morgan Stanley AG as security for a S\$1,500,000 loan to Tim Cornelius dated 12 November 2008.

John Neill, Michael Lloyd and Ian Macdonald held convertible loans in the company for the amounts of £200,000, £50,000 and £100,000 respectively at their date of appointment and at the end of the year. On admission these loans converted into "A" shares and were then consolidated into ordinary shares on the basis of one ordinary share for every 30 "A" shares. Following consolidation, John Neill, Michael Lloyd and Ian Macdonald held 252,501, 63,287 and 125,020 ordinary shares respectively.

Following admission, and as at the date of this report, the directors held the following interests in the ordinary shares of the company:

Director	Shareholdings registered in the name of directors	Shareholdings in which directors are deemed to have an interest
Timothy Cornelius	84,041	992,065 <sup>(1)</sup>
Duncan Black	917,419	–
John Neill	252,501	–
John Woodley	–	–
Rune Nilsen	–	–
Michael Lloyd	63,287	–
Ian Macdonald	125,020	–

(1) Shares held by Languedoc Pte Limited, of which Timothy Cornelius is the sole shareholder. These shares are subject to a Singapore law change in favour of Bank Morgan Stanley AG.

## DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director of the company has received, or become entitled to receive, a benefit which is required to be disclosed under Section 201(8) of the Act under a contract made by the company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest, other than salaries, bonuses and other benefits as shown in these financial statements. Certain directors received remuneration from a related corporation in their capacity as directors and/or executives of those related corporations.

# DIRECTORS' REMUNERATION REPORT continued

## ANNUAL REMUNERATION

The table below sets out the annual remuneration of the directors for the years ended 31 December 2013 and 31 December 2012. This information relates to the remuneration paid under the remuneration policy arrangements prior to the company's admission to AIM.

Director	2013 S\$'000	2012 S\$'000
Timothy Cornelius <sup>(1)</sup>	419	–
Duncan Black	408	–
John Neill	9	–
Rune Nilsen	–	–
John Woodley	4	–
Michael Lloyd	4	–
Ian Macdonald	4	–
Kim Manley	236	140

(1) Timothy Cornelius is employed by Atlantis Operations (UK) Limited.

In December 2013 it was agreed, contingent on admission, that bonuses would be paid to certain directors in respect of achievement against key performance indicators and targets. Tim Cornelius and Duncan Black received bonuses of £50,000 each following admission.

## LONG TERM INCENTIVE SCHEME ("LTIP")

On 11 December 2013, contingent on admission of the company's shares to AIM, the company offered certain senior management and directors options over shares through a LTIP. The options granted to directors are shown below:

Name	Date of Grant	Number of Ordinary Shares	Nature of Award	Exercise Price	Vesting Period
Timothy Cornelius	20 February 2014	1,063,830	Option	£0.94	1/3 on each of first, second and third anniversary of grant
Duncan Black	20 February 2014	851,064	Option	£0.94	1/3 on each of first, second and third anniversary of grant
John Neill	20 February 2014	1,063,830	Option	£0.94	1/3 on each of first, second and third anniversary of grant
Michael Lloyd	20 February 2014	106,383	Option	£0.94	1/3 on each of first, second and third anniversary of grant
Ian Macdonald	20 February 2014	265,958	Option	£0.94	1/3 on each of first, second and third anniversary of grant

Vested awards are exercisable up until the tenth anniversary date of the grant.

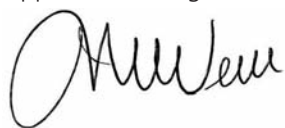
Until awards vest or options are exercised, participants have no voting or other rights in the shares subject to the award. Ordinary shares issued or transferred pursuant to the LTIP rank *pari passu* in all respects with the ordinary shares then in issue except that they will not rank for any dividend/distribution of the company paid or made by reference to a record date falling before the exercise date. The option is not assignable or transferable.

At the date of this report, the company had 5,564,187 options over ordinary shares of the company outstanding, which represented 7.3% of the company's outstanding share capital.

## SHAREHOLDER VOTE AT THE AGM

The 2013 Directors' Remuneration Report is the first remuneration report for the company and will be put to the shareholder vote at the 2014 AGM.

Approved and signed on behalf of the board



John Neill  
Chairman of the Remuneration Committee



# STATEMENT OF DIRECTORS

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In the opinion of the directors, the consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company as set out on pages 19 to 55 are drawn up so as to give a true and fair view of the state of affairs of the group and of the company as at 31 December 2013 and of the results, changes in equity and cash flows of the group and changes in equity of the company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts when they fall due.

*On behalf of the Directors*



Timothy Cornelius



Duncan Black

Date: 30 May 2014

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ATLANTIS RESOURCES LIMITED

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## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ATLANTIS RESOURCES LIMITED

### Report on the Financial Statements

We have audited the accompanying financial statements of Atlantis Resources Limited (formerly known as Atlantis Resources Corporation Pte. Limited) (the “company”) and its subsidiaries (the “group”), which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at December 31, 2013, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the group and the statement of changes in equity of the company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 19 to 55.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the “Act”) and International Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ATLANTIS RESOURCES LIMITED continued

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## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ATLANTIS RESOURCES LIMITED

### Opinion

In our opinion the consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Act and International Financial Reporting Standards so as to give a true and fair view of the state of affairs of the group and of the company as at December 31, 2013 and of the results, changes in equity and cash flows of the group and changes in equity of the company for year ended on that date.

### Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

A handwritten signature in black ink that reads "Deloitte &amp; Touche LLP". The signature is written in a cursive, flowing style.

Public Accountants and  
Chartered Accountants  
Singapore

May 30, 2014

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2013

	Notes	2013 S\$'000	2012 S\$'000
<b>Revenue</b>	4	6,190	3,003
Cost of sales		(4,918)	(2,489)
Gross profit		1,272	514
Operating expenditure	5	(11,786)	(9,230)
Depreciation and amortisation	9	(3,201)	(3,413)
<b>Operating loss</b>		(13,715)	(12,129)
Other gains and losses	6	19,410	(516)
Finance costs	7	(15,360)	(2,395)
<b>Loss before tax</b>		(9,665)	(15,040)
Income tax (expense)/benefit	8	(11)	66
<b>Loss for the year</b>	9	(9,676)	(14,974)
<b>Other comprehensive income:</b>			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(1,975)	814
Other comprehensive income for the year, net of tax		(1,975)	814
<b>Total comprehensive income for the year</b>		(11,651)	(14,160)
<b>Losses attributable to:</b>			
Owners of the group		(9,676)	(14,974)
<b>Total comprehensive income attributable to:</b>			
Owners of the group		(11,651)	(14,160)
<b>Loss per share (S\$)</b>	25	(0.26)	(0.41)

No dividends were proposed or declared in respect of any of the years presented above.

The accompanying notes form part of these financial statements.

# STATEMENTS OF FINANCIAL POSITION

31 DECEMBER 2013

	Notes	Group		Company	
		2013 S\$'000	2012 S\$'000	2013 S\$'000	2012 S\$'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Investment in subsidiaries	11	–	–	17,797	17,788
Loan to a subsidiary	12	–	–	1,904	–
Available-for-sale investments	13	–	1,350	–	1,350
Property, plant and equipment	14	3,007	4,448	33	183
Intangible assets	15	44,040	41,984	6,556	7,102
		<b>47,047</b>	<b>47,782</b>	<b>26,290</b>	<b>26,423</b>
<b>Current assets</b>					
Cash and cash equivalents	16	2,620	2,338	184	168
Trade and other receivables	17	1,601	480	25,883	44,303
Other assets	18	37,052	–	–	–
		<b>41,273</b>	<b>2,818</b>	<b>26,067</b>	<b>44,471</b>
<b>Total assets</b>		<b>88,320</b>	<b>50,600</b>	<b>52,357</b>	<b>70,894</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Trade and other payables	19	6,805	3,483	7,975	1,354
Provisions	20	1,104	–	–	–
Income tax payable		11	–	–	–
Loans and borrowings	21	38,762	–	38,762	–
		<b>46,682</b>	<b>3,483</b>	<b>46,737</b>	<b>1,354</b>
<b>Non-current liabilities</b>					
Deferred tax	22	7,602	–	–	–
Loans and borrowings	21	12,414	18,027	–	18,027
		<b>20,016</b>	<b>18,027</b>	<b>–</b>	<b>18,027</b>
<b>Total liabilities</b>		<b>66,698</b>	<b>21,510</b>	<b>46,737</b>	<b>19,381</b>
<b>Net assets</b>		<b>21,622</b>	<b>29,090</b>	<b>5,620</b>	<b>51,513</b>
<b>EQUITY</b>					
Share capital	23	114,906	111,282	114,906	111,282
Translation reserve		(716)	1,259	–	–
Option fee		10	10	10	10
Share option reserve	24	3,994	3,435	3,994	3,435
Accumulated losses		(96,572)	(86,896)	(113,290)	(63,214)
<b>Total Equity</b>		<b>21,622</b>	<b>29,090</b>	<b>5,620</b>	<b>51,513</b>

See accompanying notes to financial statements.

# STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2013

	Note	Share capital S\$'000	Translation reserve S\$'000	Option fee S\$'000	Share option Reserve S\$'000	Accumulated Losses S\$'000	Attributable to equity holder of the group S\$'000	Total S\$'000
<b>Group</b>								
Balance at 1 January 2012		111,282	445	10	3,240	(71,922)	43,055	43,055
<b>Total comprehensive income for the year</b>								
Loss for the year		–	–	–	–	(14,974)	(14,974)	(14,974)
Other comprehensive income for the year		–	814	–	–	–	814	814
<b>Total</b>		–	814	–	–	(14,974)	(14,160)	(14,160)
<b>Transactions with owners, recognised directly in equity</b>								
Recognition of share based payments, net		–	–	–	195	–	195	195
<b>Total</b>		–	–	–	195	–	195	195
Balance at 31 December 2012		111,282	1,259	10	3,435	(86,896)	29,090	29,090
<b>Total comprehensive loss for the year</b>								
Loss for the year		–	–	–	–	(9,676)	(9,676)	(9,676)
Other comprehensive income for the year		–	(1,975)	–	–	–	(1,975)	(1,975)
<b>Total</b>		–	(1,975)	–	–	(9,676)	(11,651)	(11,651)
<b>Transactions with owners, recognised directly in equity</b>								
Issue of share capital	23	3,621	–	–	–	–	3,621	3,621
Exercise of share options, net	24	3	–	–	–	–	3	3
Recognition of share based payments, net		–	–	–	559	–	559	559
<b>Total</b>		3,624	–	–	559	–	4,183	4,183
<b>Balance at 31 December 2013</b>		<b>114,906</b>	<b>(716)</b>	<b>10</b>	<b>3,994</b>	<b>(96,572)</b>	<b>21,622</b>	<b>21,622</b>
	Note	Share capital S\$'000	Translation reserve S\$'000	Option fee S\$'000	Share option Reserve S\$'000	Accumulated Losses S\$'000		Total S\$'000
<b>Company</b>								
Balance at 1 January 2012			111,282	–	10	3,240	(55,836)	58,696
<b>Total comprehensive expense for the year</b>			–	–	–	–	(7,378)	(7,378)
Recognition of share based payments, net			–	–	–	195	–	195
Balance at 31 December 2012			111,282	–	10	3,435	(63,214)	51,513
<b>Total comprehensive expense for the year</b>			–	–	–	–	(50,076)	(50,076)
Issue of share capital	23	3,621	–	–	–	–	–	3,621
Recognition of share based payments, net	24	3	–	–	–	559	–	562
<b>Balance at 31 December 2013</b>			<b>114,906</b>	<b>–</b>	<b>10</b>	<b>3,994</b>	<b>(113,290)</b>	<b>5,620</b>

See accompanying notes to financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2013

	Group	
	2013 S\$'000	2012 S\$'000
<b>Operating activities</b>		
Loss before tax	(9,665)	(15,040)
Adjustments for:		
Release of negative goodwill to income	(16,674)	–
Fair value of pre-existing interest in acquiree	(1,938)	–
FVTPL	3,189	–
Depreciation of property, plant and equipment	162	211
Amortisation of intangible asset	3,039	3,202
Net loss on disposal of property, plant and equipment	–	1,144
Interest income	–	(67)
Interest expense	12,171	2,395
Bad debt expense	50	–
Share-based payments	559	195
Provisions made during the year	1,104	–
Net foreign exchange	(1,348)	646
Operating cash flows before movements in working capital	(9,351)	(7,314)
Trade and other receivables	(852)	67
Inventory	1,636	–
Trade and other payables	2,759	1,052
Cash used in operations	(5,808)	(6,195)
Interest paid	–	(2)
Income tax paid	–	(2)
Net cash used in operating activities	(5,808)	(6,199)
<b>Investing activities</b>		
Purchase of property, plant and equipment	(464)	(500)
Expenditure on project development	(1,908)	(1,373)
Purchase of available-for-sale investments	–	(477)
Acquisition of subsidiary, net of cash acquired	(418)	–
Deposit pledged	(1,712)	–
Net cash used in investing activities	(4,502)	(2,350)
<b>Financing activities</b>		
Proceeds from grants received	–	811
Proceeds from issue of shares	3,621	–
Proceeds from exercising of share options	3	–
Proceeds from borrowings	5,165	500
Net cash from financing activities	8,789	1,311
Net increase/(decrease) in cash and bank balances	(1,521)	(7,238)
Cash and cash equivalents at the beginning of the year	2,338	9,567
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	91	9
<b>Cash and cash equivalents at the end of the year (Note 16)</b>	<b>908</b>	<b>2,338</b>

See accompanying notes to financial statements.

# NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2013

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## 1. GENERAL

The company (Registration No. 200517551R) is incorporated in Singapore with its principal place of business and registered office at 65 Niven Road, Singapore 228414.

With effect from 2 October 2013, the company changed its name from Atlantis Resources Corporation Pte Ltd to Atlantis Resources Corporation Ltd., and subsequently with effect from 11 November 2013, the company changed its name to Atlantis Resources Limited.

The principal activity of the company is that of pioneering the development of tidal current power as the most reliable, economic and secure form of renewable energy. The company is an inventor, developer, owner, marketer and licensor of technology, intellectual property, trademarks, products and services.

The principal activities of the subsidiaries are disclosed in Note 11 to the financial statements.

The consolidated financial statements of the group, the statement of financial position and the statement of changes in equity of the company for the year ended 31 December 2013 were authorised for issue by the Board of Directors on 30 May 2014.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**BASIS OF ACCOUNTING** – The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The financial statements are expressed in Singapore dollars (S\$), rounded to the nearest thousand.

**ADOPTION OF IFRS AND REVISED STANDARDS** – On 1 January 2013, the group adopted all the new and revised IFRS that are effective from that date and are relevant to its operations. The adoption of these new/revised IFRSs does not result in changes to the group’s accounting policies and has no material effect on the amounts reported for the current or prior years except as disclosed below:

### **IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements**

IFRS 10 replaces the control assessment criteria and consolidation requirements currently in IAS 27 and INT FRS 12 *Consolidation – Special Purpose Entities*.

IFRS 10 defines the principle of control and establishes control as the basis for determining which entities are consolidated in the consolidated financial statements. It also provides more extensive application guidance on assessing control based on voting rights or other contractual rights. Under IFRS 10, control assessment will be based on whether an investor has: (i) power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the returns. IAS 27 remains as a standard applicable only to separate financial statements.

### **IFRS 11 Joint Arrangements and IAS 28 Investments in Associates and Joint Ventures**

IFRS 11 classifies a joint arrangement as either a joint operation or a joint venture based on the parties’ rights and obligations under the arrangement. The existence of a separate legal vehicle is no longer the key factor. A joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities. A joint venture is a joint arrangement whereby the parties that have joint control have rights to the net assets.

The joint venturer should use the equity method under the revised IAS 28 *Investments in Associates and Joint Ventures* to account for a joint venture. The option to use the proportionate consolidation method has been removed. For joint operations, the group directly recognises its rights to the assets, liabilities, revenues and expenses of the investee in accordance with applicable IFRSs.

The application of the IFRS 11 does not have any significant impact on financial statements as the group does not have any investment in jointly controlled entities.

### **IFRS 13 Fair Value Measurement**

The group has applied IFRS 13 for the first time in the current year. IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The fair value measurement requirements of IFRS 13 apply to both financial instrument items and non-financial assets for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment, leasing transactions that are within the scope of IAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).



# NOTES TO FINANCIAL STATEMENTS continued

31 DECEMBER 2013

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Application of IFRS 13 has not materially impacted the fair value measurements of the group. Additional disclosures where required are provided in the individual notes relating to the assets and liabilities whose fair values were determined. Fair value hierarchy is provided in Note 26.

Other than the additional disclosures, the application of IFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

At the date of authorisation of these financial statements, the following IFRSs, INT IFRSs and amendments to IFRS that are relevant to the group were issued but not effective:

- IFRS 9 Financial Instruments<sup>(2)</sup>
- Amendments to IFRS9 and IFRS 7 Mandatory Effective Date of IFRS 9 and Transition Disclosures<sup>(2)</sup>
- Amendments to IFRS 10, IFRS 12 and IAS27 Investment Entities<sup>(1)</sup>
- Amendments to IAS32 Offsetting Financial Assets and Financial Liabilities<sup>(1)</sup>
- Amendments to IAS36 Impairment of Assets<sup>(1)</sup>

(1) Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.

(2) Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

The management anticipates that the adoption of the above IFRSs, INT IFRSs and amendments to IFRS in future periods will not have a material impact on the financial statements of the group and of the company in the period of their initial adoption.

**BASIS OF CONSOLIDATION** – The consolidated financial statements are prepared in conjunction with IFRS 10 *Consolidated Financial Statements* and 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.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the group.

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

Changes in the group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the company.

When the group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between: (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 7 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

In the company's financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

**BUSINESS COMBINATIONS** – The acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the group to the former owners of the acquiree, and equity interests issued by the group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

# NOTES TO FINANCIAL STATEMENTS continued

31 DECEMBER 2013

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IFRS 7 *Financial Instruments: Recognition and Measurement*, or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the IFRS are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to the replacement by the group of an acquiree's share based payment awards are measured in accordance with IAS 2 *Share-based Payment*; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

**GOODWILL** – The group measures goodwill at the acquisition date as:

- the consideration transferred; plus
  - the recognised amount of any non-controlling interests in the acquiree; plus
  - if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,
- over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an 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 on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

**FINANCIAL INSTRUMENT** – Financial assets and financial liabilities are recognised on the group's statement of financial position when the group becomes a party to the contractual provisions of the instrument.

# NOTES TO FINANCIAL STATEMENTS continued

31 DECEMBER 2013

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

### *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest rate basis for debt instruments other than those financial instruments "at fair value through profit or loss".

### **Financial assets**

All financial assets are recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs except for those financial assets classified as at fair value through profit and loss which are initially measured at fair value.

Financial assets are classified into the following specified categories: "available-for-sale" financial assets and "trade and other receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

### *Available-for-sale financial assets*

Certain shares and debt securities held by the group are classified as being available for sale and are stated at fair value. Investment in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are stated at cost. Fair value is determined in accordance with IFRS 13 *Fair Value Measurement* and in the manner described in Note 26. Gains and losses arising from changes in fair value are recognised in other comprehensive income with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income and accumulated in revaluation reserve is reclassified to profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the group's right to receive payments is established. The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at end of the reporting date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in other comprehensive income.

### *Loans and receivables*

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

### *Impairment of financial assets*

Financial assets, other than those at fair value through profit and loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

For available-for-sale equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

# NOTES TO FINANCIAL STATEMENTS continued

31 DECEMBER 2013

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When a receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss. With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any subsequent increase in fair value after an impairment loss is recognised in other comprehensive income.

### *Derecognition of financial assets*

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

### **Financial liabilities and equity instruments**

#### *Classification as debt or equity*

Financial liabilities and equity instruments issued by the group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

#### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

#### *Other financial liabilities*

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method, with interest expense recognised on an effective yield basis.

Interest-bearing loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs (see below).

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVPTL, subsequently at the higher of the amount of obligation under the contract recognised as a provision in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation in accordance with IAS 18 *Revenue*.

#### *Convertible loan notes*

Convertible loans are regarded as compound instruments, consisting of a liability component and an equity component. The component parts of compound instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured.

# NOTES TO FINANCIAL STATEMENTS continued

31 DECEMBER 2013

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

### *Derecognition of financial liabilities*

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or they expire.

**LEASES** – Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**PROPERTY, PLANT AND EQUIPMENT** – Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land is stated in the consolidated statement of financial position at cost, less any subsequent accumulated impairment losses.

Plant and equipment in the course of construction ("construction-in-progress") for production, rental or administrative purposes, or for purpose not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees in accordance with the group's accounting policy. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost of assets, other than freehold land and construction-in-progress, over their estimated useful lives using the straight-line method, on the following bases:

Furniture, fixtures and equipment – 25%

Computer equipment and software – 25%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

Fully depreciated assets still in use are retained in the financial statements.

### **INTANGIBLE ASSETS**

#### *Internally-generated intangible assets - research and development expenditure*

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Capitalisation of an internally generated asset is only permitted during the development phase.

Development activities must apply research findings for a business purpose, such as:

- the design, construction and testing of pre-production or pre-use prototypes and models;
- the design of tools, jigs, moulds and dies involving new technology;
- the design, construction and operation of a pilot plant that is not of a scale economically feasible for commercial production; and
- the design, construction and testing of a chosen alternative for new or improved materials, devices, products.

The cost of capitalised development activities should include all directly attributable costs necessary to create, produce and prepare an asset for a business purpose in the manner intended by management.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.

# NOTES TO FINANCIAL STATEMENTS continued

31 DECEMBER 2013

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

- The intention to complete the intangible asset so that it will be available for use or sale.
- The ability to use or sell the intangible asset.
- How the intangible asset will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

### *Intellectual property*

Intellectual property is measured initially at purchase cost and is subsequently measured at cost less any accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over the asset's estimated useful life. Intellectual property is tested for impairment annually, or more frequently when there is an indication that it may be impaired (see below for impairment testing).

### *Intangible assets acquired in a business combination*

Intangible assets acquired in a business combination are identified and recognised separately from goodwill. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

**IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL** – At the end of each reporting period, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**PROVISIONS** – Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

# NOTES TO FINANCIAL STATEMENTS continued

31 DECEMBER 2013

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**SHARE-BASED PAYMENTS** – The group issues equity-settled share-based payments to certain employees and directors.

Equity-settled share-based payments are measured at fair value of the equity instruments (excluding the effect of non market-based vesting conditions) at the date of grant. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 24. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of the number of equity instruments that will eventually vest. At the end of each reporting period, the group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Fair value is measured using the Black-Scholes pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

**GOVERNMENT GRANTS** – Government grants are not recognised until there is reasonable assurance that the group will comply with the conditions attached to them and the grants will be received. Government grants whose primary condition is that the group should purchase, construct or otherwise acquire non-current assets are presented as a deduction from the carrying amount of the related assets and recognised as income over the useful lives of the assets by way of a reduced depreciation or amortisation charge.

Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the group with no future related costs are recognised in profit or loss in the period in which they become receivable.

**REVENUE RECOGNITION** – Revenue is measured at the fair value of the consideration received or receivable.

### *License and royalties*

License and royalty revenue are recognised on an accrual basis in accordance with the substance of the relevant agreement. License and royalties determined on a time basis are recognised on a straight-line basis over the period of the agreement. License and royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

### *Consulting fees and sale of equipment*

Consulting fees are measured at the fair value of the consideration received or receivable and represent amounts receivable for consulting services provided in the normal course of business, net of sales related taxes. Consulting fees are recognised when project milestones are achieved. Revenues for the sale of equipment are recognised when the risk and rewards of the product are transferred to the customer.

**RETIREMENT BENEFIT OBLIGATIONS** – Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

**INCOME TAX** – Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the company and subsidiaries operate by the end of the reporting period.

# NOTES TO FINANCIAL STATEMENTS continued

31 DECEMBER 2013

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

**FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION** – The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the group and the statement of financial position and statement of equity of the company are presented in Singapore dollars, which is the functional currency of the company, and the presentation currency for the consolidated financial statements.

Transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of reporting period. All exchange differences are recognised in profit or loss.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity.

On the disposal of a foreign operation (i.e. a disposal of the group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the group are reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities not involving a change of accounting basis), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

**CASH AND CASH EQUIVALENTS IN THE CONSOLIDATED STATEMENT OF CASH FLOWS** – Cash and cash equivalents in the consolidated statement of cash flows comprise cash at bank, fixed deposits, and cash on hand and are subject to an insignificant risk of changes in value.



# NOTES TO FINANCIAL STATEMENTS continued

31 DECEMBER 2013

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## 3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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.

### Critical judgements in applying the group's accounting policies and key sources of estimation uncertainty

In the process of applying the group's accounting policies, which are described in Note 2, the critical accounting judgements that will have a significant effect on the amounts recognised in the financial statements and the key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

#### *Impairment to the renewable energy business*

The group considers the renewable energy business as one cash-generating-unit ("CGU") and therefore performs impairment assessment annually on the recoverable amount of this CGU, comprising intellectual property, development costs, license and other tangible assets, in accordance with the accounting policy stated above.

Determining whether the CGU has been impaired requires an assessment of the recoverable amount and during the year, in deriving the recoverable amount, management has estimated the fair value less cost to sell of the business, based on the discounted free cash flow financial model. The recoverable amount then determined, which is in excess of the value of business recorded, and accordingly, management has taken the view that no impairment loss on the group's assets is required.

At the end of every year, management assesses the existing condition and performance of its assets. In 2012 management concluded the write off of the group's Solon II turbine of S\$1,141,626 as a market for its sale in the near term could not be identified.

#### *Amortisation of intangible assets*

In 2011, management determined that the group would start amortising the intangible assets given that the group had commenced its construction and successful deployment of a commercial grade turbine. Amortisation is calculated based on estimated useful life of 15 years. Judgement is required to determine the period over which the propriety technology (to which the intangibles relate) will continue to have economic value.

#### *Recoverability of internally-generated intangible asset*

During the year, management reconsidered the recoverability of its internally-generated intangible asset which is included in its balance sheet at S\$44 million. The development of the turbine technology and associated projects continues to progress in a very satisfactory manner.

Detailed sensitivity analysis has been carried out and management is confident that the carrying amount of the asset will be recovered in full, even if returns are reduced. This situation will be closely monitored, and adjustments made in future periods if future market activity indicates that such adjustments are appropriate.

#### *Fair value measurements and valuation processes*

Some of the group's assets and liabilities are measured at fair value for financial reporting purposes, most notably the acquisition of the MeyGen Limited ("MeyGen") business and valuation of the company's convertible loan notes. The Audit Committee of the company instructed management to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the group engages third party qualified valuers to perform the valuation. The company's management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the valuation model. Management reports the findings to the Audit Committee of the company on a periodic basis to explain the cause of fluctuations in the fair value of the assets and liabilities.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities is disclosed in Notes 11 and 26.

# NOTES TO FINANCIAL STATEMENTS continued

31 DECEMBER 2013

## 3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY continued

### *Provision for decommissioning costs*

Provision for decommissioning costs is recognised when the development costs are incurred of an amount equal to the directors' best estimate of the expenditure required to settle the group's obligations.

## 4. REVENUE

This represents revenue from the provision of consulting services and the sale of turbine related equipment.

## 5. OPERATING EXPENDITURE

	Group	
	2013 S\$'000	2012 S\$'000
Consultancy	536	516
Employee benefits expense (Note 10)	4,667	3,790
IPO costs	2,924	–
Patent, trademark and related legal fees	1,032	1,144
Rental expenses	342	375
Research and development costs	961	1,033
Travelling, accommodation and food	604	640
Write-off of property, plant and equipment	–	1,144
Provision for warranty	73	–
Other	647	588
	<b>11,786</b>	<b>9,230</b>

## 6. OTHER GAINS AND LOSSES

	Group	
	2013 S\$'000	2012 S\$'000
Interest income	74	67
Net foreign exchange gains	1,353	(646)
Fair value of pre-existing interest in acquiree	1,938	–
Release of negative goodwill to income (Note 11)	16,674	–
Impairment loss recognised on non-trade receivables	(50)	–
Other (losses)/income	(579)	63
	<b>19,410</b>	<b>(516)</b>

Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

Net foreign exchange gain of S\$1,353,000 is recorded in 2013 compared with a loss of S\$646,000 in 2012 and which relate to unrealised exchange differences arising from intercompany balances.

Fair value of pre-existing interest in acquiree relates to fair valuation of previously held equity in MeyGen and release of negative goodwill to income refers to negative goodwill arising from the acquisition (Note 11).

## 7. FINANCE COSTS

	Group	
	2013 S\$'000	2012 S\$'000
Additional interest expense on loans resulting from conversion (Note 21)	8,859	–
Interest expense of shareholders' loans and other loans	3,312	2,395
Fair value through profit or loss (Note 21)	3,189	–
	<b>15,360</b>	<b>2,395</b>

# NOTES TO FINANCIAL STATEMENTS continued

31 DECEMBER 2013

## 8. INCOME TAX EXPENSE/(BENEFIT)

	Group	
	2013 S\$'000	2012 S\$'000
Under/(over) provision for prior year	11	(66)

Domestic income tax is calculated at 17% (2012: 17%) of the estimated assessable loss for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The total expense/(benefit) for the year can be reconciled to the accounting loss as follows:

	Group	
	2013 S\$'000	2012 S\$'000
Loss before tax	(9,665)	(15,040)
Income tax credit calculated at statutory tax rate	(1,794)	(2,557)
Non-allowable items	59	580
Tax effect of deferred tax asset not recognised	1,735	1,977
Under/Over provision for prior year	11	(66)
Tax expense/(benefit) for the year	11	(66)

At the end of the reporting period, the group has unutilised tax losses of S\$79,913,000 (2012: S\$70,248,000) available for offset against future profits. The company's unutilised tax losses available for offset against future profits is S\$58,053,000 (2012: S\$53,381,000). No deferred tax asset has been recognised due to the unpredictability of future profit streams.

## 9. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging (crediting):

	Group	
	2013 S\$'000	2012 S\$'000
Depreciation (Note 14)	162	211
Amortisation (Note 15)	3,039	3,202
Auditors' remuneration		
– Audit fees	216	100
– Non-audit fees	813	–
Loss on disposal of property, plant and equipment	–	1,144
Net foreign exchange (gains)/losses	(1,353)	646
Share-based payments (Note 23)	559	195
Impairment loss recognised on non-trade receivables	50	–
Change in the fair value of derivative liabilities outstanding at year end	3,189	–

## 10. STAFF COSTS

The average number of employees (including executive directors) was:

	Group	
	2013 Number	2012 Number
Average number of employees (including executive directors)	17	16

Their aggregate remuneration comprised:

	Group	
	2013 S\$'000	2012 S\$'000
Wages and salaries	3,167	3,044
Social security costs	554	119
Share based payment	559	195
Other related costs	387	432
	4,667	3,790

# NOTES TO FINANCIAL STATEMENTS continued

31 DECEMBER 2013

## 11. INVESTMENTS IN SUBSIDIARIES

	Company 2013 S\$'000	2012 S\$'000
Unquoted equity shares, at cost	18,080	18,071
Less:		
Impairment allowance	(283)	(283)
	<b>17,797</b>	<b>17,788</b>

Details of the company's subsidiaries are as follows:

Name of subsidiary	Country of incorporation (or registration) and operation	Proportion of ownership interest and voting power held		Cost of investment		Principal activity
		2013 %	2012 %	2013 S\$	2012 S\$	
ARC Operations Pty Limited <sup>(3)</sup>	Australia	100	100	120	120	Provision of operational services to the group
Atlantis Asset Management Pte Limited <sup>(1)</sup>	Singapore	100	100	100	100	Dormant
Atlantis Energy Pte Limited <sup>(1)</sup>	Singapore	100	100	100	100	Dormant
Atlantis Projects Pte Ltd <sup>(2)</sup> Hydrogen (Previously known as Atlantis Pte Limited)	Singapore	100	100	100	100	Investment holding
Atlantis Resources International Pte Limited <sup>(2)</sup>	Singapore	100	100	100	100	Provision of operational services to the group
Atlantis Licensing Pte Limited <sup>(1)</sup>	Singapore	100	100	100	100	Dormant
ARC Operations (Singapore) Pte Limited <sup>(1)</sup>	Singapore	100	100	100	100	Dormant
Atlantis Resources (Gujarat Tidal) Pte Limited <sup>(1)</sup>	Singapore	50	50	10	10	Dormant
Atlantis Operations (Canada) Limited <sup>(3)</sup>	Canada	100	100	125	125	Dormant
Atlantis Resources (Scotland) Limited (Previously known as ARC Venture (UK) Limited <sup>(1)</sup> )	Scotland	100	100	269	269	Provision of project management and consulting services
Current Resources (Cayman) Limited <sup>(3)</sup>	Cayman Islands	100	100	17,796,300	17,787,461	Provision of operational and administrative services to the group
MeyGen Limited <sup>(4)</sup>	Scotland	100 <sup>(5)</sup>	10	283,300	283,300	Development of tidal power generation project
<b>Subsidiary held by Current Resources (Cayman) Limited</b>						
Atlantis Operations (UK) Limited <sup>(4)</sup>	England	100	100	–	–	Provision of operational services to the group
				<b>18,080,724</b>	<b>18,071,885</b>	

(1) Not required to be audited as the subsidiaries are dormant.

(2) Audited by Deloitte & Touche LLP, Singapore.

(3) Not required to be audited by law in its country of incorporation.

(4) Audited by Deloitte LLP, United Kingdom.

(5) At year end, 10% of MeyGen's shareholding was held by the company and 90% was held by Atlantis Projects Pte Ltd, which is a wholly owned subsidiary of the company. Subsequent to year end, Atlantis Projects Pte Ltd acquired the 10% shareholding from the company, resulting in Atlantis Projects Pte Ltd becoming the 100% shareholder of MeyGen.

### (i) Share based payments

During the financial year, share based payments granted by the company have resulted in an increase in deemed investments in Current Resources (Cayman) Limited amounting to S\$9,000 (£4,000) and S\$53,000, (£27,000) in 2013 and 2012 respectively, and correspondingly increased the investment in Current Resources (Cayman) Limited to S\$17,796,300 (2012: S\$17,787,461).

# NOTES TO FINANCIAL STATEMENTS continued

31 DECEMBER 2013

## 11. INVESTMENTS IN SUBSIDIARIES continued

### (ii) Acquisition of subsidiary

On 31 October 2013, Atlantis Projects Pte. Ltd., a wholly owned subsidiary of the company, entered into agreements for and completed the acquisition of an aggregate 90% shareholding in MeyGen, the company developing the MeyGen tidal power project in the Pentland Firth, Scotland. The company already owned a 10% shareholding in MeyGen directly, and through this acquisition, became the 100% owner of MeyGen. An additional 45% equity interest in MeyGen was acquired from Morgan Stanley Capital Group Inc. ("MSCGI") for S\$771,000 (£386,000) and a further 45% equity interest was acquired from International Power Marine Developments Limited ("IPMDL"), a subsidiary of GDF Suez, for S\$2 (£1). The existing shareholder loans from each of MSCGI, IPMDL and the company were retained by MeyGen, and restructured such that they were no longer at call, and repayable in February 2021 in the case of the MSCGI and IPMDL loans, and in February 2030 in the case of the loan from the company, with all distributions from MeyGen to be applied to repaying these loans before any distributions to shareholders. The S\$771,000 (£386,000) price payable to MSCGI was funded by way of a convertible loan from Morgan Stanley Renewables to the company. The principal amount of the loan together with accrued interest were converted into ordinary shares in the company upon admission of the shares of the company to trading on the AIM market of the London Stock Exchange at a price equal to the initial public offering price discounted by 10%.

MeyGen is a special purpose vehicle set up to develop, operate and manage a tidal stream power project in the Pentland Firth, Scotland. The project is scheduled to commence power production in 2015 and the acquisition is expected to enhance the group's position as a vertically integrated turbine supplier and project developer in the tidal power industry with different streams of revenue. MeyGen was awarded the final consents required for construction and operation of the first phase of the project in 2013. With technical feasibility and commercial viability in place, all development costs incurred from 1 November 2013 have been capitalised, and will be through until the commissioning of the first phase of the project. In the two months to 31 December 2013, expenses incurred by MeyGen totalling S\$601,000 (£292,000) were capitalised. If the acquisition had occurred on 1 January 2013, management estimates that the loss would have increased by S\$4,479,000.

Acquisition-related costs amounting to S\$166,000 have been excluded from the consideration transferred and have been recognised as an expense in profit and loss in the current year within the "other operating expenses".

An independent valuation was conducted to determine the values of the acquisition. The following summarises the identifiable assets acquired and liabilities at the acquisition date.

#### *Identifiable assets acquired and liabilities assumed at 31 October 2013.*

Notes	Acquiree's carrying amount before combination S\$'000	Fair value adjustments S\$'000	Fair value S\$'000
<b>Non-current assets</b>			
Property, plant and equipment	235	(173)	62
Intangible assets	–	2,908	2,908
<b>Total non-current assets</b>	<b>235</b>	<b>2,735</b>	<b>2,970</b>
<b>Current assets</b>			
Cash and cash equivalents	353	–	353
Trade and other receivables	95	–	95
Sea bed option	1,826	35,102	36,928
<b>Total current assets</b>	<b>2,274</b>	<b>35,102</b>	<b>37,376</b>
<b>Current liabilities</b>			
Trade and other payables	(898)	–	(898)
<b>Total current liabilities</b>	<b>(898)</b>	<b>–</b>	<b>(898)</b>
<b>Long term liabilities</b>			
Deferred Tax	–	(7,602)	(7,602)
Loans from ultimate holding company	(1,608)	625	(983)
Long term loans	(14,509)	3,029	(11,480)
<b>Total long term liabilities</b>	<b>(16,117)</b>	<b>(3,948)</b>	<b>(20,065)</b>
<b>Total identifiable net (liabilities)/assets</b>	<b>(14,506)</b>	<b>33,889</b>	<b>19,383</b>

# NOTES TO FINANCIAL STATEMENTS continued

31 DECEMBER 2013

## 11. INVESTMENTS IN SUBSIDIARIES continued

The following fair values have been determined on the following basis:

- Property, plant and equipment has been determined by an independent valuation.
- For the intangible asset (tidal data) that was previously acquired by MeyGen from Atlantis and is critical to the development of the project, the fair value has been determined after taking into account the historical costs, obsolescence and expenses incurred in improving the data.
- The sea bed option allows MeyGen to enter into a 25 year lease of the tidal development site on the seabed at the Inner Sound for the development and operation of the tidal stream energy project. The fair value of the option, amounting to S\$36,928,000 (£18,606,000) takes into account the future cash flows based on market information, third party reports and detailed studies based on the following assumptions:
  - Operating revenues are a function of the number of turbines installed, the energy generated and price received for each MWh of electricity exported to the grid.
  - Debt financing is projected based on funding a proportion of the capital requirements of the project with an interest expense of LIBOR forward rates plus a margin.
  - Capital expenditure relates to the purchase of the turbines, grid connection, seabed lease, construction, cabling power conditioning, installation and onshore works.
  - Discount rate includes a project specific premium of 12% with an overall cost of equity of 20%.

The fair value of the seabed option is estimated based on the discounted cash flows of a notional start-up (greenfield) business with no assets but the seabed option.

- The loans have been fair valued based on market rates.

### *Negative goodwill arising on acquisition*

The negative goodwill was recognised as a result of the acquisition as follows:

	S\$'000
Total consideration transferred	771
Fair value pre-existing interest in the acquiree	1,938
Fair value of identifiable net assets	(19,383)
Negative goodwill	(16,674)

Negative goodwill arose in the acquisition of MeyGen because of the future revenue growth forecast to be realised from the development of the project and which has been recognised in the profit and loss.

The remeasurement to fair value of the group's existing 10% interest in the acquiree resulted in a gain of S\$1,938,000 (S\$1,938,000 less S\$Nil carrying value of equity-accounted investee at acquisition date), which has been recognised in other gains and losses in the statement of profit or loss and other comprehensive income (Note 6).

The negative goodwill is attributable mainly to the revenue growth and future market development as well as unique knowledge and experience pertaining to building the tidal project. It has been assumed that none of the goodwill recognised will be deductible for tax purposes.

## 12. LOAN TO A SUBSIDIARY

The loan to a subsidiary (MeyGen) is interest bearing at 12-month LIBOR plus 5% per annum, unsecured and repayable in February 2030. At the end of the reporting period, the fair value of the loan is approximately S\$1,029,000.

## 13. AVAILABLE-FOR-SALE INVESTMENTS

	Group and Company	
	2013 \$'000	2012 \$'000
Unquoted equity shares, at cost	–	283
Add: Loans granted to MeyGen	–	1,350
	–	1,633
Less: Impairment allowance	–	(283)
	–	1,350

# NOTES TO FINANCIAL STATEMENTS continued

31 DECEMBER 2013

## 13. AVAILABLE-FOR-SALE INVESTMENTS continued

Details of the group's and company's investment are as follows:

Name of investment	Country of incorporation (or registration) and operation	Proportion of ownership interest and voting power held		Cost of investment		Principal activity
		2013 %	2012 %	2013 \$'000	2012 \$'000	
Atlantis Brands Corporation Pte Limited	Singapore	4	4	–	–	Dormant
MeyGen Limited	Scotland	100	10	–	1,633	Development of tidal power generation project
				–	1,633	

On 31 October 2013, Atlantis Projects Pte. Ltd., a wholly owned subsidiary of the company, acquired a 90% shareholding in MeyGen. In February 2014, the company transferred its 10% direct shareholding in MeyGen to Atlantis Projects Pte. Ltd., thereby increasing the shareholding of Atlantis Projects Pte. Ltd. in MeyGen to 100% (Note 11).

## 14. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold Land S\$'000	Furniture fixture and equipment S\$'000	Computer equipment and software S\$'000	Construction- in-progress S\$'000	Total S\$'000
<b>Cost:</b>					
At 1 January 2012	–	103	874	5,202	6,179
Additions	–	–	11	489	500
Reimbursed by grants	–	–	–	(288)	(288)
Exchange Differences	–	10	1	(2)	9
Disposals	–	–	(17)	(1,142)	(1,159)
At 31 December 2012	–	113	869	4,259	5,241
Additions	–	–	15	449	464
Acquired on acquisition of a subsidiary	42	–	20	–	62
Exchange Differences	–	–	(5)	(168)	(173)
Reclassifications	–	–	–	(1,636)	(1,636)
At 31 December 2013	42	113	899	2,904	3,958
<b>Accumulated depreciation:</b>					
At 1 January 2012	–	78	518	–	596
Depreciation for the year	–	24	187	–	211
Exchange Differences	–	–	–	–	–
Disposals	–	–	(14)	–	(14)
At 31 December 2012	–	102	691	–	793
Depreciation for the year	–	5	157	–	162
Exchange Differences	–	–	(4)	–	(4)
Disposals	–	–	–	–	–
At 31 December 2013	–	107	844	–	951
<b>Carrying amount:</b>					
At 31 December 2013	42	6	55	2,904	3,007
At 31 December 2012	–	11	178	4,259	4,448

At the end of the reporting period, included in construction-in-progress is the group's AR-1000 turbine, which is still under development and will start to be depreciated once it is commissioned. The carrying amount of the construction-in-progress at the end of the reporting period is S\$2,905,000 (2012: S\$4,259,000). At the end of every year, management assesses the existing condition and performance of its assets.

Reclassification pertains mainly to equipment under construction that was transferred to inventory upon completion and subsequently to cost of sales upon sale to a customer.

# NOTES TO FINANCIAL STATEMENTS continued

31 DECEMBER 2013

## 14. PROPERTY, PLANT AND EQUIPMENT continued

During the year, the group acquired land upon the acquisition of a subsidiary (Note 11).

Grants received have been recorded as a deduction from the carrying amount of the acquisitions recognised as construction in progress and additions to development costs (Note 15), in accordance with the accounting policy stated in Note 2.

During the year, the company completed the sale of certain turbine equipment to a third party customer.

Company	Furniture fixture and equipment S\$'000	Computer equipment and software S\$'000	Total S\$'000
<b>Cost:</b>			
At 1 January 2012	103	832	935
Additions	9	7	16
At 31 December 2012	112	839	951
Additions	–	10	10
<b>At 31 December 2013</b>	<b>112</b>	<b>849</b>	<b>961</b>
<b>Accumulated depreciation:</b>			
At 1 January 2012	78	483	561
Depreciation for the year	24	183	207
At 31 December 2012	102	666	768
Depreciation for the year	5	155	160
<b>At 31 December 2013</b>	<b>107</b>	<b>821</b>	<b>928</b>
<b>Carrying amount:</b>			
At 31 December 2013	5	28	33
At 31 December 2012	10	173	183

## 15. INTANGIBLE ASSETS

Group	Global technology licence S\$'000	Intellectual property S\$'000	Development costs S\$'000	Tidal data S\$'000	Total S\$'000
<b>Cost:</b>					
At 1 January 2012	17,190	1,199	28,958	–	47,347
Additions	–	–	1,373	–	1,373
Reimbursed by grants	–	–	(524)	–	(524)
Exchange difference	–	–	(324)	–	(324)
At 31 December 2012	17,190	1,199	29,483	–	47,872
Additions	–	–	1,908	–	1,908
Acquired on acquisition of a subsidiary	–	–	–	2,908	2,908
Exchange difference	–	–	897	–	897
<b>At 31 December 2013</b>	<b>17,190</b>	<b>1,199</b>	<b>32,288</b>	<b>2,908</b>	<b>53,585</b>
<b>Accumulated depreciation:</b>					
At 1 January 2012	1,146	80	1,934	–	3,160
Amortisation for the year	1,146	80	1,976	–	3,202
Exchange difference	–	–	(474)	–	(474)
At 31 December 2012	2,292	160	3,436	–	5,888
Amortisation for the year	1,146	80	1,813	–	3,039
Exchange Differences	–	–	618	–	618
<b>At 31 December 2013</b>	<b>3,438</b>	<b>240</b>	<b>5,867</b>	<b>–</b>	<b>9,545</b>
<b>Carrying amount:</b>					
At 31 December 2013	13,752	959	26,421	2,908	44,040
At 31 December 2012	14,898	1,039	26,047	–	41,984



# NOTES TO FINANCIAL STATEMENTS continued

31 DECEMBER 2013

## 15. INTANGIBLE ASSETS continued

Company	Intellectual property S\$'000	Development costs S\$'000	Total S\$'000
<b>Cost:</b>			
At 1 January 2012	1,199	6,996	8,195
At 31 December 2012 and 31 December 2013	<b>1,199</b>	<b>6,996</b>	<b>8,195</b>
<b>Accumulated depreciation:</b>			
At 1 January 2012	80	466	546
Amortisation for the year	80	467	547
At 31 December 2012	160	933	1,093
Amortisation for the year	80	466	546
At 31 December 2013	<b>240</b>	<b>1,399</b>	<b>1,639</b>
<b>Carrying amount:</b>			
At 31 December 2013	<b>959</b>	<b>5,597</b>	<b>6,556</b>
At 31 December 2012	1,039	6,063	7,102

### (a) Global technology licence

This licence grants the group exclusive perpetual world-wide license of the rights to use, deploy and manufacture proprietary technology in respect of turbines and related infrastructure used in tidal energy generation including the Aquanator technology.

The group estimated that the technology has a useful life of approximately 15 years and amortisation started beginning from 1 January 2012 when it was put to use for the successful deployment of commercial grade turbines.

### (b) Intellectual property

Intellectual property includes two international patent applications and three registered trademarks to the company.

The group estimated that the intellectual property costs have a useful life of approximately 15 years and the group started amortising the intellectual property costs for the financial period beginning from 1 January 2011.

The group tests intangible assets annually for impairment, or more frequently if there are indications that the asset might be impaired. During the financial year, based on a detailed review performed, management is of the view that no impairment on intangible assets is required, as disclosed in Note 3.

### (c) Development cost

The group estimated that the development costs have a useful life of approximately 15 years, and the group started amortising the development costs for the financial period beginning from 1 January 2011.

### (d) Tidal data

During the year, the group acquired tidal data upon the acquisition of a subsidiary, MeyGen (Note 11). The tidal data was acquired from the company for a consideration of S\$1,394,000 (£700,000) as part of a share subscription for share capital in MeyGen on 21 October 2010. Since then, more work has been done and more data collected. The tidal data is crucial to the development of the MeyGen project and little or no obsolescence is expected. The tidal data will be amortised starting upon the commissioning of the project.

Both offshore and onshore consents were obtained in 2013 for the first phase of the MeyGen project and MeyGen is now a fully permitted and commercially viable project, with the completion of front end engineering design, grid connection, and environmental consenting, and sources of financing identified. Having satisfied all of the capitalisation criteria, with effect from 1 November 2013, all development costs incurred by MeyGen were capitalised to present a more accurate picture of the project. These costs will be amortised starting upon commissioning of the project.

# NOTES TO FINANCIAL STATEMENTS continued

31 DECEMBER 2013

## 16. CASH AND CASH EQUIVALENTS

	Group		Company	
	2013 S\$'000	2012 S\$'000	2013 S\$'000	2012 S\$'000
Cash at bank	895	2,326	174	156
Fixed deposits	1,712	11	–	11
Cash on hand	13	1	10	1
	<b>2,620</b>	<b>2,338</b>	<b>184</b>	<b>168</b>
Less: encumbered deposits	(1,712)	–	–	–
Cash and cash equivalents in the statement of cash flows	<b>908</b>	<b>2,338</b>	<b>184</b>	<b>168</b>

Bank balances and cash comprise cash held by the group and short-term bank deposits with an original maturity of 3 months. The carrying amounts of these assets approximate their fair values.

Included in the fixed deposits are encumbered deposits amounting to S\$1,712,000 that served as collateral in relation to the provision of bank guarantees in relation to a subsidiary (Note 30).

The group's and company's cash and bank balances that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2013 S\$'000	2012 S\$'000	2013 S\$'000	2012 S\$'000
Australian dollars	15	13	9	9
British pound	1,563	23	8	8
Euros	6	9	2	6
United States dollars	29	1,272	2	5

## 17. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2013 S\$'000	2012 S\$'000	2013 S\$'000	2012 S\$'000
Other receivables due from:				
– subsidiaries	–	–	24,725	44,009
– shareholder	57	50	57	50
– director	209	–	209	–
Deposits	194	228	38	109
Prepayments	1,083	131	854	64
Value added tax recoverable	12	–	–	–
Other receivables	46	71	–	71
	<b>1,601</b>	<b>480</b>	<b>25,883</b>	<b>44,303</b>

The remaining receivables due from other subsidiaries are interest-free, unsecured and repayable on demand.

During the year, the company waived the receivables due from one of its subsidiaries amounting to S\$27,753,000 and wrote off a bad debt for an amount due from a shareholder amounting to S\$50,000. The company has not recognised any allowance for the other receivables as the directors are of the view that these receivables are recoverable.

Prepayments relates mainly to qualifying expenses incurred for the public offering, annual insurance premiums for the group's AR-1000 turbine, as well as other working capital advances.

The group's and company's other receivables (excluding prepayments) that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2013 S\$'000	2012 S\$'000	2013 S\$'000	2012 S\$'000
Australian dollars	22	–	6,931	7,435
British pound	1,903	–	6,901	26,828
Euros	–	–	238	220
United States dollars	126	–	2,975	2,268

# NOTES TO FINANCIAL STATEMENTS continued

31 DECEMBER 2013

## 18. OTHER ASSETS

On 31 October 2013, as part of a business combination, the group acquired an option to enter into a sea bed lease for the development and operation of the tidal stream energy project (Note 11). At year end the carrying value of the option is S\$37,027,000 (£18,606,000).

In addition, the subsidiary also took up a lease option over land at Ness of Quoy in Caithness, Scotland, for S\$25,000 (£13,000) for the construction of onshore facilities for the MeyGen project.

## 19. TRADE AND OTHER PAYABLES

	Group		Company	
	2013 S\$'000	2012 S\$'000	2013 S\$'000	2012 S\$'000
Trade payables	2,273	824	1,264	158
Value added tax payable	–	36	–	–
Other payables	221	98	110	10
Accruals	4,157	1,260	3,843	581
Advance receipts	154	1,265	–	–
Other payables due to subsidiaries	–	–	2,758	605
	<b>6,805</b>	<b>3,483</b>	<b>7,975</b>	<b>1,354</b>

The average credit period on purchases of goods is 30 days (2012: 30 days). The outstanding balances as at the end of the reporting period are interest free.

The group's and company's trade and other payables that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2013 S\$'000	2012 S\$'000	2013 S\$'000	2012 S\$'000
Australian dollars	317	79	1,597	663
British pound	3,837	490	2,302	490
Norwegian krone	–	13	–	–
United States dollars	539	457	1,939	–

## 20. PROVISIONS

2013	Warranty Provision S\$'000	Provision for Decommissioning costs S\$'000	Total S\$'000
At 1 January 2013	–	–	–
Provision during the year	73	1,031	1,104
<b>At 31 December 2013</b>	<b>73</b>	<b>1,031</b>	<b>1,104</b>

The provision for warranty claims represents the present value of the directors' best estimate of the future outflow of economic benefits that will be required in relation to equipment sales made during the year. The estimate has been made on the basis of quotes obtained from external contractors.

The provision for decommissioning costs represents the present value of the directors' best estimate of direct costs that may be incurred to remove the AR-1000 turbine foundation from the group's testing berth at the European Marine Energy Centre in Scotland and make good the site, expected to be required in 2015. The anticipated expenditure for the decommissioning of the foundation, net of its scrap value, is S\$1,031,000 (£500,000). This expenditure is capitalised as a development cost and amortised together with the other AR-1000 turbine development costs over a further 13 years.

# NOTES TO FINANCIAL STATEMENTS continued

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## 21. LOANS AND BORROWINGS

The group's and the company's total loans and borrowings are as follows:

	Group		Company	
	2013 S\$'000	2012 S\$'000	2013 S\$'000	2012 S\$'000
<b>Current loans and borrowings</b>				
Shareholders' loans	1,520	–	1,520	–
Convertible loans	37,242	–	37,242	–
Total current loans and borrowings	38,762	–	38,762	–
<b>Non-current loans and borrowings</b>				
Shareholders' loans	–	18,027	–	18,027
Related party loans	6,207	–	–	–
Long term loans	6,207	–	–	–
Total non-current loans and borrowings	12,414	18,027	–	18,027
Total loans and borrowings	51,176	18,027	38,762	18,027

### (a) Shareholders' loans

In 2011, unsecured long term loans with an aggregate principal amount of S\$14,667,000 were raised from ten shareholders of the company. In 2012, the company raised a further S\$500,000 from one further shareholder. The shareholder loans are interest bearing at a rate of 15% per annum with interest accruing daily but compounded in arrears every 6 months on 30 June and 31 December. The repayment date for all of the loans was originally August 2014.

During the year, an offer was made to the lenders of these existing shareholder loans to convert the entire principal amount plus all interest into shares upon the occurrence of the listing of the shares of the company at a conversion price of 90% of the initial public offering price. All but two of the eleven lenders of these shareholder loans accepted the company's offer.

Therefore, before 31 December 2013, all but two of the eleven shareholder loans became convertible to equity upon an initial public offering of shares in the company, at a 10% discount to the initial public offer price. As a result, the outstanding shareholders' loans balance including accrued interest, was reduced to S\$1,520,000 as at the end of the reporting period, comprising only the two shareholder loans, the lenders of which did not accept the company's offer for the loans to convert to shares upon an initial public offering of the company. Given the August 2014 repayment date, these loans were classified as current at 31 December 2013. The other nine loans that were amended to be convertible on an initial public offering of the company were classified as convertible loans (see below).

With effect from 31 October 2013, the shareholders' loans owing to Morgan Stanley Capital Group (Singapore) Pte Ltd were transferred to Morgan Stanley Renewables by way of novation.

As at the end of the reporting period, the fair value of the shareholders' loans was approximately S\$1,554,000 (2012: S\$14,902,000).

# NOTES TO FINANCIAL STATEMENTS continued

31 DECEMBER 2013

## 21. LOANS AND BORROWINGS continued

The amortised costs of these loans are as follows:

	Group and Company	
	2013 S\$'000	2012 S\$'000
Minnow Holdings Pty Ltd	–	1,790
Aloa Pty Ltd	–	894
ABSS Investments Pty Ltd	–	598
Armstrong Industries HK Ltd	–	1,795
GCL Holdings (BVI) Pte Ltd	–	537
Morgan Stanley Capital Group (Singapore) Pte Ltd	–	10,304
Agnes Antonia Baten	–	120
Basil Mcllhagga	–	597
Ben Bourgeois	–	76
EDB Investments Pte Ltd	1,382	1,196
Austower Pty Ltd	138	120
	<b>1,520</b>	<b>18,027</b>
Analysis of the loans are as follows:		
– current	1,520	–
– long-term	–	18,027
	<b>1,520</b>	<b>18,027</b>

### (b) Loan from a related party

Upon acquisition of the additional 90% shareholding in MeyGen by Atlantis Projects Pte. Ltd. on 31 October 2013, the existing loans from MSCGI and IPMDL were restructured such that they were no longer at call, and instead became repayable in February 2021, with all distributions from MeyGen to be applied to the repayment of these loans before any distributions to shareholders of MeyGen. These loans were revalued by an independent valuer at the point of acquisition.

The loan from MSCGI is treated as a related party loan given MSGI is a related party of Morgan Stanley Renewables, a shareholder of the company. The fair value of the MSCGI loan at period end 2013 was S\$6,207,000 (2012: Nil).

	Group	
	2013 S\$'000	2012 S\$'000
Morgan Stanley Capital Group Inc.	6,207	–

### (c) Convertible loans

In March and April 2013, the company entered into and drew down two unsecured term loan facilities with principal amounts of S\$620,000 and US\$100,000, respectively. The loans were repayable three years from the drawdown date. The interest rate on the loans was 5.0% per annum for the first 12 months, increasing at a rate of 0.75% per annum each six months thereafter until the repayment date. In the event of a change of control or the company transferring or entering into an agreement to transfer all or substantially all of its assets, whether in a single transaction or a series of transactions, then in each case, the company would have been required, within 20 business days thereof, to repay the loans plus any accrued but unpaid interest, together with a prepayment premium of 10% of the loan. Further, in the event of an initial public offering of shares in the company, the company was required issue the lender with shares in the company, with the number of shares to be calculated based on the offer price at the initial public offering discounted by 10%. At the balance sheet date, these convertible loans are classified as current liabilities given the initial public offering of the company in February 2014, at which time the outstanding balance of these loans converted to shares in the company.

# NOTES TO FINANCIAL STATEMENTS continued

31 DECEMBER 2013

## 21. LOANS AND BORROWINGS continued

In October 2013, the company launched a convertible loan offering to its existing shareholders by way of a rights issuance. The company entered into convertible loan agreements with an aggregate principal amount of S\$3,915,000 (£1,958,000) through this offering from six existing shareholders of the company and three directors of the company, with proceeds received between October 2013 and January 2014. The convertible loans had a 12 months term and a 10% p.a. interest rate, with interest payable quarterly in arrears. A penalty of 6 months' interest (i.e. 5%) was payable upon any prepayment before the end of the term. Upon an initial public offering of the company, the loans would convert to shares in the company at a conversion price of 90% of the initial public offering price (subject in the case of Morgan Stanley Renewables' loan to a cap on conversion of its convertible loan to the extent any such conversion would result in Morgan Stanley Renewables' shareholding in the company exceeding 42.5%). The prepayment penalty was also payable in the event of an initial public offering of shares in the company, also to be paid in shares in the company. An amount of S\$2,302,000 (£1.1 million) of this convertible loan offering was underwritten by two shareholders of the company for a 10% fee of S\$221,000 (£110,000). At the balance sheet date, these convertible loans are classified as current liabilities given the initial public offering of the company in February 2014, at which time the outstanding balance of these loans converted to shares in the company.

At the balance sheet date, the nine shareholder loans, the lenders of which had agreed to amend their shareholders' loan agreements to include for conversion upon an initial public offering of shares in the company (as described in Note 21(a)), are classified as convertible loans. At the balance sheet date, these convertible loans are classified as current liabilities given the initial public offering of the company in February 2014, at which time the outstanding balance of these loans converted to shares in the company.

Analysis of the fair values of the convertible loans is as follows:

	Group and Company	
	2013	2012
	S\$'000	S\$'000
<b>Convertible loans from shareholders</b>		
ABSS Investments Pty Ltd	1,200	–
Agnes Antonia Baten	223	–
Aloa Pty Ltd	1,260	–
Armstrong Industries HK Ltd	5,939	–
Basil McIlhagga	1,111	–
Ben Bourgeois	226	–
Byrne Trust Company Ltd	10	–
GCL Holdings (BVI) Pte Ltd	1,075	–
Leeton Securities Limited	299	–
Minnow Holdings Pty Ltd	3,329	–
Morgan Stanley Capital Group (Singapore) Pte Ltd	19,176	–
Morgan Stanley Renewables	954	–
Statkraft AS	733	–
<b>Convertible loans from others</b>		
Robin Shenfield	143	–
George Philips	710	–
<b>Convertible loans from directors</b>		
John Neill	489	–
Ian Macdonald	242	–
Michael Lloyd	123	–
	<b>37,242</b>	<b>–</b>

# NOTES TO FINANCIAL STATEMENTS continued

31 DECEMBER 2013

## 21. LOANS AND BORROWINGS continued

### (d) Long term loans

As described in Note 21(b), upon acquisition of the 90% shareholding in MeyGen by Atlantis Projects Pte. Ltd. on 31 October 2013, an existing loan from IPMDL was restructured such that it was no longer repayable at call, and instead became repayable in February 2021, with all distributions from MeyGen to be applied to the repayment of this and the Morgan Stanley Renewables loans before any distributions to MeyGen shareholders. This loan was revalued by an independent valuer at the point of acquisition.

The fair value of the IPMDL loan is as follows:

	Group	
	2013 S\$'000	2012 S\$'000
International Power Marine Development Ltd	6,207	–

## 22. DEFERRED TAX

	Group	
	2013 S\$'000	2012 S\$'000
Deferred tax liabilities	7,602	–

The deferred tax liability has been recognised due to the fair valuation of the MeyGen sea bed option and tidal data (Note 11) and made on the assumption that the amortisation of these costs is not tax-deductible.

## 23. SHARE CAPITAL

2013	Group and Company			
	Number of ordinary "A" shares '000	Number of non-voting preference "B" shares '000	Number of non-voting preference "C" shares '000	Total S\$'000
Issued and paid up during the year:				
At the beginning of the year	900,493	2,250	59,524	111,282
Issued for cash	223,529	–	–	3,621
Exercise of contingent options	134,195	–	–	3
Exercise of share options, net	–	25,000	–	–
At end of year	1,258,217	27,250	59,524	114,906

2012	Group and Company			
	Number of ordinary "A" shares '000	Number of non-voting preference "B" shares '000	Number of non-voting preference "C" shares '000	Total S\$'000
Issued and paid up during the year:				
At the beginning and end of the year	900,493	2,250	59,524	111,282

The company has one class of ordinary "A" shares which have no par value and carries no right to fixed income and two classes of preference shares. A holder of class "B" or "C" non-voting preference shares is not entitled to any voting rights and is entitled to liquidation distributions not exceeding S\$2 billion and dividend payments not exceeding S\$100 million. Class "B" and "C" non-voting preference shares convert to ordinary "A" shares upon initial public offering of ordinary shares, a trade sale or change in control of the company.

On 18 July 2013, the company undertook a rights issue pursuant to which existing shareholders in the company were offered the opportunity to subscribe for up to 223,529,411 new ordinary "A" shares in the company at a price of S\$0.017 per share, a target equity raising of S\$3.8 million. As a result of this rights issue, Morgan Stanley Renewables' shareholding in the company fell below 49.9%. As a result, Morgan Stanley Renewables was able to exercise all of its remaining 134,194,544 contingent options and was issued a corresponding number of new ordinary "A" shares in the company.

During the year, S\$179,000 expenses (2012: \$Nil) were incurred incidental to the rights issue.

Subsequent to the year end, on 20 February 2014, the company successfully listed its shares during the initial public offering (Note 31).

# NOTES TO FINANCIAL STATEMENTS continued

31 DECEMBER 2013

## 24. SHARE OPTIONS

Option fee reserve represents call option fees paid up-front by the call option holders.

Options over ordinary "A" shares were issued prior to 1 July 2010 with no further options of this type granted in the four years to 31 December 2013. The options could have been exercised at any time within the exercisable period but no later than the expiry date. The options could have been exercised in full or a portion thereof upon payment of the exercise price. Holders of the above share options had no right to participate in any share issues of the company or any of its subsidiaries.

Details of the share options outstanding during the year are as follows:

Group and Company	Ordinary "A" share options		Preference "B" share options	
	Number of share options '000	Weighted average exercise price S\$	Number of share options '000	Weighted average exercise price S\$
<b>2013</b>				
Outstanding at the beginning of the year	15,714	0.200	39,266	0.195
Granted during the year	–	–	25,000	0.0001
Exercised during the year	–	–	(25,000)	0.0001
Lapsed during the year	(15,714)	0.200	–	–
Outstanding at the end of the year	–	0.200	39,266	0.195
Exercisable at the end of the year	–	–	39,266	0.195

As at 31 December 2013, the number of share options and their expiration dates are as follows:

Number of options	Expiry on
36,266,000	4 June 2014
2,000,000	4 June 2015
1,000,000	9 June 2015

Group and Company	Ordinary "A" share options		Preference "B" share options	
	Number of share options '000	Weighted average exercise price S\$	Number of share options '000	Weighted average exercise price S\$
<b>2012</b>				
Outstanding at the beginning of the year	15,714	0.200	44,066	0.196
Lapsed/terminated during the year	–	–	(4,800)	0.200
Outstanding at the end of the year	15,714	0.200	39,266	0.195
Exercisable at the end of the year	15,714	–	39,266	0.195

As at 31 December 2012, the number of share options and their expiration dates are as follows:

Number of options	Expiry on
15,713,730	26 February 2013
36,266,000	4 June 2014
2,000,000	4 June 2015
1,000,000	9 June 2015

15,713,730 share options for Ordinary "A" shares lapsed in February 2013. These options had a weighted average remaining contractual life of 0.2 year as at the end of 2012. Preference "B" share options outstanding at the end of the year have a weighted average remaining contractual life of 0.45 year (2012: 1.45 years).

During the financial year, the company granted 25,000,000 non-voting preference "B" shares under option to an executive of the company, via the Company Share Option Plan ("CSOP") established in 2009.

Share options granted under the CSOP carry no rights to dividends and no voting rights until the options become vested and are exercised. Holders of these share options have no right to participate in any share issues of the company or any of its subsidiaries.



# NOTES TO FINANCIAL STATEMENTS continued

31 DECEMBER 2013

## 24. SHARE OPTIONS continued

The fair value for the above share options granted during the year were calculated using the Black-Scholes pricing model. The inputs into the model were as follows:

	2013	2012
Weighted average share price	0.017	–
Weighted average exercise price	0.0001	–
Expected volatility	56.94%	–
Expected life	1 year	–
Risk free rate	2.71%	–
Expected dividend yield	0%	–

Expected volatility was determined by calculating the historical volatility of comparable companies in the same industry. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioral considerations.

The group and the company recognised total expenses of S\$559,000 and S\$551,000 respectively (2012: \$195,000 and \$142,000 respectively), related to equity-settled share-based payment transactions during the year and this is included as part of employee benefits expense.

### Contingent options

Under the terms of the Deed of Undertaking between the company and Morgan Stanley Renewables dated October 2008, the company irrevocably undertook to grant a call option upon the occurrence of a fund raising exercise in respect of such number of option shares as is required to restore Morgan Stanley Renewables' shareholding in the company to 49.9% of the issued share capital of the company up to a maximum issuance of 239,263,119 issued for a nominal amount of S\$100 on each exercise. At 31 December 2012, the group had 134,194,544 shares subject to this contingent option. The option fee reserve of S\$9,929 represents the consideration paid for this right.

As a result of a rights issue undertaken by the company in July 2013, Morgan Stanley Renewables' shareholding in the company fell below 49.9%. Morgan Stanley Renewables exercised all of its remaining 134,194,544 (2012: Nil) options and was issued a corresponding number of class "A" ordinary shares in the company.

On 11 December 2013, with grant contingent upon admission of the company's shares to the AIM market of the London Stock Exchange, the company offered 7 of its directors and senior management options over shares in the company through the company's Long Term Incentive Programme ("LTIP"). Under the terms of the awards, the company awarded a total of 4,255,321 options at the initial public offering price.

These options were granted subsequent to the year-end upon the admission of the company's shares to AIM on 20 February 2014.

## 25. LOSS PER SHARE

The calculation of loss per share is based on the loss after tax and on the weighted average number of ordinary shares in issue during each year.

Basic and diluted loss per share are calculated as follows:

	Loss after tax		Weighted average number of shares		Loss per share	
	2013 S\$'000	2012 S\$'000	2013 '000	2012 '000	2013 S\$	2012 S\$
Basic and diluted	9,676	14,974	37,970	36,549	0.26	0.41

Subsequent to the year end, the company's class "A" ordinary shares were consolidated on the basis of one new ordinary consolidated share to each holder of "A" shares for every 30 "A" shares held by such person on admission (Note 31).

# NOTES TO FINANCIAL STATEMENTS continued

31 DECEMBER 2013

## 26. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

### (a) Categories of financial instruments

The following table sets out the financial instruments as at the end of reporting period:

	Group		Company	
	2013 S\$'000	2012 S\$'000	2013 S\$'000	2012 S\$'000
<b>Financial assets</b>				
Cash and cash equivalents	2,620	2,338	184	168
Loans and receivables				
Trade and other receivables	506	349	25,029	44,239
Loan to a subsidiary	–	–	1,904	–
Available-for-sale investments	–	1,350	–	1,350
	<b>3,126</b>	<b>4,037</b>	<b>27,117</b>	<b>42,757</b>
<b>Financial liabilities</b>				
Amortised cost				
Trade and other payables	6,651	2,218	7,975	1,354
Loans and borrowings	13,934	18,027	1,520	18,027
Fair value through profit or loss				
Loans and borrowings	37,242	–	37,242	–
	<b>57,827</b>	<b>20,245</b>	<b>46,737</b>	<b>19,381</b>

### (b) Financial risk management policies and objectives

The group is exposed to various financial risks arising in the normal course of business. It has adopted financial risk management policies and utilised a variety of techniques to manage its exposure to these risks.

The group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change to the group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

#### (i) Foreign exchange risk management

The group transacts business in various foreign currencies, including the Australian dollar, United States dollar and British pound, and therefore is exposed to foreign exchange risk.

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currencies are as follows:

	Group				Company			
	Liabilities		Assets		Liabilities		Assets	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Australian dollars	266	79	12	13	1,597	663	6,940	7,444
British pound	12,181	490	10,822	23	1,618	490	9,296	26,863
Euros	–	–	6	9	–	–	241	226
United States dollars	682	457	29	1,272	2,083	–	2,851	2,273

#### Foreign currency sensitivity

The sensitivity rate used when reporting foreign currency risk to key management personnel is 10%, which is the sensitivity rate which represents management's assessment of the likely potential change in foreign exchange rates.

# NOTES TO FINANCIAL STATEMENTS continued

31 DECEMBER 2013

## 26. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT continued

If the relevant foreign currencies were to strengthen by 10% against the functional currency of each group entity, profit and loss will increase/(decrease) by:

	Australian dollars		British pound		Euros		United States dollars	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
<b>Group</b>								
Profit or loss	(25)	(7)	(136)	(47)	1	1	(65)	82
<b>Company</b>								
Profit or loss	534	678	(768)	2,634	24	23	(77)	227

If the relevant foreign currency weakens by 10% against the functional currency of each group entity, the effects on profit and loss will be *vice versa*.

### (ii) *Interest rate risk management*

Interest rate risk arises from the potential change in interest rates that may have an adverse effect on the group in the current reporting year or in future years.

The group's exposure to interest rate risk is limited to the effects of fluctuation in bank interest rate on cash and cash equivalents as well as LIBOR rates on loans and borrowings.

No sensitivity analysis is prepared as the group does not expect any material effect on the group's profit or loss arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the reporting period.

### (iii) *Equity price risk management*

The group is not exposed to equity price risks as it holds minimal equity investments. Equity price sensitivity has not been analysed as the impact on the group's profit or loss is not expected to be significant.

### (iv) *Credit risk management*

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the group.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset as at the end of the reporting period.

Cash at bank is held with creditworthy financial institutions.

### (v) *Liquidity risk management*

The group actively manages its operating cash flows and the availability of funding through maintaining sufficient cash and cash equivalents to finance their activities.

Current financial liabilities in 2012 and 2013 are repayable on demand or due within one year from the end of the reporting period. Other than shareholders' loans and convertible loans, the remaining financial liabilities are non-interest bearing.

The non-current liabilities comprise third party and related party loans that are interest bearing at LIBOR plus 5% repayable in February 2021.

### (vi) *Analysis of financial instruments by remaining contractual maturities.*

The table below summarises the maturity profile of the group's financial assets and liabilities at the end of the reporting period based on the contractual undiscounted repayment obligations.

# NOTES TO FINANCIAL STATEMENTS continued

31 DECEMBER 2013

## 26. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT continued

Group 2013	One year or less S\$'000	One to five years S\$'000	Over five years S\$'000	Adjustment S\$'000	Total S\$'000
<b>Financial assets</b>					
Cash and cash equivalents	2,620	–	–	–	2,620
Trade and other receivables	506	–	–	–	506
	3,126	–	–	–	3,126
<b>Financial liabilities</b>					
Trade and other payables	6,651	–	–	–	6,651
Shareholders' loans	1,675	–	–	(155)	1,520
Convertible loans	37,837	–	–	(595)	37,242
Loans from related party	–	–	13,762	(7,555)	6,207
Long term loans	–	–	13,762	(7,555)	6,207
	46,163	–	27,524	(15,860)	57,827
<b>2012</b>	<b>One year or less S\$'000</b>	<b>One to five years S\$'000</b>	<b>Over five years S\$'000</b>	<b>Adjustment S\$'000</b>	<b>Total S\$'000</b>
<b>Financial assets</b>					
Cash and cash equivalents	2,338	–	–	–	2,338
Trade and other receivables	349	–	–	–	349
Available-for-sale investments	1,350	–	–	–	1,350
	4,037	–	–	–	4,037
<b>Financial liabilities</b>					
Trade payables and other payables	2,218	–	–	–	2,218
Loans and borrowings	–	22,992	–	(4,965)	18,027
	2,218	22,992	–	(4,965)	20,245
<b>Company 2013</b>	<b>One year or less S\$'000</b>	<b>One to five years S\$'000</b>	<b>Over five years S\$'000</b>	<b>Adjustment S\$'000</b>	<b>Total S\$'000</b>
<b>Financial assets</b>					
Loan to a subsidiary	–	–	6,546	(4,642)	1,904
Cash and cash equivalents	184	–	–	–	184
Trade and other receivables	25,029	–	–	–	25,029
	25,213	–	6,546	(4,642)	27,117
<b>Financial liabilities</b>					
Trade and other payables	7,975	–	–	–	7,975
Shareholders' loans	1,675	–	–	(155)	1,520
Convertible loans	37,837	–	–	(595)	37,242
	47,487	–	–	(750)	46,737
<b>2012</b>	<b>One year or less S\$'000</b>	<b>One to five years S\$'000</b>	<b>Over five years S\$'000</b>	<b>Adjustment S\$'000</b>	<b>Total S\$'000</b>
<b>Financial assets</b>					
Cash and cash equivalents	168	–	–	–	168
Trade and other receivables	44,239	–	–	–	44,239
Available-for-sale investments	1,350	–	–	–	1,350
	45,757	–	–	–	45,757
<b>Financial liabilities</b>					
Trade payables and other payables	1,354	–	–	–	1,354
Loans and borrowings	–	22,992	–	(4,965)	18,027
	1,354	22,992	–	(4,965)	19,381

(vii) **Fair value of financial assets and financial liabilities**

Except as detailed in the following table, the directors consider that the carrying amounts of the financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

# NOTES TO FINANCIAL STATEMENTS continued

31 DECEMBER 2013

## 26. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT continued

Group	2013 Carrying Value S\$'000	2013 Fair Value S\$'000	2012 Carrying Value S\$'000	2012 Fair Value S\$'000
<b>Financial Assets</b>				
Available for sale investment	–	–	1,350	1,350
<b>Financial Liabilities</b>				
Shareholders' loans	1,520	1,554	18,027	14,902
Convertible loans	37,242	37,242	–	–
Loans from related party	6,207	6,207	–	–
Long term loans	6,207	6,207	–	–

Company	2013 Carrying Value S\$'000	2013 Fair Value S\$'000	2012 Carrying Value S\$'000	2012 Fair Value S\$'000
<b>Financial Assets</b>				
Available for sale	–	–	1,350	1,350
Loan to a subsidiary	1,904	1,029	–	–
	1,904	1,029	1,350	1,350
<b>Financial Liabilities</b>				
Shareholders' loans	1,520	1,554	18,027	14,902
Convertible loans	37,242	37,242	–	–
	38,762	38,796	18,027	14,902

Group 2013	Level 1	Level 2	Level 3	Total Fair Value
<b>Financial Liabilities</b>				
Shareholders' loans	–	–	1,554	1,554
Convertible loans	–	–	37,242	37,242
Loans from related party	–	–	6,207	6,207
Long term loans	–	–	6,207	6,207
	–	–	51,210	51,210

2012	Level 1	Level 2	Level 3	Total Fair Value
<b>Financial Assets</b>				
Available for sale of investment	–	–	1,350	1,350
<b>Financial Liabilities</b>				
Shareholders' loans	–	–	14,902	14,902

Company 2013	Level 1	Level 2	Level 3	Total Fair Value
<b>Financial Assets</b>				
Loan to a subsidiary	–	–	1,029	1,029
<b>Financial Liabilities</b>				
Shareholders' loans	–	–	1,554	1,554
Convertible loans	–	–	37,242	37,242
	–	–	38,796	38,796

2012	Level 1	Level 2	Level 3	Total Fair Value
<b>Financial Assets</b>				
Available for sale of investment	–	–	1,350	1,350
<b>Financial Liabilities</b>				
Shareholders' loans	–	–	14,902	14,902

The fair values of the financial liabilities included in level 3 category of Note 26 have been determined in accordance with generally accepted pricing models based on discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of the company and counterparties.

There were no transfers between level 2 and 3 during the period.

# NOTES TO FINANCIAL STATEMENTS continued

31 DECEMBER 2013

## 26. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT continued

### (c) Capital risk management policies and objectives

The group manages its capital to ensure that entities in the group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balances.

The capital structure of the group consists of equity attributable to owners of the parent, comprising issued capital and accumulated losses as well as loans due to shareholders, related parties and third parties.

The company's capital is made up of share capital, share option reserve and accumulated losses totalling as at 31 December 2013: S\$29,822,000 (2012: S\$29,090,000).

The company's objectives when maintaining capital are:

- (i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- (ii) to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

## 27. RELATED COMPANY AND RELATED PARTY TRANSACTIONS

During the year, group entities entered into the following significant transactions with related parties/companies:

	Group		Company	
	2013 S\$'000	2012 S\$'000	2013 S\$'000	2012 S\$'000
Interest income from a related party – MeyGen	74	67	74	67
Service fees income from a related party – MeyGen	–	30	–	30
Rental expense paid to companies with common director	162	66	101	1
Consultancy fees paid to company with common director	105	–	–	–
Interest expense arising from shareholders' loans				
EDB Investments Pte. Ltd.	186	161	186	161
Austower Pty Ltd	19	16	19	16
Interest expense arising from related party				
Morgan Stanley Capital Group Inc.	74	–	–	–
			Group and Company	
			2013 S\$'000	2012 S\$'000
Interest expense arising from convertible loans from shareholders				
Minnow Holdings Pty Ltd			1,255	241
Aloa Pty Ltd			258	120
ABSS Investments Pty Ltd			426	81
Armstrong Industries HK Ltd			1,438	242
GCL Holdings (BVI) Pte Ltd			446	37
Statkraft AS			103	–
Morgan Stanley Renewables Devt I (Cayman) Ltd			65	–
J. Ben Bourgeois			108	14
Other shareholders			545	107
Interest expense arising from convertible loans from a related party				
Morgan Stanley Capital Group (Singapore) Pte Ltd			7,230	1,388
Interest expense arising from convertible loans from directors				
John Neill			28	–
Mike Lloyd			7	–

# NOTES TO FINANCIAL STATEMENTS continued

31 DECEMBER 2013

## 27. RELATED COMPANY AND RELATED PARTY TRANSACTIONS continued

	Group and Company	
	2013 S\$'000	2012 S\$'000
Loans entered into with shareholders		
GCL Holdings (BVI) Ltd	–	500
Convertible loans entered into with shareholders		
Statkraft AS	567	–
Morgan Stanley Renewables Devt I (Cayman) Ltd	807	–
Armstrong Industries HK Ltd	2,198	–
ABSS Investments Pty Ltd	74	–
Leeton Securities Ltd	256	–
J. Ben Bourgeois	57	–
Byrne Trust Company Ltd	9	–
Convertible loans from directors		
John Neill	420	–
Mike Lloyd	105	–
Ian Macdonald	209	–

### Compensation of directors and key management personnel:

The remuneration of directors and other members of key management during the year was as follows:

	Group	
	2013 S\$'000	2012 S\$'000
Short-term benefits	1,507	553

## 28. OPERATING LEASE COMMITMENTS

	Group		Company	
	2013 S\$'000	2012 S\$'000	2013 S\$'000	2012 S\$'000
Minimum lease payments under operating lease	1,334	714	99	101

At the end of the reporting period, the group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2013 S\$'000	2012 S\$'000	2013 S\$'000	2012 S\$'000
Within one year	583	560	99	101
In the second to fifth year inclusive	751	154	–	–
	1,334	714	99	101

Operating lease payments represent rentals payable by the group for its office premises and berth lease. Office leases are negotiated for an average term of one year and rentals are fixed for an average of one year.

## 29. OTHER COMMITMENTS

	Group	
	2013 S\$'000	2012 S\$'000
Commitments for the acquisition of plant and equipment	52	257

# NOTES TO FINANCIAL STATEMENTS continued

31 DECEMBER 2013

## 30. CONTINGENT LIABILITIES

	Group	
	2013 S\$'000	2012 S\$'000
Guarantee given to bank in respect of bank facilities utilised by an investment	–	116
Guarantee given to bank in respect of bank facilities utilised by a subsidiary	1,712	–

During the year, Atlantis Operations (UK) Limited, a wholly owned subsidiary of the company, provided bank guarantees in an aggregate amount of £817,570 (2012: £58,600) on behalf of MeyGen. These bank guarantees were renewed in March 2014, at which time the aggregate amount of these guarantees was increased to £885,270.

## 31. EVENTS AFTER THE REPORTING PERIOD

Subsequent to 31 December 2013, the subsequent events of the group are as follows:

- (a) In January 2014, Atlantis Operations (UK) Limited, a wholly owned subsidiary of the company, entered into a grant agreement with the Directorate-General for Energy of the European Commission for the award of an up to €7,294,905 grant towards the design, build, installation and operation of three AR1500 turbines at the MeyGen site. An initial drawdown of €2,320,895 was received in February 2014. Atlantis Operations (UK) Limited was required to provide a bank guarantee in respect of this initial payment.
- (b) In February 2014, Atlantis Resources (Scotland) Limited, a wholly owned subsidiary of the company, entered into a loan agreement with Scottish Enterprise (as administrator of the Renewable Energy Investment Fund) and the company as guarantor. Of the £2 million principal amount of the loan, £1.5 million had already been drawn at the date of this report, with the final £0.5 million expected to be drawn in July 2014. The loan is to be used to support the development of Atlantis Resources (Scotland) Limited's engineering hub in Scotland and in support of the development of the initial phase of the MeyGen project. The interest rate on the loan is 12% per annum with interest capitalised each six months. The loan plus all accrued and capitalised interest is repayable on the fifth anniversary of the first drawdown.
- (c) On 20 February 2014, the company's entire share capital was admitted to trading on AIM, a market of the London Stock Exchange. On the point of admission, the company's class "A" ordinary shares were consolidated on the basis of one new ordinary consolidated share to each holder of "A" shares for every 30 "A" shares held by such person on admission. Further, upon admission of the company's shares to trading on AIM, in accordance with their terms, the class "B" non-voting preference shares and class "C" non-voting preference shares in the capital of the company converted into class "A" ordinary shares in the capital of the company ("A shares"), and were immediately consolidated to ordinary shares of the company on the basis of one consolidated share to each holder of "A" shares for every 30 "A" shares held by such person on admission.

If the shares had not been consolidated, the basic and diluted loss per share would have appeared as follows:

	Loss after tax		Weighted average number of shares		Loss per share	
	2013 S\$'000	2012 S\$'000	2013 '000	2012 '000	2013 S\$	2012 S\$
Basic and diluted						
– Ordinary "A" Share	9,141	14,131	1,076,087	1,034,687	0.008	0.014
Basic and diluted						
– Preference "B" Share	30	31	3,483	2,250	0.008	0.014
Basic and diluted						
– Preference "C" Share	505	813	59,524	59,524	0.008	0.014

- (d) At the same time as the admission of the company's shares to AIM, the company made an initial public offering of shares in the company with the issuance of 12,765,957 new ordinary shares at £0.94 per share. These ordinary shares rank *pari passu* in all respects with the existing issued ordinary shares. Gross proceeds raised in February 2014 from the share placement were S\$25,107,000 (£12,000,000) which, net of transaction costs, were classified as share capital.
- (e) Also upon admission of the company's shares to AIM, certain shareholder loans and third party loans of the company converted into shares in the company. In accordance with their terms, the principal amounts of the loans, together with all capitalised and accrued interest thereon, were converted to ordinary shares of the company at the price of shares issued in the initial public offering, less a discount of 10%.



# COMPANY INFORMATION

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## Non-Executive Directors

John Neill  
Michael Lloyd  
Ian Macdonald  
Rune Nilsen  
John Woodley

## Executive Directors

Timothy Cornelius  
Duncan Black

## Registered Office and Company Number

65 Niven Road  
Singapore 228414  
Company Number: 200517551R

## Company Secretary

Chang Ai Ling  
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Singapore 048623

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## Guernsey Branch Register

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# NOTES

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**Registered Office and Company Number**

65 Niven Road, Singapore 228414, Company Number: 200517551R