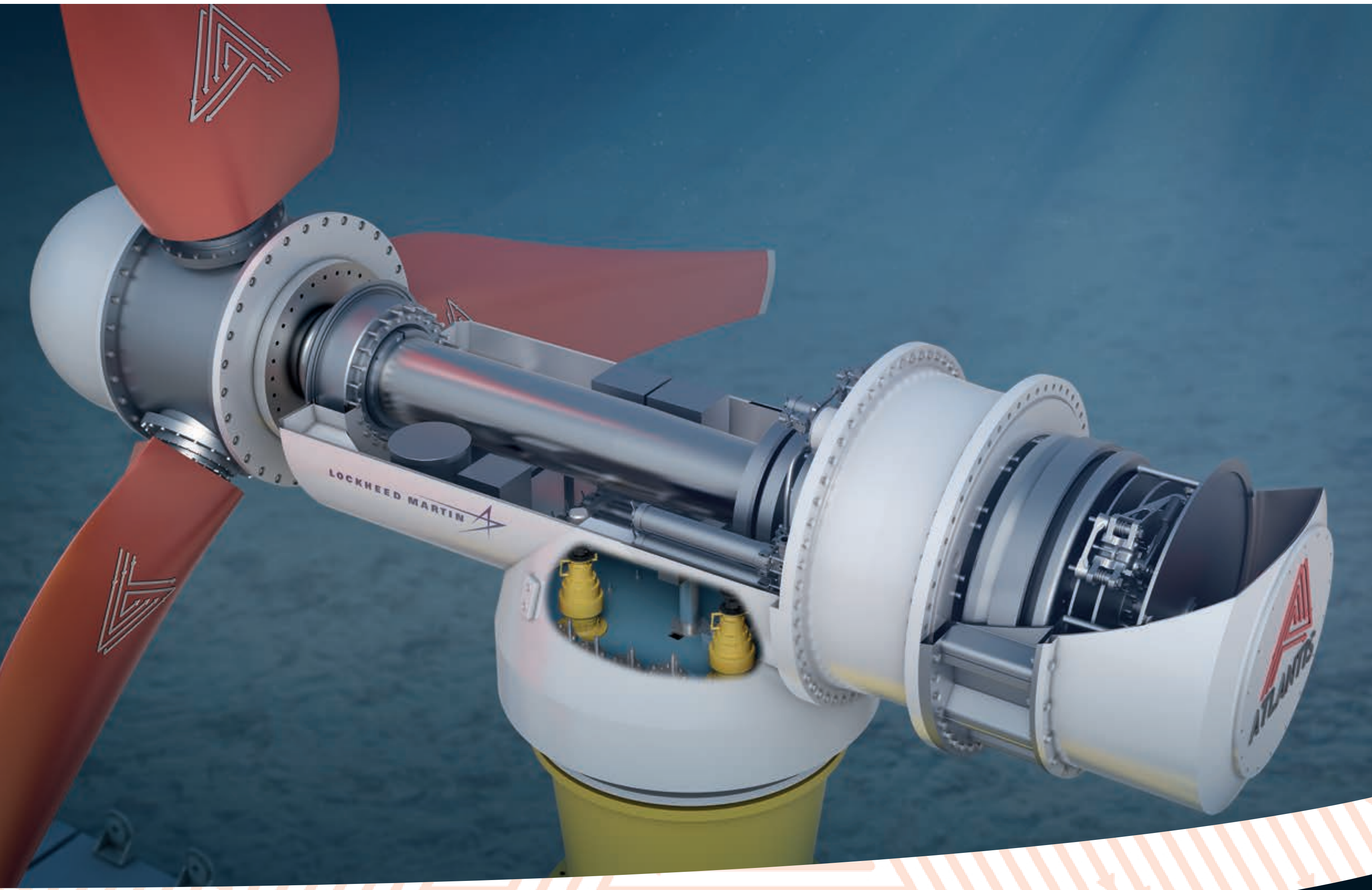
ANNUAL REPORT **2014**



CONTENTS

ATLANTIS GROUP HIGHLIGHTS

H1 '15

Construction commenced at MeyGen to establish the onshore power conversion centre and drill cable routes for power export

MCT acquisition agreed with Siemens AG in all share deal, including proven technology and 200 MW project portfolio

H2 '14

£51 m funding package secured for the first 6 MW of the MeyGen project

£7.5 m contract awarded from the Energy Technologies Institute

£5 m raised in AIM placing

H1 '14

£12 m raised in initial public offering on AIM

€7.7 m awarded in European grant funding towards Atlantis turbine development

MeyGen foundation ballast deliveries

MeyGen construction works

MCT's operational 1.2 MW tidal system

CHAIRMAN'S STATEMENT

UPDATE

2014 and the start of 2015 have undoubtedly borne witness to the most exciting period yet in the history of our company. Commencing in February 2014 with our public listing, and culminating in the execution of an agreement to acquire another major tidal player from Siemens AG this year, the team has worked tirelessly to realise the potential of this clean, green energy sector.

Not least of our achievements has been the commencement of construction for the first phase of the MeyGen project – truly a world first. In September 2014 we announced financial close on a £51 million funding package for construction and installation of the first 6 MW of the MeyGen development. The total potential of this site is almost 400 MW – powering the equivalent of more than three quarters of the homes in Edinburgh. In January 2015, the onshore works commenced to construct the building which will house the power conditioning equipment and control centre, and to drill the bores through which the power export cables will bring the energy to shore. Offshore cable laying is scheduled to start in the summer, and we are on track to be producing electricity from the tides in 2016. Atlantis, having originated the project and fostered its development from the start, remains an 85% shareholder in the project company, alongside fellow investor, Scottish Enterprise (through its Renewable Energy Investment Fund). The funding package also included contributions from The Crown Estate, the Department of Energy & Climate Change, and Highlands and Islands Enterprise.

The turbines side of the business has continued to progress well, entering into a supply agreement to deliver a 1.5 MW AR1500 machine to MeyGen in 2016. We have been working with Lockheed Martin Corporation to complete the detailed design and carry out component testing, and in March 2015 we signed up Lockheed Martin as our major delivery partner for the turbine. This relationship continues to go from strength to strength, with Lockheed Martin also committed to delivering the yaw drive and variable pitch system for this first MeyGen turbine under our long term teaming agreement.

The turbines business has been further bolstered by our recent announcement of the signing of a sale and purchase agreement for the acquisition of Marine Current Turbines, which boasts an unrivalled operating pedigree through its 1.2 MW installation at Strangford Lough in Northern Ireland, and which will diversify our product line with leaner, lighter machines for lower intensity sites and floating applications. Siemens AG, the existing owner of Marine Current Turbines, will not only become a significant shareholder in Atlantis as a result of this transaction, but will also commit to a continuing technology and equipment supply relationship for our mutual benefit.

The projects side of the business will also benefit from the MCT acquisition, which will boost the UK development pipeline by 50% to 600 MW of seabed leases and agreements for lease, extending our interests into England, Northern Ireland and Wales as well as building on our strong Scottish presence. I look forward to updating you with news of these opportunities as we move into what promises to be another busy year for Atlantis.

Finally, I would like to thank the Atlantis staff and my fellow directors for all of their hard work in delivering on our objectives, and to thank our shareholders whose continuing support we very much appreciate.

ANNUAL GENERAL MEETING

Our Annual General Meeting will be held on 24 June 2015 and the notice of meeting accompanies this annual report. I look forward to this opportunity to meet our shareholders and to discuss our performance and the opportunities which lie ahead.

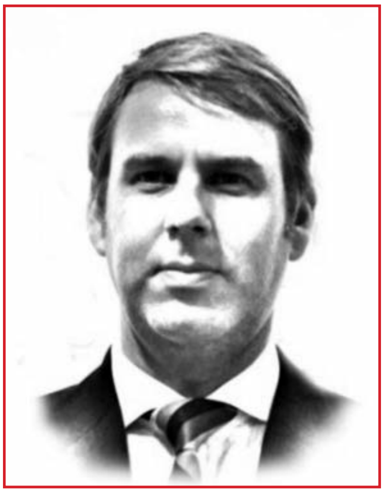
John Mitchell Neill
Chairman

19 May 2015

ATLANTIS UK PROJECTS

*Contingent upon completion of the Marine Current Turbines acquisition.

CHIEF EXECUTIVE OFFICER'S STATEMENT



PROFILE

Atlantis Resources Limited, a global leader in the tidal power sector, is focussed on two core business areas – the development of projects and the supply of turbines and associated equipment, both to third parties and to our own projects. We are domiciled in Singapore, from where we manage our activities in Asia, but our principal project and operations office is in Edinburgh, supported by a design satellite office in Bristol and a corporate office in London. There has been a lot of emphasis this year on the UK, and Scotland in particular, as we achieved financial close of £51 million of funding for the first phase of our MeyGen project, but we continue to work with our project partners to pursue project development and turbine sales opportunities in North America and Asia, and to identify sites and customers of interest around the world. The two sides of the business, projects and turbines, are described below and summarised overleaf.

PROJECTS

Although we have been deriving energy from the tides for centuries, in its modern form the tidal industry is a relatively immature sector. From the very start, therefore, we have recognised that it is not enough for us to create only a successful technology solution – we also need to identify and develop the sites to host that technology. This kick-starts a market for our turbines while also, crucially, building ourselves a founding stake in projects which are forecast to yield attractive returns. With our agility and sector specific knowledge we have shown that we can take a greenfield site through the consenting, design and procurement process, secure project finance and attract new equity participants. Construction has now started on the MeyGen project, and it is our objective to replicate this success across our portfolio.

TURBINES

The AR1500 design team continues to work closely with the MeyGen project team to ensure delivery of a turbine which can perform in the challenging and high energy environment of the Pentland Firth, and we have engaged Lockheed Martin as our quality and systems integration provider to ensure that the rigour and consistency born of a century in aerospace and defence flows through from the detailed design and into our manufacturing and assembly processes. The MeyGen site is one of the most energetic tidal environments in the world, and the AR1500 is, consequently, a turbine which is built to not only survive extreme flows, but to exploit them. This makes it the ideal choice for other top tier sites such as those elsewhere in the Pentland Firth and in the vast flows of Canada's Bay of Fundy, but the acquisition of Marine Current Turbines will add a new string to our bow, expanding the Atlantis product line with a smaller, lighter and less powerful turbine which may be the best economic choice for smaller scale or lower energy sites. MCT's SeaGen turbine is also better suited than the AR1500 to floating applications, which show promise for the future – particularly for deeper water sites. SeaGen's greatest attribute, however, is the operating record established by the two 0.6 MW demonstration units installed in Strangford Lough in Northern Ireland in 2008. This deployment was a world first, and has produced, besides more than 9 GWh of electricity, an unsurpassed database of environmental monitoring, operations and maintenance information. Atlantis intends to continue to operate this iconic asset, as well as pursuing opportunities for expansion of the site into a commercial array (for which a 20 MW agreement for lease has already been granted).

In pursuit of our ancillary technology products, Atlantis has been undertaking testing and development of its proprietary installation tools, designed to facilitate deployment and connection of turbines as safely and efficiently as possible without the need for divers or submersible vehicles. We also continue with the industry leading programme of work contracted to us by the Energy Technologies Institute, to develop the StreamTec foundation system for deployment at the MeyGen site.

SUMMARY OF RESULTS

Revenue in the year to 31 December 2014 was derived from the provision of consulting services, predominantly in relation to the Energy Technologies Institute project for cost reduction in tidal energy which Atlantis has been contracted to deliver. The group's total revenue for the financial year ending 31 December 2014 was approximately S$5.3 million, reduced from S$6.2 million for the previous year as a result of there having been no equipment sales in this period.

Total expenses for the year ending 31 December 2014 were S$19.8 million, a rise of S$0.6 million from the previous year. This increase is attributable to a doubling in the average number of employees from 17 for the year ending 31 December 2013 to 35 in the year ending 31 December 2014. This workforce expansion was, in large part, in support of the construction of the MeyGen project; however, these costs are capitalised and funded as part of the MeyGen project funding. The remaining additional employees, the costs of whom are expensed, are primarily engaged in the delivery of the AR1500 turbine to the MeyGen project under the Atlantis turbine supply agreement.

The loss for the year ending 31 December 2014 was S$16.2 million, an increase of S$6.5 million on the previous year. The primary reason for the increased loss was the impact in the year ending 31 December 2013 of the "other gains" resulting from the negative goodwill arising from the acquisition of MeyGen, which was in part offset by additional financing costs relating to the conversion of shareholder loans. The other factors contributing to the enlarged loss are the S$0.9 million reduction in revenue and the S$0.6 million increase in expenses as described above.

The Group's net assets were boosted to S$98.0 million as at 31 December 2014 from S$21.6 million 12 months earlier. This was a result of the capitalised expenditure on construction of Phase 1A of the MeyGen project, as well as increased cash, also primarily relating to funding for the MeyGen project. Total liabilities fell from S$66.7 million at 31 December 2013 to S$48.6 million at 31 December 2014, chiefly as a result of the Company's conversion and repayment of shareholder loans. This was, however, partially offset by an increase in borrowings relating, in the main, to the financing of MeyGen Phase 1A. Total equity attributable to the owners of the Company rose to S$89.4 million at 31 December 2014 from S$21.6 million at 31 December 2013.

The net cash used in operating and investing activities was S$35.8 million, an increase of S$27.2 million from the previous period. Net cash from financing activities for the year was S$58.0 million, of which S$35.6 million was the proceeds from the issue of shares and S$7.3 million was from borrowings. Total cash and cash equivalents at 31 December 2014 were S$23.1 million, compared with S$0.9 million at 31 December 2013.

Timothy James Cornelius
Chief Executive Officer

19 May 2015

ATLANTIS GROUP MODEL

TURBINES BUSINESS

MANDATE | Development and delivery of turbines and technology solutions for projects worldwide

PRODUCTS

AR1500	SeaGen*
• 1.5 MW fully submerged system, designed for energetic sites and high wave loadings, derived from onshore and ocean testing at 1 MW • 1 x AR1500 scheduled for delivery to MeyGen in 2016	• 0.6 to 1 MW drivetrains adaptable for fully submerged and floating deployment, derived from onshore testing at 1 MW and ocean operation • 2 x 0.6 MW turbines operating since 2008 – c.10 GWh produced

Ancillary technology – installation tools and connection systems

PROJECTS BUSINESS

MANDATE | Origination and development of tidal energy projects worldwide, including resource assessment, securing seabed rights, consents, grid connections and finance for construction

PROJECTS

- 600 MW* of project pipeline in the UK, including the flagship 398 MW MeyGen project in the Pentland Firth, which in 2014 became the first large-scale array to reach financial close, having secured construction funding of £51 million
- Turbine berths at Fundy Ocean Research Centre for Energy in Canada
- Development and turbine sales opportunities in India and China

1.2 MW SeaGen system, Strangford Lough

Directional drilling rig at MeyGen onshore site

AR1000 rotor assembly

AR series blade test

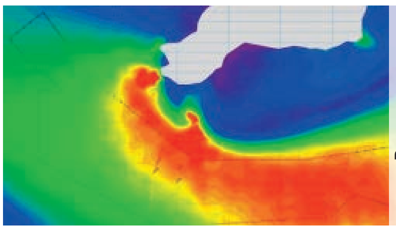
Connection management system testing

AR1000 turbine for deployment at European Marine Energy Centre

Directional drill bit exiting cable bore on seabed, MeyGen

Onshore power conditioning equipment tests

Onshore construction works, MeyGen



Resource assessment

*Contingent upon completion of the Marine Current Turbines acquisition.

CORPORATE GOVERNANCE REPORT

The Company was admitted to trading on the Alternative Investment Market of the London Stock Exchange ("AIM") on 20 February 2014. The Board is committed to high standards of corporate governance in line with an effective and efficient approach to management. Although admission to AIM does not require the Company to apply the UK Corporate Governance Code, it is the intention of the directors 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.

The Board delegates authority to four committees, including the three committees recommended by the QCA guidelines, the Nomination Committee, the Remuneration Committee and the 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. Each committee is responsible for reviewing the effectiveness of its own terms of reference and for making recommendations to the Board for changes when necessary. Executive directors are not members of the Board committees, although they may be invited to attend meetings.

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 receives appropriate and timely information prior to each meeting. A formal agenda is produced for each meeting, and Board and committee members are given a sufficient period of time to review these prior to the meetings taking place.

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 on pages 9 and 10.

The role of the Chairman and the Chief Executive Officer are separate with a distinct division of responsibilities. The Chairman is responsible for maintaining an effective and efficient Board which focuses on strategy and governance appropriately. The Chief Executive Officer is responsible for proposing strategic focus for Board review and its subsequent implementation. 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, three independent non-executive directors, one non-independent non-executive director 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 12 and 13. John Woodley's material relationship with the Company's largest shareholder, a subsidiary of Morgan Stanley, leads to him being designated as a non-independent director.

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 strategy and performance in all areas. Each of the non-executive directors brings individual character and judgement to bear on strategic matters and the performance of the Company. 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, and this rule will be applied at the 2015 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 Board is satisfied that it maintains an effective and appropriate balance of skills to reflect the Company's business, listing and stage of development. The Board is also satisfied that it has suitable levels of experience and independence to allow the directors to discharge their duties and responsibilities effectively. With regard to those directors who are offering themselves for re-election at the next Annual General Meeting, the Board believes that they continue to make effective and important contributions to the Company's success and that the Company and its shareholders should support their re-election.

The Board is aware of the other commitments and interests of its directors and effective procedures are in place to deal with any conflicts of interest which may arise. Any changes to these commitments and interests are reported to the Board at the earliest opportunity.

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. Board members are encouraged to openly and constructively challenge proposals made by executive management. Board agendas are reviewed and agreed in advance to ensure each Board meeting utilises the Board's time most efficiently. 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.

Directors' attendance at Board and committee meetings held during 2014 is provided in the table below:

Board/Committee:	Board		Audit Committee		Remuneration Committee		Nomination Committee		Technology Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
John Mitchell Neill	6	6	–	–	2	2	1	1	–	–
Timothy James Cornelius	6	5	–	–	–	–	–	–	–	–
Duncan Stuart Black	6	6	–	–	–	–	–	–	–	–
Michael Robert Lloyd	6	5	–	–	2	2	1	1	3	3
John Anthony Clifford Woodley	6	6	3	3	2	2	1	1	3	3
Ian Anthony Macdonald	6	6	3	3	–	–	–	–	–	–
Rune Nilsen	6	6	3	3	–	–	–	–	3	3
Kim Manley *	0	0	–	–	–	–	–	–	–	–

*Kim Manley resigned as a director on 11 February 2014.

AUDIT COMMITTEE

Chairman: Ian Anthony Macdonald
Members: John Anthony Clifford Woodley, Rune Nilsen

The chairman of the committee holds a senior management position in a listed financial institution, and the Board is satisfied that he has recent and relevant financial experience. The Audit Committee is required to meet not less than three times a year at appropriate times in the financial reporting and audit cycle and whenever 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 met three times during the course of 2014 and has subsequently 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 Report from the Audit Committee is set out on pages 16 and 17.

REMUNERATION COMMITTEE

Chairman: John Mitchell Neill
Members: Michael Robert Lloyd, John Anthony Clifford 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 the approach to 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.

The Remuneration Committee met twice during the course of 2014.

The Directors' Remuneration Report from the Remuneration Committee is set out on pages 18 to 20.

NOMINATION COMMITTEE

Chairman: John Mitchell Neill
Members: Michael Robert Lloyd, John Anthony Clifford Woodley

The Nomination Committee is chaired by John Mitchell Neill and its other members are Michael Robert Lloyd and John Anthony Clifford Woodley. It is required to meet at least twice a year and whenever otherwise necessary to fulfil its responsibilities. The committee is also assisted by executive search consultants as and when required. 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.

As the Company was admitted to trading during the course of 2014, the Nomination Committee met on only one occasion during the year. No external consultants were engaged during this period. The Nomination Committee is mindful of the need to maintain an appropriate balance of skills, personalities and diversity on the Board to shape the direction of the Company going forward and future Board changes will take this into consideration.

TECHNOLOGY COMMITTEE

Chairman: Michael Robert Lloyd
Members: John Anthony Clifford Woodley, Rune Nilsen

The Technology Committee is chaired by Michael Robert Lloyd and its other members are Rune Nilsen and John Anthony Clifford Woodley. The Technology Committee is responsible for monitoring the integrity of the regular internal reporting on the status of technology development within the Group and for sanctioning the external reporting of key technology milestones. The committee also keeps under review the adequacy and effectiveness of the Group'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.

Three committee meetings were held during the course of the year.

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 policies, and the Board monitors risk exposures, risk management activities and the effectiveness of controls.

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 in the prevention and detection of fraud and other irregularities.

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 are conducted at arm's length and on normal commercial terms. The terms of the relationship agreement remain unchanged from the AIM admission document.

BOARD AND COMMITTEE EVALUATION

The effectiveness and performance of the Board is vital to the Company's continuing success and the Board intends to carry out a regular evaluation process for the Board and its committees. Due to the early stage of the Company's development it was felt a significant period of time to evaluate performance had not passed. No significant issues for concern regarding Board or committee performance were raised to the Chairman in the course of the year.

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 AGM which provides an opportunity for shareholders to meet and ask questions of management. A range of corporate information is also available to shareholders, investors and the public on the Company's website www.atlantisresourcesltd.com. 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

JOHN MITCHELL 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 was formerly a non-executive director of Rolls-Royce plc, 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 JAMES 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 STUART BLACK

Chief Financial Officer

Duncan joined the Board on 11 December 2013. He has almost twenty 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 Schroders 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.

MICHAEL ROBERT 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 ANTHONY CLIFFORD 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.

John has a BSc Eng (Elec) from Wits University, Johannesburg, an MBA from Valdosta State University, Georgia and an MS Finance from Georgia State University.

IAN ANTHONY 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.

DIRECTORS' REPORT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2014.

DIRECTORS

The directors in office at the date of this report are as follows:

John Mitchell Neill *(Non-Executive Chairman)*
Timothy James Cornelius *(Chief Executive Officer)*
Duncan Stuart Black *(Chief Financial Officer)*
Michael Robert Lloyd *(Non-Executive Director)*
Ian Anthony Macdonald *(Non-Executive Director)*
Rune Nilsen *(Non-Executive Director)*
John Anthony Clifford Woodley *(Non-Executive Director)*

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 body corporate, except as disclosed in this Directors' report.

DIRECTORS' INTEREST IN 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 the Company or any other corporate body, except as disclosed in the Director's Remuneration Report on pages 18 to 20.

DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Details of directors' interests in shares and directors' contractual benefits are set out in the Directors' Remuneration Report on pages 18 to 20.

SHARE OPTIONS

(a) **Company Shares Option Plan ("CSOP")**

On admission of the Company's shares to trading on AIM, the options outstanding over "B" shares issued under the Company's CSOP, exercisable at prices between S$0.155 and S$0.200 per share, became options over ordinary shares, at exercise prices between S$4.659 and S$6.000 per share. The CSOP was terminated on admission to AIM, without prejudice to the rights conferred by the outstanding options. The outstanding options are fully vested and may be exercised at any time within the exercisable period but no later than the expiry date. 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.

Details of the options granted under the CSOP on unissued ordinary shares of the Company are as follows:

Date of grant/ modification	Balance at 1 Jan 2014	Exercise price per share	Cancelled/ lapsed	Modified	Exercise price per share	Balance at 31 Dec 2014	Exercise period
05.06.2009	4,342,746	S$0.155 S$0.197	(4,342,746)	–	S$0.153 S$0.197	–	5 Jun 2009 to 4 Jun 2014
05.06.2009	27,114,254	S$0.155 S$0.197	(27,114,254)	–	S$0.155 S$0.197	–	5 Jun 2009 to 4 Jun 2014
14.12.2009	4,809,000	S$0.197	(4,809,000)	–	S$0.197	–	14 Dec 2009 to 4 Jun 2014
05.06.2010	2,000,000	S$0.200	–	66,667	S$6.000	66,667	5 Jun 2010 to 4 Jun 2015
05.06.2010	1,000,000	S$0.200	–	33,333	S$6.000	33,333	10 Jun 2010 to 09 Jun 2015
Total	39,266,000	–	(36,266,000)	100,000	–	100,000	

(b) **Long Term Incentive Plan ("LTIP")**

Details of the options granted under the LTIP on unissued ordinary shares of the Company, are as follows:

Date of grant/ modification	Balance at 1 Jan 2014	Modified	Granted	Exercised	Cancelled/ lapsed	Balance at 31 Dec 2014	Exercise price per share	Exercise period
11.12.2013	–	–	4,255,321	–	–	4,255,321	£0.940	20 Feb 2014 to 20 Feb 2019
Total	–	–	4,255,321	–	–	4,255,321		

(c) Other than the above, 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.

AUDITORS

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Timothy James Cornelius
Chief Executive Officer

Duncan Stuart Black
Chief Financial Officer

19 May 2015

AUDIT COMMITTEE REPORT

The Board has delegated responsibility to the Audit Committee to oversee the financial reporting, internal risk management and control functions and to make recommendations to the Board accordingly. The committee's membership and attendance records for the financial year can be found in the Corporate Governance Report.

In accordance with the AIM Rules the Company was required to change its external auditor following the completion of Deloitte & Touche LLP's tenth year of engagement. Following a tender process and interim review, as reported in last year's Annual Report, the Audit Committee recommended that KPMG LLP be appointed as the Company's auditor for the 2014 year-end audit. KPMG LLP has expressed its willingness to be reappointed at the Company's next Annual General Meeting and a resolution to appoint KPMG LLP as auditors of the Company will be put to the Annual General Meeting. The audit partner and audit manager from the Company's external auditor are invited to attend meetings of the committee on a regular basis and during 2014 they attended each meeting, either in whole or for part of the meeting.

For any non-audit services to be undertaken by the Company's external auditor, prior approval of the Audit Committee is required, and the Audit Committee has instructed management to minimise any work undertaken by the external auditor that is not audit in nature. For example, the Company uses PricewaterhouseCoopers as its tax advisors.

The Company's Chief Executive Officer and Chief Financial Officer may attend meetings by invitation and other members of the senior management team attend as required. At one of the meetings an arrangement was agreed by which the chairman of the committee would meet with the external auditor in private. The practice of holding meetings in private between the chairman of the committee and the external auditor will continue in the future.

In accordance with its terms of reference, the Audit Committee, which reports its findings to the Board, is authorised to:

- monitor the integrity of the Company's financial reporting and significant financial accounting policies and judgements;
- review the content of the Annual Report and Accounts where requested by the Board, and advise on whether it is fair, balanced, understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy;
- monitor the effectiveness of the Company's internal controls and risk management framework;
- consider annually whether the Company should initiate an internal audit function and make a recommendation to the Board accordingly;
- consider and make recommendations to the Board, to be put to shareholders for approval at the Company's Annual General Meeting, in relation the appointment, reappointment and removal of the Company's external auditor; and
- advise the Board on the appointment, terms of engagement and remuneration of the external auditor.

The committee has three scheduled meetings a year and works closely with the Chief Financial Officer and senior management to ensure the committee is provided with the necessary information it requires to discharge its duties. The committee's meeting agendas are based on annual reporting requirements and other ad-hoc issues which arise during the course of the year.

The committee reviewed the full and half year financial statements and the report of the auditors on these statements. Committee meetings included senior staff from the external auditor who were familiar with the completion of the audit to present the reports and answer the committee's questions.

During 2014 the Audit Committee had three meetings, at which the committee considered the following matters:

2 April 2014

- Overview of the committee's terms of reference
- Internal controls and risk management
- Group finance function overview
- Group financial update
- Review of external audit services

15 May 2014

- Review of Annual Report and Accounts
- Presentation of Financial Statements for key subsidiaries
- External auditor's report to the committee
- Discussion between the Audit Committee and external auditor without presence of management
- External auditor tender and appointment

25 August 2014

- Review of interim report and accounts
- External auditor's report to the committee
- Update on key subsidiaries

TERMS OF REFERENCE

The Audit Committee keeps its terms of reference under review and makes recommendations for changes to the Board. The full terms of reference are available on the Company's website at www.atlantisresourcesltd.com

Approved and signed on behalf of the Board.

Ian Anthony Macdonald
Chairman of the Audit Committee

19 May 2015

DIRECTORS' REMUNERATION REPORT

This report sets out details of the directors' remuneration in 2014.

REMUNERATION COMMITTEE

The members of the Remuneration Committee and the Remuneration Committee's role are set out on page 9.

REMUNERATION FRAMEWORK

The overall aim of the Company's remuneration framework is to provide appropriate incentives that reflect the Company's performance culture and values through a number of components. The Company also attempts to ensure the remuneration guidelines and culture are sustainable, transparent and appropriate. The Company's framework aims to attract and retain high-performing employees and reward both short-term and long-term contributions to the Company.

The Remuneration Committee is satisfied that this framework successfully aligns the interests of executive directors, senior managers and other employees with the shareholders' long-term interests, by ensuring that an appropriate proportion of remuneration is directly linked to overall performance, in both the long and short term.

In determining the practicalities of the approach, the Remuneration Committee considers a range of internal and external factors and appropriate market comparisons against other companies of a similar size, nature and stage of development.

DIRECTORS' INTERESTS IN SHARES

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 corporation in which interests are held	Shareholdings registered in the name of directors		Shareholdings in which directors are deemed to have an interest	
The Company	At beginning of the year	At end of the year	At beginning of the year	At end of the year
Preference Class "B" shares				
Duncan Stuart Black	25,000,000	–	–	–
Preference Class "C" shares				
Timothy James Cornelius	–	–	29,761,963	–
Ordinary shares				
John Mitchell Neill	–	377,501	–	–
Timothy James Cornelius	–	84,041	–	992,065[1]
Duncan Stuart Black	–	1,042,419	–	–
Michael Robert Lloyd	–	188,287	–	–
Ian Anthony Macdonald	–	125,020	–	–

(1) Shares held by Languedoc Pte Limited, of which Timothy James Cornelius is the sole shareholder. These shares are subject to a Singapore law charge in favour of Morgan Stanley Capital Group Inc. as security for a S$1,500,000 loan to Tim Cornelius dated 12 November 2008.

John Mitchell Neill, Michael Robert Lloyd and Ian Anthony Macdonald held convertible loans in the Company in the amounts of £200,000, £50,000 and £100,000, respectively, at the beginning of the year. On admission of the Company's shares to trading on AIM on 20 February 2014 ("Admission"), these loans converted into class "A" ordinary shares and were then immediately consolidated into ordinary shares on the basis of one ordinary share for every 30 class "A" ordinary shares. Following consolidation, John Mitchell Neill, Michael Robert Lloyd and Ian Anthony Macdonald held 252,501, 63,287 and 125,020 ordinary shares, respectively, as a result of the conversion of these loans.

During the year, John Mitchell Neill, Duncan Stuart Black and Michael Robert Lloyd each subscribed for an additional 125,000 ordinary shares at a price of 40 pence per share.

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.

EXECUTIVE DIRECTOR SERVICE CONTRACTS AND PAYMENTS FOR LOSS OF OFFICE

The Company's executive directors are employed under service contracts with a fixed period of notice of termination. The services of all executive directors may be terminated on a maximum of six months' notice by the Company or the individual.

NON-EXECUTIVE DIRECTORS' LETTERS OF APPOINTMENT

The Company's non-executive directors are not committed by service contracts to the Company and are engaged by letters of appointment. These provide for a maximum of three months' notice of termination by either party at any time, with no pre-determined amounts of compensation.

ANNUAL REMUNERATION

The table below sets out the annual remuneration of the directors for the years ended 31 December 2014 and 31 December 2013.

Director	Annual Remuneration 2014 S$'000	2013 S$'000
John Mitchell Neill	**157**	9
Timothy James Cornelius(1)	**685**	419
Duncan Stuart Black	**545**	408
Michael Robert Lloyd	**75**	4
Ian Anthony Macdonald	**72**	4
Rune Nilsen	**–**	–
John Anthony Clifford Woodley	**72**	4

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

As disclosed in the 2013 Annual Report, 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. Timothy Cornelius and Duncan Black received bonuses of £50,000 each following Admission. These bonuses were approved by the Remuneration Committee.

LONG TERM INCENTIVE PLAN ("LTIP")

On 11 December 2013, it was agreed, contingent on Admission, that 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	Ordinary Shares	Nature of Award	Exercise Price	Vesting Period
Timothy James Cornelius	11 December 2013	1,063,830	Option	£0.94	1/3 on each of first, second and third anniversary of grant
Duncan Stuart Black	11 December 2013	851,064	Option	£0.94	1/3 on each of first, second and third anniversary of grant
John Mitchell Neill	11 December 2013	1,063,830	Option	£0.94	1/3 on each of first, second and third anniversary of grant
Michael Robert Lloyd	11 December 2013	106,383	Option	£0.94	1/3 on each of first, second and third anniversary of grant
Ian Anthony Macdonald	11 December 2013	265,958	Option	£0.94	1/3 on each of first, second and third anniversary of grant

Vested awards are exercisable up until the fifth 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.

SHAREHOLDER VOTE AT THE ANNUAL GENERAL MEETING

The 2014 Directors' Remuneration Report will once again be put to a shareholder vote at the 2015 Annual General Meeting.

The 2013 Directors' Remuneration Report was approved by shareholders with a vote of 36,732,743 votes in favour (97.89%) at the Annual General Meeting.

Approved and signed on behalf of the Board.

John Mitchell Neill
Chairman of the Remuneration Committee

19 May 2015

STATEMENT BY DIRECTORS

In our opinion:

(a) the financial statements set out on pages 23 to 63 are drawn up so as to give a true and fair view of the state of affairs and changes in equity of the Group and of the Company as at 31 December 2014 and the results and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and International Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors

Timothy James Cornelius
Chief Executive Officer

Duncan Stuart Black
Chief Financial Officer

19 May 2015

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ATLANTIS RESOURCES LIMITED

KPMG LLP
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REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Atlantis Resources Limited (the Company) and its subsidiaries (the Group), which comprise the statements of financial position and statement of changes in equity of the Group and the Company as at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 23 to 63.

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, Chapter 50 (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 judgement, 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 the 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.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and International Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the changes in equity of the Group and Company and the results and cash flows of the Group for the year ended on that date.

Other matters

The financial statements for the year ended 31 December 2013 were audited by another firm of Chartered Accountants, whose report dated 30 May 2014, expressed an unmodified opinion on those financial statements.

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.

KPMG LLP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
19 May 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2014

	Notes	2014 S$'000	2013 As restated[1] S$'000
Revenue	4	5,279	6,190
Other gains	5	1,129	18,690
Employee benefits expenses	6	(7,016)	(4,667)
Other operating expenses		(5,375)	(5,867)
Subcontractor costs		(3,363)	(4,489)
Depreciation and amortisation	10,11	(3,185)	(3,201)
Research and development costs		(840)	(961)
Total expenses		(19,779)	(19,185)
Results from operating activities		(13,371)	5,695
Finance costs	7	(2,835)	(15,360)
Loss before tax		(16,206)	(9,665)
Tax credit/(expense)	8	11	(11)
Loss for the year	9	(16,195)	(9,676)
Other comprehensive income:			
Items that are or may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		996	(1,975)
Related tax		—	—
Other comprehensive expenses for the year, net of tax		996	(1,975)
Total comprehensive income for the year		(15,199)	(11,651)
Losses attributable to:			
Owners of the group		(16,195)	(9,676)
Non-controlling interests		—	—
Total comprehensive income attributable to:			
Owners of the group		(15,199)	(11,651)
Non-controlling interests		—	—
Loss per share			
Basic and diluted loss per share	25	(0.22)	(0.26)

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

(1) Please refer to Note 33.

The accompanying notes form part of these financial statements.

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Notes	Group 2014 S$'000	Group 2013 S$'000	Company 2014 S$'000	Company 2013 S$'000
ASSETS					
Property, plant and equipment	10	**70,508**	3,007	**28**	33
Intangible assets	11	**43,194**	44,040	**6,010**	6,556
Investments in subsidiaries	12	**–**	–	**18,525**	17,797
Loans to subsidiaries	13	**–**	–	**22,791**	1,904
Trade and other receivables	14	**–**	–	**19,826**	–
Non-current assets		**113,702**	47,047	**67,180**	26,290
Trade and other receivables	14	**3,719**	1,601	**5,015**	25,883
Other assets	15	**–**	37,052	**–**	–
Cash and cash equivalents	16	**29,247**	2,620	**392**	184
Current assets		**32,966**	41,273	**5,407**	26,067
Total assets		**146,668**	88,320	**72,587**	52,357
Trade and other payables	17	**18,562**	6,805	**4,185**	7,975
Provisions	18	**795**	1,104	**–**	–
Loans and borrowings	19	**–**	38,762	**494**	38,762
Current tax payable		**–**	11	**–**	–
Current liabilities		**19,357**	46,682	**4,679**	46,737
LIABILITIES					
Loans and borrowings	19	**21,375**	12,414	**650**	–
Deferred tax liabilities	20	**7,905**	7,602	**–**	–
Non-current liabilities		**29,280**	20,016	**650**	–
Total liabilities		**48,637**	66,698	**5,329**	46,737
Net assets		**98,031**	21,622	**67,258**	5,620
EQUITY					
Share capital	21	**185,500**	114,906	**185,500**	114,906
Capital reserve	22	**11,448**	–	**–**	–
Translation reserve	23	**280**	(716)	**–**	–
Option fee	24	**10**	10	**10**	10
Share option reserve	24	**4,932**	3,994	**4,932**	3,994
Accumulated losses		**(112,767)**	(96,572)	**(123,184)**	(113,290)
Total equity attributable to owners of the Company		**89,403**	21,622	**67,258**	5,620
Non-controlling interests	12	**8,628**	–	**–**	–
Total Equity		**98,031**	21,622	**67,258**	5,620

The accompanying notes form part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2014

	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
Group							
At 1 January 2013		111,282	1,259	10	3,435	(86,896)	29,090
Total comprehensive income for the year							
Loss for the year		–	–	–	–	(9,676)	(9,676)
Other comprehensive income		–	(1,975)	–	–	–	(1,975)
Total comprehensive income for the year		–	(1,975)	–	–	(9,676)	(11,651)
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Issue of share capital	21	3,621	–	–	–	–	3,621
Exercise of share options	21	3	–	–	–	–	3
Recognition of share-based payments	24	–	–	–	559	–	559
Total transactions with owners		3,624	–	–	559	–	4,183
At 31 December 2013		114,906	(716)	10	3,994	(96,572)	21,622

		Attributable to owners of the Company								
	Note	Share capital S$'000	Capital reserve S$'000	Translation reserve S$'000	Option fee S$'000	Share option reserve S$'000	Accumulated losses S$'000	Total S$'000	Non-controlling interest S$'000	Total S$'000
Group										
At 1 January 2014		114,906	–	(716)	10	3,994	(96,572)	21,622	–	21,622
Total comprehensive income for the year										
Loss for the year		–	–	–	–	–	(16,195)	(16,195)	–	(16,195)
Other comprehensive income		–	–	996	–	–	–	996	–	996
Total comprehensive income for the year		–	–	996	–	–	(16,195)	(15,199)	–	(15,199)
Transactions with owners, recognised directly in equity										
Contributions by and distributions to owners										
Issue of ordinary shares	21	32,758	–	–	–	–	–	32,758	–	32,758
Conversion of convertible loans into shares during public offering	21	37,836	–	–	–	–	–	37,836	–	37,836
Recognition of share-based payments	24	–	–	–	–	938	–	938	–	938
Changes in ownership interest in subsidiary										
Dilution of interest in a subsidiary without change in control	12	–	11,448	–	–	–	–	11,448	8,628	20,076
Total transactions with owners		70,594	11,448	–	–	938	–	82,980	8,628	91,608
At 31 December 2014		**185,500**	**11,448**	**280**	**10**	**4,932**	**(112,767)**	**89,403**	**8,628**	**98,031**

The accompanying notes form part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY continued

YEAR ENDED 31 DECEMBER 2014

	Note	Share capital S$'000	Option fee S$'000	Share option Reserve S$'000	Accumulated losses S$'000	Total S$'000
At 1 January 2013		111,282	10	3,435	(63,214)	51,513
Total comprehensive income for the year						
Loss for the year		–	–	–	(50,076)	(50,076)
Total comprehensive income for the year		–	–	–	(50,076)	(50,076)
Transactions with owners, recognised directly in equity						
Contributions by and distributions to owners						
Issue of share capital	21	3,621	–	–	–	3,621
Exercise of share options	21	3	–	–	–	3
Recognition of share-based payments		–	–	559	–	559
Total transactions with owners		3,624	–	559	–	4,183
At 31 December 2013		**114,906**	**10**	**3,994**	**(113,290)**	**5,620**
Total comprehensive income for the year						
Loss for the year		–	–	–	(9,894)	(9,894)
Total comprehensive income for the year		–	–	–	(9,894)	(9,894)
Transactions with owners, recognised directly in equity						
Contributions by and distributions to owners						
Issue of share capital	21	32,758	–	–	–	32,758
Conversion of convertible loans into shares during public offering	21	37,836	–	–	–	37,836
Recognition of share-based payments	24	–	–	938	–	938
Total transactions with owners		70,594	–	938	–	71,532
At 31 December 2014		**185,500**	**10**	**4,932**	**(123,184)**	**67,258**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2014

	Note	2014 S$'000	2013 As restated[1] S$'000
Cash flows from operating activities			
Loss before tax		**(16,206)**	(9,665)
Adjustments for:			
Release of negative goodwill to income		–	(16,674)
Fair value of pre-existing interest in acquiree		–	(1,938)
Change in the fair value of derivative liabilities		–	3,189
Depreciation of property, plant and equipment	10	**37**	162
Amortisation of intangible asset	11	**3,148**	3,039
Interest expense	7	**2,835**	12,171
Bad debt expense		–	50
Share-based payments	6	**938**	559
Provisions (reversed)/made during the year	18	**(309)**	1,104
Net foreign exchange		**727**	(1,348)
Grant income	5	**(668)**	–
Operating cash flows before movements in working capital		**(9,498)**	(9,351)
Trade and other receivables		**(2,411)**	(852)
Inventory		–	1,636
Trade and other payables		**7,574**	2,759
Net cash used in operating activities		**(4,335)**	(5,808)
Cash flows from investing activities			
Purchase of property, plant and equipment	10	**(27,361)**	(464)
Expenditure on project development	11	**(4,080)**	(1,908)
Acquisition of subsidiary, net of cash acquired		–	(418)
Net cash used in investing activities		**(31,441)**	(2,790)
Cash flows from financing activities			
Proceeds from grants received		**4,990**	–
Proceeds from issue of shares	21	**35,558**	3,621
Share issuance cost	21	**(2,800)**	–
Proceeds from exercising of share options		–	3
Proceeds from borrowings		**7,293**	5,165
Repayment of borrowings		**(2,400)**	–
Deposits pledged		**(4,446)**	(1,712)
Interest paid		**(262)**	–
Non-controlling interest		**20,076**	–
Net cash from financing activities		**58,009**	7,077
Net increase/(decrease) in cash and cash equivalents		**22,233**	(1,521)
Cash and cash equivalents at 1 January		**908**	2,338
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies		**(52)**	91
Cash and cash equivalents at 31 December	16	**23,089**	908

(1) Please refer to Note 33.

The accompanying notes form part of these financial statements.

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 19 May 2015.

1. DOMICILE AND ACTIVITIES

Atlantis Resources Limited (the "Company") is a company incorporated in Singapore. The address of the Company's registered office is 65 Niven Road, Singapore 228414.

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 12 to the financial statements.

The financial statements of the Group as at and for the year ended 31 December 2014 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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 presented in Singapore dollars (S$), rounded to the nearest thousand.

Adoption of IFRS and revised standards

Amendments to IAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities.*

Under the amendments, to qualify for offsetting, the right to set off a financial asset and a financial liability must not be contingent on a future event, and must be enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties.

The application of the amendments had no significant impact in the Group's and the Company's 2014 financial statements.

Except for changes in accounting policies disclosed above, the accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Company.

2.2 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 in 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 the 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

2.3 Business combination

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

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.

2.4 Financial instruments

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.

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 as loans and receivables.

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.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, short-term bank deposits with an original maturity of 3 months and cash on hand.

For the purposes of the consolidated statement of cashflows, pledged deposits are excluded.

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

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 Note 2.16).

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as fair value through profit and loss, 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 components of the 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.

Derecognition of financial liabilities

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

2.5 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.

2.6 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.

Property, plant and equipment in the course of construction 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 basis:

Leasehold improvements	–	20%
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.

2.7 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:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

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

2.8 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

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.

2.9 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.

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.

2.10 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.

2.11 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.

2.12 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

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 in profit or loss in proportion to the stage of completion of the transaction at the reporting date. Revenue for the sale of equipment is recognised when the risk and rewards of the product are transferred to the customer.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Licence and royalties

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

2.13 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.

2.14 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 profit or loss and other 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.

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.

2.15 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.

2.16 Finance costs

Finance cost comprises interest expense on borrowings and changes in fair values of derivative liabilities. All borrowing costs are recognised in the profit or loss using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

2.17 Segment reporting

The Group is currently focused on the development of the MeyGen project and in developing its turbines for installation in the MeyGen project. It currently considers its business as one operating segment.

2.18 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these financial statements.

Except as otherwise indicated below, those new standards, amendments to standards, and interpretations are not expected to have a significant effect on the financial statements of the Group. The Group does not plan to adopt these standards early.

- IFRS 15 Revenue from Contracts with Customers

  IFRS 15 Revenue from Contracts with Customers will replace IAS 18 Revenue, IAS 11 Construction Contracts and Related Interpretations. The standard establishes the principle for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled to in exchange for those goods or services. The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed (e.g. service revenue and contract modifications) and improved guidance for multi-element arrangements. The Group is currently assessing the impact upon adoption this standard in financial year ending 31 December 2017.

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:

Recoverability of construction-in-progress and project-under-construction

Included in property, plant and equipment is an amount of S$3,898,000 (2013: S$2,904,000) relating to construction-in-progress for a turbine. The recoverable amount was estimated based on the fair value less costs of selling the turbine, which was in excess of the costs recorded, and no impairment loss on the asset was required.

The recoverable amount of the project-under-construction was derived based on the fair value less costs of sale. The fair value is derived based on the subscription price of the shares in Tidal Power Scotland Holdings Limited by Scottish Enterprise. The recoverable amount so determined was in excess of the carrying value recorded of S$66,458,000 (2013: S$Nil) as disclosed in Note 10, and accordingly, management has taken the view that no impairment loss on the assets was required.

At the end of every year, management assesses the existing condition and performance of its assets.

Useful lives of intangible assets

The useful lives are based on similar assets in the industry and taking into account anticipated technological changes. Judgement is required to determine the period over which the propriety technology (to which the intangibles relate) will continue to have economic value. Amortisation will commence upon the commercialisation of the assets. The Group reviews the useful lives of the intangible assets at the end of each reporting period.

Recoverability of intangible assets

The recoverable amounts of the intangible assets related to the global technology licence, intellectual property and development costs are estimated based on their value in use. When value in use calculations are undertaken, management estimates the expected future cash flows from the cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows. Management is confident that the carrying amount of the assets will be recovered in full, even if returns are reduced. This situation will be closely monitored, and adjustments will be made in future periods if future market activity indicates that such adjustments are appropriate.

Provision for decommissioning costs

Provision for decommissioning costs is recognised as part of the construction-in-progress related to a turbine. The provision is an amount equal to the directors' best estimate of the expenditure required to settle the Group's obligation.

Functional currency

In determining the functional currency of the Company, management has considered the primary economic environment which the Company operates in. The Company is the centre of provision of corporate services to all subsidiaries and the base for engineering staff managing delivery of the Company's projects in Asia. The Company is involved in and provides support to development projects globally. The sale prices on costs of developing the projects are subject to local competitive forces and regulations. Most of the Company's operating expenses are incurred in Singapore dollars. As such, the Company has determined that Singapore dollars is the currency that most faithfully represents the economic effects of the underlying transactions of the Company.

4. REVENUE

	Group	
	2014 S$'000	2013 S$'000
Consulting fees	**5,279**	3,775
Sale of equipment	–	2,415
	5,279	6,190

5. OTHER GAINS

	Group	
	2014 S$'000	2013 As restated[1] S$'000
Interest income	–	74
Fair value of pre-existing interest in acquiree	–	1,938
Release of negative goodwill to income (Note 12)	–	16,674
Grant income	**668**	–
Other income	**461**	4
	1,129	18,690

(1) Please refer to Note 33.

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

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 of MeyGen (see Note 12).

6. EMPLOYEE BENEFITS EXPENSES

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

	Group	
	2014 Number	2013 Number
Average number of employees (including executive directors)	**35**	17

Their aggregate remuneration comprised:

	Group	
	2014 S$'000	2013 S$'000
Wages and salaries	**4,901**	3,167
Social security costs	**797**	554
Share-based payment (Note 24)	**938**	559
Other related costs	**380**	387
	7,016	4,667

7. FINANCE COSTS

	Group 2014 S$'000	Group 2013 S$'000
Interest expense arising from:		
– loans from shareholders	**262**	4,849
– loans from a related party	**804**	7,230
– long term loans	**1,175**	–
– others	**–**	92
Changes in fair value of derivative liability	**594**	3,189
	2,835	15,360

At the point of acquisition, these loans were recorded at fair value. Subsequent to the acquisition, these loans were recorded at amortised cost.

8. TAX (CREDIT)/EXPENSE

	Group 2014 S$'000	Group 2013 S$'000
Current tax (credit)/expense		
(Over)/under provision for prior year	**(11)**	11

Domestic income tax is calculated at 17% (2013: 17%) of the estimated assessable loss for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

	Group 2014 S$'000	Group 2013 S$'000
Reconciliation of effective tax rate		
Loss before tax	**(16,206)**	(9,665)
Tax using the Singapore tax rate of 17% (2013: 17%)	**(2,755)**	(1,643)
Effect of tax rates in foreign jurisdictions	**369**	(151)
Non-allowable items	**408**	59
Tax effect of deferred tax asset not recognised	**1,978**	1,735
(Over)/under provision for prior year	**(11)**	11
	(11)	11

At the end of the reporting period, the Group has unutilised tax losses of S$91,548,000 (2013: S$79,913,000) available for offset against future profits. The amount of the Company's unutilised tax losses available for offset against future profits is S$63,349,000 (2013: S$58,053,000). No deferred tax asset has been recognised due to the unpredictability of future profit streams.

9. LOSS FOR THE YEAR

The following items have been included in arriving at loss for the year:

	Note	Group 2014 S$'000	Group 2013 S$'000
Depreciation	10	**37**	162
Amortisation	11	**3,148**	3,039
Auditors' remuneration			
– Audit fees		**232**	216
– Non-audit fees		**–**	813
Share-based payments	24	**938**	559
Rental expenses		**338**	288
Warranty expenses		**–**	73
Net foreign exchange losses/(gains)		**132**	(1,353)
IPO costs		**139**	2,924
Bad debt expense on non-trade receivable		**–**	50

10. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold Land S$'000	Leasehold improvements S$'000	Furniture fixture and equipment S$'000	Computer equipment and software S$'000	Construction-in-progress S$'000	Project under construction S$'000	Total S$'000
Cost:							
At 1 January 2013	–	–	113	869	4,259	–	5,241
Additions	–	–	–	15	449	–	464
Acquired on acquisition of a subsidiary	42	–	–	20	–	–	62
Reclassifications	–	–	–	–	(1,636)	–	(1,636)
Exchange differences	–	–	–	(5)	(168)	–	(173)
At 31 December 2013	42	–	113	899	2,904	–	3,958
Additions	–	69	15	18	–	28,164	28,266
Reclassifications	–	–	–	–	1,031	37,639	38,670
Reimbursed by grants	–	–	–	–	–	(719)	(719)
Disposals	–	–	(66)	(32)	–	–	(98)
Exchange differences	(1)	–	–	–	(37)	1,374	1,336
At 31 December 2014	**41**	**69**	**62**	**885**	**3,898**	**66,458**	**71,413**
Accumulated depreciation:							
At 1 January 2013	–	–	102	691	–	–	793
Depreciation for the year	–	–	5	157	–	–	162
Exchange differences	–	–	–	(4)	–	–	(4)
At 31 December 2013	–	–	107	844	–	–	951
Depreciation for the year	–	12	3	22	–	–	37
Disposals	–	–	(66)	(17)	–	–	(83)
At 31 December 2014	**–**	**12**	**44**	**849**	**–**	**–**	**905**
Carrying amounts:							
At 1 January 2013	–	–	11	178	4,259	–	4,448
At 31 December 2013	42	–	6	55	2,904	–	3,007
At 31 December 2014	**41**	**57**	**18**	**36**	**3,898**	**66,458**	**70,508**

10. PROPERTY, PLANT AND EQUIPMENT continued

Company	Furniture fixture and equipment S$'000	Computer equipment and software S$'000	Total S$'000
Cost:			
At 1 January 2013	112	839	951
Additions	–	10	10
At 31 December 2013	112	849	961
Additions	16	1	17
Disposals	(66)	(61)	(127)
At 31 December 2014	**62**	**789**	**851**
Accumulated depreciation:			
At 1 January 2013	102	666	768
Depreciation for the year	5	155	160
At 31 December 2013	107	821	928
Depreciation for the year	3	19	22
Disposals	(66)	(61)	(127)
At 31 December 2014	**44**	**779**	**823**
Carrying amounts:			
At 1 January 2013	10	173	183
At 31 December 2013	5	28	33
At 31 December 2014	**18**	**10**	**28**

(a) Freehold land

In 2013 year, the Group acquired land upon the acquisition of a subsidiary (Note 12).

(b) Construction-in-progress

Included in construction-in-progress is the Group's AR-1000 turbine, which is still under development. In 2014, the reclassification refers to decommissioning expenses that were previously capitalised as intangible assets, and which will be depreciated once the turbine is commissioned. The carrying amount of the construction-in-progress at the end of the reporting period is S$3,898,000 (2013: S$2,904,000). At the end of every year, the management assesses the existing condition and performance of its assets.

Reclassification in 2013 pertains mainly to equipment under construction that was transferred to inventory upon completion and subsequently to cost of sales upon sale to a third party customer.

(c) Project under construction

In September 2014, the Group commenced construction of the MeyGen project and costs incurred in 2014 totalled S$28,164,000. Included in this amount are capitalised borrowing costs amounting to S$905,000 (2013: S$184,000), which amount corresponds to an average interest cost of borrowings of 5.95% per annum. Reclassification represents option fees for a seabed lease and land at Ness of Quoys, Scotland, of S$37,052,000 and development costs of S$587,000, which were reclassified from other assets and intangibles, respectively, upon signing of the seabed lease.

Aggregate grants of £13.3 million, comprising a £10 million grant from the United Kingdom's Department of Energy and Climate Change, and two grants from Scotland's Highlands and Islands Enterprise ("HIE") totalling S$6.8 million (£3.3 million), were awarded for MeyGen project in August 2014. Initial drawdown under the HIE grants was made during the year. Grants received from HIE of S$719,000 (£348,000) have been recorded as a deduction from the carrying amount of project under construction in accordance with the accounting policy stated in Note 2.

(d) Security

At 31 December 2014, assets of subsidiaries with carrying amounts of S$33,751,000 were pledged as security to secure loans (Note 19(f)).

11. INTANGIBLE ASSETS

Group	Global technology licence S$'000	Intellectual property S$'000	Development costs S$'000	Tidal data S$'000	Development project-in-progress S$'000	Total S$'000
Cost:						
At 1 January 2013	17,190	1,199	29,483	–	–	47,872
Additions	–	–	1,161	–	747	1,908
Acquired on acquisition of a subsidiary	–	–	–	2,908	–	2,908
Exchange differences	–	–	897	–	–	897
At 31 December 2013	17,190	1,199	31,541	2,908	747	53,585
Additions	–	–	–	–	4,080	4,080
Reclassifications	–	–	(1,618)	–	–	(1,618)
Exchange differences	–	–	(312)	116	(55)	(251)
At 31 December 2014	**17,190**	**1,199**	**29,611**	**3,024**	**4,772**	**55,796**
Accumulated amortisation:						
At 1 January 2013	2,292	160	3,436	–	–	5,888
Amortisation for the year	1,146	80	1,813	–	–	3,039
Exchange differences	–	–	618	–	–	618
At 31 December 2013	3,438	240	5,867	–	–	9,545
Amortisation for the year	1,146	80	1,922	–	–	3,148
Exchange differences	–	–	(91)	–	–	(91)
At 31 December 2014	**4,584**	**320**	**7,698**	**–**	**–**	**12,602**
Carrying amounts:						
At 1 January 2013	14,898	1,039	26,047	–	–	41,984
At 31 December 2013	13,752	959	25,674	2,908	747	44,040
At 31 December 2014	**12,606**	**879**	**21,913**	**3,024**	**4,772**	**43,194**

Company	Intellectual property S$'000	Development costs S$'000	Total S$'000
Cost:			
At 1 January 2013, 31 December 2013 and 31 December 2014	**1,199**	**6,996**	**8,195**
Accumulated amortisation:			
At 1 January 2013	160	933	1,093
Amortisation for the year	80	466	546
At 31 December 2013	240	1399	1,639
Amortisation for the year	80	466	546
At 31 December 2014	**320**	**1,865**	**2,185**
Carrying amounts:			
At 1 January 2013	1,039	6,063	7,102
At 31 December 2013	959	5,597	6,556
At 31 December 2014	**879**	**5,131**	**6,010**

11. INTANGIBLE ASSETS continued

(a) Global technology licence

This licence grants the Group an exclusive, perpetual, world-wide licence of the rights to use, deploy and manufacture certain 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 commenced from 1 January 2011, upon successful deployment of a commercial grade turbine.

(b) Intellectual property

Intellectual property includes international patent applications and registered trademarks of 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.

(c) Development costs

Upon successful commercialisation of the Group's AR1000 turbine, development costs have been amortised from 1 January 2011. The Group estimated that the development costs have a useful life of approximately 15 years.

Reclassification refers to project development costs for MeyGen that were transferred to property, plant and equipment upon signing of the seabed lease (Note 10).

(d) Tidal data

In 2013, the Group acquired tidal data upon the acquisition of a subsidiary, MeyGen (Note 12). 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.

(e) Development project-in-progress

Development project-in-progress relates to on-going development of the Group's AR1500 turbine. The development cost will commence amortisation upon successful commercialisation of the turbine technology.

The intangible assets related to the global technology licence, intellectual property, development costs and development project-in-progress made up the turbine development cash generating unit ("CGU"). Management has based its assessment of the recoverable amount on value-in-use ("VIU") calculations, which includes cash flow projections of the CGU. The cash flow projections are based on the estimated turbine sales to the MeyGen project from 2017 to 2022, less its associated production costs. The pre-tax discount rate of 12% (2013: NIL) was applied to the cash flow projections and reflects the specific risk associated with the CGU.

Key assumptions used for the VIU calculations include the discount rate used and the projected margin arising from the turbine sales. Management has determined the projected margin based on its anticipated margin arising from similar turbine sales transactions.

Based on the VIU calculations, the recoverable amount is determined to be higher than the carrying value of the CGU and no provision for impairment is required.

The carrying value of the CGU is also supported by the recoverable amount of the project under construction (see Note 3), whereby the recoverable amount is higher then the combined values of the CGU and project under construction.

12. INVESTMENTS IN SUBSIDIARIES

	Company	
	2014 S$'000	2013 S$'000
Unquoted equity shares, at cost	**18,525**	18,080
Less: Allowance for impairment		
At 1 January	**(283)**	(283)
Realised on transfer to a subsidiary	**283**	–
At 31 December	**–**	(283)
	18,525	17,797

12. INVESTMENTS IN SUBSIDIARIES continued

Details of the company's subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation (or registration) and operation	Cost of investment 2014 %	Cost of investment 2013 %
Atlantis Turbines Pte Ltd (previously known as Atlantis Asset Management Pte Limited)[1]	Investment holding	Singapore	100	100
Atlantis Energy Pte Limited[1]	Dormant	Singapore	100	100
Atlantis Licensing Pte Limited[1]	Dormant	Singapore	100	100
ARC Operations (Singapore) Pte Limited[1]	Dormant	Singapore	100	100
Atlantis Projects Pte Ltd[2]	Investment holding	Singapore	100	100
Atlantis Resources International Pte Limited[2]	Provision of operational services to the Group	Singapore	100	100
Atlantis Resources (Gujarat Tidal) Pte Limited[1]	Dormant	Singapore	50	50
ARC Operations Pty Limited[3]	Provision of operational services to the Group	Australia	100	100
Atlantis Operations (Canada) Limited[3]	Development of tidal power generation project	Canada	100	100
Current Resources (Cayman) Limited[3]	Provision of operational and administrative services to the Group	Cayman Islands	100	100
Atlantis Resources (Scotland) Limited[4]	Provision of project management and consulting services	Scotland	100	100
MeyGen Limited[4][5]	Development of tidal power generation project	Scotland	–	10
Name of subsidiary held by Current Resources (Cayman) Limited				
Atlantis Operations (UK) Limited[4]	Provision of operational services to the Group	England	100	100
Name of subsidiary held by Atlantis Projects Pte Limited				
MeyGen Limited[4][5]	Development of tidal power generation project	Scotland	–	90
Tidal Power Scotland Holdings Limited[4]	Investment holding	Scotland	85.87	–
Name of subsidiary held by Tidal Power Scotland Holdings Ltd				
MeyGen Limited[4][5]	Development of tidal power generation project	Scotland	100	–

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

(2) Audited by KPMG LLP, Singapore.

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

(4) Audited by KPMG LLP, United Kingdom.

(5) As at 31 December 2014, shares in MeyGen are pledged as security to secure bank loans (see Note 19).

(a) Share-based payments

During the financial year, share-based payments granted by the Company have resulted in an increase in the deemed investment in Current Resources (Cayman) Limited amounting to S$234,000 (£113,000) and S$9,000 (£4,000) in 2014 and 2013 respectively, and correspondingly increased the investment in Current Resources (Cayman) Limited to S$18,030,000 (2013: S$17,796,000).

12. INVESTMENTS IN SUBSIDIARIES continued

(b) Acquisition of subsidiary in 2013

On 31 October 2013, Atlantis Projects Pte. Ltd. ("APPL"), 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, the Group 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$2.00 (£1.00). 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 instead repayable in February 2021 in the case of the MSCGI (Note 19(d)) and IPMDL loans (Note 19(e)), and in February 2030 in the case of the loan from the Company, with any cash available for distribution from MeyGen to be applied to repaying these loans before any distributions to shareholders. The S$771,000 (£386,000) purchase 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, at a price equal to the initial public offering price discounted by 10%.

In 2013, acquisition-related costs amounting to S$166,000 were excluded from the consideration transferred and have been recognised as an expense in profit and loss in 2013 within the "other operating expenses".

An independent valuation was conducted to determine the valuation 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.

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

Fair values were determined on the following basis:

- Fair value for property, plant and equipment has been determined by an independent valuation.
- For the intangible assets (tidal data) that was previously acquired by MeyGen from the Company and which is critical to the development of the MeyGen project, the fair value was determined after taking into account the historical costs, obsolescence and expenses incurred in improving the data.

12. INVESTMENTS IN SUBSIDIARIES continued

- The seabed option allowed MeyGen to enter into a 25 year lease of the seabed site for the MeyGen project in the Inner Sound. 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 on 31 October 2013

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 re-measurement 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 was recognised in other gains in the consolidated statement of profit or loss and other comprehensive income in 2013 (Note 5).

The negative goodwill is attributable mainly to 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 negative goodwill recognised will be assessable for tax purposes.

Net cashflow on acquisition of subsidiary

Net cashflow on acquisition of subsidiary is arrived of as follows:

	S$'000
Total consideration transferred	771
Cash and cash equivalents acquired	(353)
	418

(c) Formation of TPSHL and dilution of interest in subsidiary

On 12 February 2014, the existing 10% of MeyGen held directly by the Company was transferred to APPL, making MeyGen a wholly owned subsidiary of APPL. Subsequently, in July 2014, as part of the MeyGen project financing requirements, Tidal Power Scotland Holdings Limited ("TPSHL") was incorporated as an intermediate holding company, wholly owned by APPL. On 12 August 2014, 100% of the shares in MeyGen were acquired by TPSHL from APPL for £50 million. TPSHL's shares in MeyGen are pledged to the MeyGen project finance lenders.

12. INVESTMENTS IN SUBSIDIARIES continued

Under the terms of a Subscription Agreement, by 31 December 2014, Scottish Enterprise, as administrator of the Renewable Energy Investment Fund, had made an equity investment of £9.9 million (S$20.1 million) in TPSHL, while the Company, via APPL, had subscribed for a total of £8.8 million (S$18.2 million) in new shares of TPSHL. As a result, at 31 December 2014, Scottish Enterprise had a 14.13% shareholding in TPSHL, with APPL retaining the remaining shareholding of 85.87%. The Group recognised an increase in non-controlling interest of S$8,628,000. The Group has also recognised S$11,448,000 in equity, which represents the difference between the consideration received from the Scottish Enterprise and net assets attributable to Scottish Enterprise.

The following summarises the effect of the changes in the Group's ownership interest in Tidal Power Scotland Holdings Limited:

	2014 S$'000
Group's ownership interest at 1 January	–
Share of net assets	61,058
Effect of decrease in Group's ownership interest	(8,628)
Group's ownership interest at 31 December	52,430

The following table summarises the information relating to Group's material non-controlling interest in MeyGen, based on its financial statements prepared in accordance with IFRS, modified for fair value adjustments on acquisition and differences in Group's accounting policies.

2014 NCI percentage	S$'000 14.13%
Non-current assets	69,733
Current assets	26,181
Non-current liabilities	(24,353)
Current liabilities	(10,503)
Net assets	**61,058**
Net assets attributable to NCI	**8,628**
Cash flows from investing activities	(24,201)
Cash flows from financing activities	41,248
Net increase in cash and cash equivalents	**17,047**

There is no profit or loss attributable to non-controlling interest.

13. LOANS TO SUBSIDIARIES

	Company	
	2014 S$'000	2013 S$'000
Loans to subsidiaries:		
– Interest bearing	**1,789**	1,904
– Non-interest bearing	**21,002**	–
	22,791	1,904

The Company has provided a loan to a subsidiary, MeyGen, which is interest-bearing with an interest rate of 12-month LIBOR plus 5.0% per annum, unsecured and repayable in February 2030. At the end of the reporting period, the fair value of the loan approximates its carrying value.

During the year, the Company extended a loan to APPL, which is interest free, unsecured and with no fixed terms of repayment. As these balances are, in substance, part of the Company's net investments in the subsidiaries, they are stated at cost less impairment losses if any.

14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014 S$'000	2013 S$'000	2014 S$'000	2013 S$'000
Non-trade receivables due from:				
– subsidiaries	–	–	**28,051**	24,725
– shareholder	–	57	–	57
– director	–	209	–	209
Less: impairment losses	–	–	**(3,449)**	–
	–	266	**24,602**	24,991
Deposits	**176**	194	**16**	38
Prepayments	**1,240**	1,083	**167**	854
Value added tax recoverable	**2,275**	12	**56**	–
Other receivables	**28**	46	–	–
	3,719	1,601	**24,841**	25,883

	Company	
	2014 S$'000	2013 S$'000
Non-current	**19,826**	–
Current	**5,015**	25,883
	24,841	25,883

The non-current receivables due from subsidiaries are unsecured, interest-free, and settlement is neither planned nor likely to occur in the foreseeable future. As these balances are, in substance, part of the Company's net investments in the subsidiaries, they are stated at cost less impairment losses, if any.

The current receivables due from subsidiaries are unsecured, interest free and repayable on demand.

During the year, the Company has made provision for impairment of S$3,449,000 in relation to balances receivable from two inactive subsidiaries as recoverability of the amounts due is not considered probable. No provision for impairment has been made for the remaining receivable balance as the directors are of the view that these receivables are recoverable.

The Group's and the Company's exposure to credit and currency risks are as set out in Note 26.

15. OTHER ASSETS

On 31 October 2013, as part of a business combination, the Group acquired an option to enter into a seabed lease for the development and operation of the MeyGen tidal stream energy project (Note 12). In addition, the Group also took up a lease option over land at Ness of Quoys in Caithness, Scotland for the construction of onshore facilities for the MeyGen project. As at 31 December 2013, the carrying value of the seabed lease option and the Ness of Quoys land option was S$37,027,000 (£18,606,000) and S$25,000 (£13,000), respectively.

In 2014, upon exercising the options and entering into the lease agreements, the option fees were reclassified as property, plant and equipment (Note 10).

16. CASH AND CASH EQUIVALENTS

	Group		Company	
	2014 S$'000	2013 S$'000	2014 S$'000	2013 S$'000
Cash at bank	**23,039**	895	**382**	174
Fixed deposits	**6,158**	1,712	**–**	–
Cash on hand	**50**	13	**10**	10
	29,247	2,620	**392**	184
Less: Encumbered deposits	**(6,158)**	(1,712)	**–**	–
Cash and cash equivalents in the statement of cash flows	**23,089**	908	**392**	184

Cash and cash equivalents 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$6,158,000 (2013: S$1,712,000) that served as collateral for a guarantee and letters of credit in relation to credit facilities granted to a subsidiary (Note 30).

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2014 S$'000	2013 S$'000	2014 S$'000	2013 S$'000
Trade payables	**9,894**	2,273	**1,245**	1,264
Other payables	**127**	221	**56**	110
Accruals	**4,065**	4,157	**726**	3,843
Non-trade payables due to subsidiaries	**–**	–	**2,158**	2,758
	14,086	6,651	**4,185**	7,975
Advanced receipts	**4,476**	154	**–**	–
	18,562	6,805	**4,185**	7,975

In January 2014, a wholly owned subsidiary of the Company, Atlantis Operations (UK) Limited, entered into a grant agreement with the Department of Energy and Climate Change for the award of an up to €7,294,905 (S$12,686,000) grant towards the design, build, installation and operation of three AR1500 turbines at the MeyGen site. Advanced receipts include an initial drawdown of €2,320,895 (S$3,721,000) of this grant that was received in February 2014.

The balances due to subsidiaries are unsecured, interest free and repayable on demand.

The Group's and the Company's exposure to currency and liquidity risks related to trade and other payables are described in Note 26.

18. PROVISIONS

	Group		
	Warranty Provision S$'000	Provision for Decommissioning costs S$'000	Total S$'000
At 1 January 2014	73	1,031	1,104
Provision reversed during the year	–	(309)	(309)
At 31 December 2014	**73**	**722**	**795**

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 AR1000 turbine foundation from the Group's testing berth at the European Marine Energy Centre in Scotland and make good the site, expected to be incurred in 2015. The anticipated expenditure for the decommissioning of the foundation, net of its scrap value, is S$722,000 (£350,000) (2013: £500,000). This expenditure is capitalised as a development cost and amortised together with the other AR1000 turbine development costs over a further 13 years upon commissioning of the turbine.

19. LOANS AND BORROWINGS

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

	Note	Group 2014 S$'000	Group 2013 S$'000	Company 2014 S$'000	Company 2013 S$'000
Current loans and borrowings					
Shareholders' loans	(a)	–	1,520	–	1,520
Convertible loans	(b)	–	37,242	–	37,242
Financial guarantees		–	–	494	–
		–	38,762	**494**	38,762
Non-current loans and borrowings					
Loan from a subsidiary	(c)	–	–	**650**	–
Loans from a related party	(d)	**7,376**	6,207	–	–
Long term loan	(e)	**7,293**	6,207	–	–
Secured long term loans	(f)	**6,706**	–	–	–
		21,375	12,414	**650**	–
Total loans and borrowings		**21,375**	51,176	**1,144**	38,762

(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 were 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.

In 2013, 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.

As at the end of 2013, the fair value of these two shareholders' loans was approximately S$1,554,000. These two shareholder loans were fully repaid in 2014.

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).

(b) Convertible loans

In March and April 2013, the Company entered into and drew down two unsecured term loan facilitates 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 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 term of 12 months and an interest rate of 10% p.a., with interest payable quarterly in arrears. A penalty of 6 months' interest (i.e. 5.0%) was payable upon any prepayment before the end of the term.

On 20 February 2014, upon admission to AIM, these loans were converted into shares in the Company at a conversion price of 90% of the initial public offering price. The prepayment penalty was also paid by way of the issuance of shares in the Company.

The nine shareholder loans, described in the section above, also converted into shares in the Company at a conversion price of 90% of the initial public offering price on 20 February 2014 upon the admission of the Company's shares to trading on AIM.

19. LOANS AND BORROWINGS continued

(c) Loan from a subsidiary

The loan from a subsidiary is denominated in British pounds, is interest bearing with an interest rate of 5.0% per annum, is unsecured and is repayable in February 2021. The fair value of the loan at 31 December 2014 was approximately S$427,000.

(d) Loans from a related party

Loans from MSCGI are treated as a related party loan given MSCGI is a related party of Morgan Stanley Renewables, a shareholder of the Company.

The loans from MSCGI are denominated in British pounds, with floating rate interest in the range 5.0% to 6.06% per annum, are unsecured and are repayable in February 2021. At the balance sheet date, the fair value of the loans approximate their fair value.

(e) Long term loan

This loan is denominated in British pounds, with a floating rate interest in the range 5.90% to 5.92% per annum, is unsecured and is repayable in February 2021. At the balance sheet date, the fair value of the loan approximates its fair value.

(f) Secured long term loans

Atlantis Resources (Scotland) Limited

In February 2014, Atlantis Resources (Scotland) Limited (“ARSL”), a wholly owned subsidiary of the Company, entered into a loan agreement of £2 million (S$4.1 million) as the borrower with Scottish Enterprise (as administrator of the Renewable Energy Investment Fund) as the lender and the Company as a guarantor. The loan of £2 million (S$4.1 million) is being used to support the development of ARSL’s engineering hub in Scotland and was used to support the development of the initial phase of the MeyGen project. As at 31 December 2014, the £2 million (S$4.1 million), had been fully drawn down. The loan is due for repayment in 2019, five years from drawdown, in a single bullet repayment. The interest rate for the loan is 12.0% per annum, with interest capitalising on 30 June and 31 December of each year and repayable upon maturity of the loan.

MeyGen

In August 2014, as part of the Phase 1A MeyGen project financing, Scottish Enterprise (as administrator of the Renewable Energy Investment Fund) extended a loan to MeyGen of £7.5 million (S$15.5 million) to finance the construction of the project. The Crown Estate Commissioners committed an investment of £9.8 million (S$20.2 million) to MeyGen, also to finance the construction of the Phase 1A project, and which will be serviced through the payment of “enhanced rent”, with an exit payment at or before the date 10 years from commissioning of Phase 1A of the project.

The Scottish Enterprise loan and the Crown Estate investment to MeyGen are denominated in British pounds, and are repayable in the period from 2017 to 2027. As at 31 December 2014, the effective interest rate on these loans was 7.0% per annum. The total loans drawn down were S$2,300,000 as at 31 December 2014.

The Group’s secured long term loans are secured by way of fixed and floating charges over the assets of subsidiaries. There was no breach of any loan covenants during the year.

At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the guarantees as described above.

The Group’s and the Company’s exposures to interest rate, foreign currency and liquidity risks are described in Note 26.

20. DEFERRED TAX LIABILITIES

Movements in deferred tax of the group are as follows:

	Group	
	2014 S$'000	2013 S$'000
At 1 January	7,602	–
Provision during the year	–	7,602
Exchange differences	303	–
At 31 December	7,905	7,602

The deferred tax liability has been recognised due to the fair valuation of the seabed option and tidal data (Note 12) upon acquisition of MeyGen in 2013.

21. SHARE CAPITAL

2014	Group and Company				
	Number of ordinary shares with no par value '000	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 1 January 2014	–	1,258,217	27,250	59,524	114,906
Conversion into ordinary "A" shares	–	86,774	(27,250)	(59,524)	–
Consolidation of shares of 1 ordinary share for every 30 ordinary "A" shares	44,833	(1,344,991)	–	–	–
Public offerings issued for cash	25,266	–	–	–	35,558
Convertible loan notes converted into shares	19,105	–	–	–	37,836
Transaction costs incurred in relation to shares issuance	–	–	–	–	(2,800)
At end of year	89,204	–	–	–	185,500

2013	Group and Company				
	Number of ordinary shares of par value '000	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

Prior to its initial public offering and admission of the Company's shares to trading on AIM, the Company had one class of ordinary "A" shares, which had no par value and carried no right to fixed income, and two classes of preference shares. Holders of class "B" and "C" non-voting preference shares were not entitled to any voting rights and were entitled to liquidation distributions not exceeding S$2 billion and dividend payments not exceeding S$100 million. The terms of the Class "B" and "C" non-voting preference shares provided that they would convert to class "A" ordinary shares upon an initial public offering of ordinary shares of the Company, 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 class "A" ordinary 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%, allowing it to exercise all of its 134,194,544 remaining contingent options and be issued with a corresponding number of new class "A" ordinary shares in the Company.

21. SHARE CAPITAL continued

On 20 February 2014, the Company's entire share capital was admitted to trading on AIM, a market of the London Stock Exchange. At the date of admission, the Company's class "B" and "C" non-voting preference shares in the capital of the Company were converted into class "A" ordinary shares. Furthermore, the Company's class "A" ordinary shares were consolidated on the basis of one new ordinary share for 30 class "A" ordinary shares held by such person on admission. After conversion of the convertible loans to shares and the public offering of shares for cash, the Company had a total of 76,704,000 shares issued. All issued shares are fully paid, with no par value.

On 31 October 2014 the Company made an additional placing of 12.5 million shares at £0.40 raising an amount of S$10,300,000 (£5 million), such that following this placement, and as at 31 December 2014, the Company had a total of 89,204,200 issued shares.

During the year, S$2,800,000 of expenses (2013: S$179,000) were incurred incidental to the issuance of shares.

22. CAPITAL RESERVE

The capital reserve comprises of the difference between the carrying value of net assets transferred to and the consideration received from the non-controlling interest.

23. TRANSLATION RESERVE

Translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

24. SHARE OPTIONS

Option fee represents call option fees paid up-front by the call option holders on the options over ordinary "A" shares which have since lapsed.

Share option reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded on grant date. The expense for services received will be recognised over the vesting period.

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 2014. The options could have been exercised at any time within the exercisable period but no later than the expiry date. All 15,713,730 share options for class ordinary "A" shares lapsed in February 2013.

In 2013, the Company granted 25,000,000 non-voting preference "B" shares under option to an executive director of the Company, via the Company Shares Option Plan ("CSOP") established in 2009. Share options granted under the CSOP carried no rights to dividends and no voting rights until the options become vested and are exercised. Holders of these share options had no right to participate in any share issues of the Company or any of its subsidiaries.

On 20 February 2014, upon admission of the Company's shares to AIM, the remaining 39,266,000 options over "B" shares, exercisable at prices between S$0.155 and S$0.200 per share, converted to options for class "A" ordinary shares and were then consolidated, in a ratio of 30 to 1, and became options over a total of 1,308,866 ordinary shares at prices between S$4.659 and S$6.000 per share. The CSOP was terminated upon admission, without prejudice to the rights conferred by the outstanding options. The outstanding options are fully vested and exercisable. 1,208,866 share options lapsed on 4 June 2014.

Under the terms of the Company's Long Term Incentive Plan ("LTIP") approved on 11 December 2013, a total of 4,255,321 options at the initial public offering price were granted to seven of its directors and other members of the Group's senior management team.

The options outstanding at 31 December 2014 have a weighted average contractual life of 4.06 years (2013: 0.45 years).

The weighted average share price for share options exercised in 2013 was S$0.017. No options were exercised in 2014.

24. SHARE OPTIONS continued

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

Group and Company	Ordinary "A" share options Number of share options '000	Ordinary "A" share options Weighted average exercise price S$	Preference "B" share options Number of share options '000	Preference "B" share options Weighted average exercise price S$
2014				
Outstanding at the beginning of the year	**–**	**–**	**39,266**	**0.195**
Conversion into ordinary shares options	**1,309**	**5.553**	**(39,266)**	**0.195**
Lapsed during the year	**(1,209)**	**5.748**	**–**	**–**
Issued during the year	**4,255**	**1.940**	**–**	**–**
Outstanding at the end of the year	**4,355**		**–**	
Exercisable at the end of the year	**4,355**	**1.940**	**–**	

As at 31 December 2014, the number of share options and their expiration dates are as follows:

Number of options	Expiry on
66,667	4 June 2015
33,333	9 June 2015
4,255,000	20 February 2019

Group and Company	Ordinary "A" share options Number of share options '000	Ordinary "A" share options Weighted average exercise price S$	Preference "B" share options Number of share options '000	Preference "B" share options Weighted average exercise price S$
2013				
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

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

	2014	2013
Fair value of options on date of grant	**S$0.206**	S$0.017
Date of grant	**20.2.2014**	11.11.2013
Share price	**0.51**	0.017
Exercise price	**0.51**	0.0001
Expected volatility	**56.94%**	56.94%
Expected life	**3 years**	1 year
Risk free rate	**2.6%**	2.71%
Expected dividend yield	**0%**	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.

24. SHARE OPTIONS continued

The Group and the Company recognised total expenses of S$938,000 and S$710,000 respectively (2013: S$559,000 and S$551,000, respectively), related to equity-settled share-based payment transactions during the year and this is included as part of employee benefits expense.

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.

	Loss after tax		Weighted average number of shares		Loss per share	
	2014 S$'000	2013 S$'000	2014 '000	2013 '000	2014 S$	2013 S$
Basic and diluted	**16,195**	9,676	**74,455**	37,970	**0.22**	0.26

	Group	
	2014 '000	2013 S$'000
Weighted number of ordinary shares (basic)	**1,344,991**	962,267
Effect of consolidation of shares	**(1,300,158)**	(930,191)
Effect of conversion of convertible notes	**16,481**	–
Public offerings and issued for cash	**13,141**	1,380
Exercise of contingent options	–	4,473
Exercise of share options	–	41
	74,455	37,970

Share options were excluded from the diluted weighted-average number of ordinary shares calculation as their effect would have been anti-dilutive.

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

26. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

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.

(a) Credit risk

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

There are no significant concentrations of credit risk.

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

Trade and other receivables

		Group		Company	
	Note	2014 S$'000	2013 S$'000	2014 S$'000	2013 S$'000
Other receivables due from:					
– subsidiaries		–	–	**5,015**	24,725
– shareholder	14	–	57	–	57
– director		–	209	–	209
Deposits		**176**	194	**16**	38
Other receivables		**28**	46	–	–
		204	506	**5,031**	25,029

All the balances are not past due.

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

Cash and cash equivalents

Cash at bank is held with creditworthy financial institutions which are licenced banks in the countries that the Group operates.

Guarantees

At 31 December 2014, the Company issued guarantees to a lender in respect of credit facilities granted to two subsidiaries (See Note 30).

(b) Liquidity risk

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

Current financial liabilities in 2013 and 2014 are repayable on demand or due within one year from the end of the reporting period. Other than certain loans, the remaining financial liabilities are non-interest bearing.

Analysis of financial instruments by remaining contractual maturities

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

			Contractual cash flows			
Group	Note	Carrying amount S$'000	Total S$'000	One year or less S$'000	Two to five years S$'000	Over five years S$'000
2014						
Financial liabilities						
Trade and other payables	17	**14,086**	**14,086**	**14,086**	–	–
Loans from a related party	19	**7,376**	**11,544**	–	–	**11,544**
Long term loan	19	**7,293**	**11,432**	–	–	**11,432**
Secured long term loans	19	**6,706**	**10,630**	–	**7,540**	**3,090**
		35,461	**47,692**	**14,086**	**7,540**	**26,066**
2013						
Financial liabilities						
Trade and other payables	17	6,651	6,651	6,651	–	–
Shareholders' loans		1,520	1,675	1,675	–	–
Convertible loans		37,242	37,837	37,837	–	–
Loan from a related party	19	6,207	13,762	–	–	13,762
Long term loans	19	6,207	13,762	–	–	13,762
		57,827	73,687	46,163	–	27,524
Company						
2014						
Financial liabilities						
Financial guarantees		**494**	**8,256**	**8,256**	–	–
Trade and other payables	17	**4,185**	**4,185**	**4,185**	–	–
Loan from a subsidiary	19	**650**	**844**	–	–	**844**
		5,329	**13,285**	**12,441**	–	**844**
2013						
Financial liabilities						
Trade and other payables	17	7,975	7,975	7,975	–	–
Shareholders' loans	19	1,520	1,675	1,675	–	–
Convertible loans	19	37,242	37,837	37,837	–	–
		46,737	47,487	47,487	–	–

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

(c) Market risk

Currency risk

The Group transacts business in various foreign currencies, including the Australian dollar, United States dollar and British pounds, and is hence 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	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Australian dollars	**179**	266	**11**	12	**179**	1,597	**5,047**	6,940
British pounds	**1,062**	12,181	**61**	10,822	**980**	1,618	**37,994**	9,296
Euros	**142**	–	**41**	6	**–**	–	**206**	241
United States dollars	**823**	682	**5**	29	**823**	2,083	**2,429**	2,851

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.

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 pounds		Euros		United States dollars	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Group								
Profit or (loss)	**(17)**	(25)	**(100)**	(136)	**(10)**	1	**(82)**	(65)
Company								
Profit or (loss)	**487**	534	**3,701**	768	**21**	24	**161**	77

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.

Interest rate risk

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 certain loans and borrowings.

At the end of the reporting period, if the 12-month LIBOR rates had been 100 basis points higher/lower with all other variables held constant, the Group's loss before tax would have been approximately S$147,000 higher/lower, arising mainly as a result of higher/lower finance costs.

Equity price risk

The Group is not exposed to equity price risks as it does not hold any quoted equity investments.

Capital 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 and the Company consists of equity attributable to owners of the parent and loans and borrowings amounting to S$110,778,000 (2013: S$72,798,000) and S$68,402,000 (2013: S$44,382,000), respectively.

There are no changes in the Group's approach to capital management during the financial year. The Company is not subject to externally imposed capital requirements. Except for one subsidiary which is subject to loan restrictions and dividend distributions, none of the other subsidiaries are subject to externally imposed capital requirements.

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

(d) Accounting classifications and fair values

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.

Group	Note	2014 Carrying Value S$'000	2014 Fair Value S$'000	2013 Carrying Value S$'000	2013 Fair Value S$'000
Financial Liabilities					
Shareholders' loans	19	–	–	1,520	1,554
Convertible loans	19	–	–	37,242	37,242
Loans from a related party	19	**7,376**	**7,376**	6,207	6,207
Long term loan	19	**7,293**	**7,293**	6,207	6,207
Secured long term loans	19	**6,706**	**8,188**	–	–
		21,375	**22,857**	51,176	51,210

Company	Note	2014 Carrying Value S$'000	2014 Fair Value S$'000	2013 Carrying Value S$'000	2013 Fair Value S$'000
Financial Assets					
Loans to subsidiaries	13	**1,789**	**1,789**	1,904	1,029
Financial Liabilities					
Financial guarantees		**494**	**494**	–	–
Loan from a subsidiary	19	**650**	**427**	–	–
Shareholders' loans	19	–	–	1,520	1,554
Convertible loans	19	–	–	37,242	37,242
		1,144	**921**	38,762	38,796

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (ie. as prices) or indirectly (ie. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Group 2014	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
Financial Liabilities				
Loans from a related party	–	–	**7,376**	**7,376**
Long term loan	–	–	**7,293**	**7,293**
Secured long term loans	–	–	**8,188**	**8,188**
	–	–	**22,857**	**22,857**

2013	Level 1	Level 2	Level 3	Total
Financial Liabilities				
Shareholders' loans	–	–	1,554	1,554
Convertible loans	–	–	37,242	37,242
Loans from a related party	–	–	6,207	6,207
Long term loans	–	–	6,207	6,207
	–	–	51,210	51,210

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

Company 2014	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
Financial Assets				
Loans to subsidiaries	–	–	**1,789**	**1,789**
Financial Liabilities				
Financial guarantees	–	–	494	494
Loan from a subsidiary	–	–	427	427
	–	–	921	921
2013				
Financial Assets				
Loan to a subsidiary	–	–	1,029	1,029
Financial Liabilities				
Shareholders' loans	–	–	1,554	1,554
Convertible loans	–	–	37,242	37,242
	–	–	38,796	38,796

There were no transfers between levels in 2013 and 2014.

Estimating the fair value

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Group and the Company.

Financial assets and liabilities

The notional amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, loan from a related company and trade and other payables) are assumed to approximate their fair values. All other financial assets and liabilities are discounted to determine their fair values.

Financial instruments not measured at fair value

Type	Valuation technique
Group	
Secured long term loans	Discounted cash flow method
Company	
Loans to/from subsidiaries	Discounted cash flow method
Shareholders' loans	Discounted cash flow method
Financial guarantees	Discounted cash flow method

27. RELATED COMPANY AND RELATED PARTY TRANSACTIONS

During the year, Group entities were engaged into the following significant transactions with related parties/companies:

	Group		Company	
	2014 S$'000	2013 S$'000	2014 S$'000	2013 S$'000
Interest income from a related party				
– MeyGen Limited	–	74	–	74
Interest income from a subsidiary				
– MeyGen Limited	–	–	**112**	–
Service fee income from a subsidiary				
– Atlantis Operations (UK) Limited	–	–	**1,829**	–
Rental expense paid to companies with common director	–	162	–	101
Consultancy fees paid to company with common director	–	105	–	–
Service fee expense from a subsidiary				
– ARC Operations Pty Limited	–	–	**244**	–
Interest expense arising from a related party				
– Morgan Stanley Capital Group Inc.	**804**	74	–	–
Interest expense arising from a subsidiary				
– Atlantis Resources (Scotland) Limited	–	–	12	–

27. RELATED COMPANY AND RELATED PARTY TRANSACTIONS continued

	Group and Company	
	2014 S$'000	2013 S$'000
Interest expense arising from shareholders' loans		
– James Mcknoulty Family Trust	**84**	–
– EDB Investments Pte Ltd	**137**	186
– Austower Pty Ltd	**41**	19
Interest expense arising from convertible loans from shareholders		
– Minnow Holdings Pty Ltd	–	1,255
– Aloa Pty Ltd	–	258
– ABSS Investments Pty Ltd	–	426
– Armstrong Industries HK Ltd	–	1,438
– GCL Holdings (BVI) Pte Ltd	–	446
– Statkraft AS	–	103
– Morgan Stanley Renewables Devt I (Cayman) Ltd	–	65
– J. Ben Bourgeois	–	108
– Other shareholders	–	545
Interest expense arising from convertible loans from a related party		
– Morgan Stanley Capital Group (Singapore) Pte Ltd	–	7,230
Interest expense arising from convertible loans from directors		
– John Mitchell Neill	–	28
– Michael Robert Lloyd	–	7
Convertible loans entered into with shareholders during the year		
– ABSS Investments Pty Ltd	–	74
– Armstrong Industries HK Ltd	–	2,198
– Statkraft AS	–	567
– Morgan Stanley Renewables Devt I (Cayman) Ltd	–	807
– J. Ben Bourgeois	–	57
– Leeton Securities Ltd	–	256
– Bryne Trust Company Ltd	–	9
Convertible loans from directors		
– John Mitchell Neill	–	420
– Michael Robert Lloyd	–	105
– Ian Anthony Macdonald	–	209

Compensation of directors and key management personnel

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

	Group	
	2014 S$'000	2013 S$'000
Short-term benefits	**1,523**	939
Defined contribution benefits	**83**	9
Share-based payments	**938**	559

28. OPERATING LEASE

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

	Group		Company	
	2014 S$'000	2013 S$'000	2014 S$'000	2013 S$'000
Within one year	**905**	583	**94**	99
Between two to five years	**1,781**	751	**5**	–
More than five years	**8,516**	–	**–**	–
	11,202	1,334	**99**	99

The Group has various lease agreements for rental of land, seabed, offices and office equipment. The seabed option leases typically run for a period of 10 to 25 years and the land lease for 99 years. Office leases are negotiated for a term of between two to five years.

29. COMMITMENTS

(a) At 31 December 2014, the Company has outstanding commitments in respect of uncalled capital of £900,000 in a subsidiary.

(b) In 2014, the Group entered into contracts to construct a tidal power plant for £41.2 million of which £8.5 million had been incurred as at the reporting date.

(c) The Group also entered into contracts for design and subcontractors works during 2014 for S$2.1 million (2013: S$52,000).

30. CONTINGENT LIABILITIES

The Company has guaranteed credit facilities of S$8,256,000 (£4 million) granted to subsidiaries. At 31 December 2014, the amount utilised was S$4,128,000 (£2.0 million).

31. EVENTS AFTER THE REPORTING PERIOD

Subsequent to 31 December 2014, the significant events of the Group are as follows:

(a) On 11 February 2015, Duncansby Tidal Power Limited was incorporated as a subsidiary of Tidal Power Scotland Holdings Limited.

(b) On 27 March 2015, Atlantis Operations (UK) Limited entered into a contract with Lockheed Martin Overseas Corporation in connection with the supply of an AR1500 tidal turbine to the MeyGen tidal energy project. The contract value is for £2.1 million (S$2.7 million) and £1.1 million (S$2.3 million), of which the latter is a provisional sum.

(c) On 27 March 2015, the cash collateral in Atlantis Operations (UK) Limited was released and the Company subscribed an additional £900,000 (S$1,857,000) in new shares of Tidal Power Scotland Holdings Limited, being the final subscription under the Shareholders' Agreement.

(d) On 28 April 2015, Atlantis Turbines Pte Ltd, a wholly owned subsidiary of the Company, with the Company as guarantor, entered into a sale and purchase agreement to acquire the whole of the issued share capital of Marine Current Turbines Limited ("MCT"), an English registered company, from Siemens AG ("Siemens"). MCT and its group of companies are engaged in the design, assembly and sale of tidal turbines, and the development of tidal power generation projects. Consideration for the purchase will be the issuance by the Company of new shares to Siemens, such that immediately post the issuance of such shares, Siemens will have a 9.99% shareholding in the Company. Completion of the acquisition is contingent upon the satisfaction of a number of conditions precedent, which largely relate to the clean separation of MCT from the Siemens group. Completion is expected to occur by the end of May 2015.

Also on 28 April 2015, Atlantis Resources (Scotland) Limited ("ARSL"), a wholly owned subsidiary of the Company, as borrower, with the Company as guarantor, entered into a loan agreement with GEG (Holdings) Ltd to borrow a £2.5 million (S$5.2 million) loan. The loan has a three-year term and is repayable as a single bullet at the end of the term, with interest at a rate of 4.5% per annum capitalising and not payable until maturity of the loan. The loan is secured on the assets of MCT and ARSL. Drawdown of the loan is conditional upon the Company's completion of the MCT acquisition.

32. SEGMENT INFORMATION

(a) **Operating segments**

The Group is principally engaged in development of the MeyGen tidal current power project and the supply of a tidal power turbine to it. The assets, liabilities and capital expenditure of the Group are mainly employed in activities supporting the development of the tidal current power project in MeyGen, being the main reportable segment within the Group.

The Group's CEO and CFO, the client operating decision makers, review internal management reports in relation to the funding availability and capital expenditure of MeyGen project.

(b) **Geographical segments**

In presenting information on the basis of geographical segments, segment revenue is based on the country of domicile of the customers.

	Group	
	2014 S$'000	2013 S$'000
China	–	2,415
United Kingdom	**5,279**	3,775
	5,279	6,190

The Group operations are mostly focused in the United Kingdom, whereby the activities are focused on development of MeyGen project. Most of the Group's assets are located in the United Kingdom. The capital expenditure during the year is also primarily related to the development of MeyGen project and the delivery of an Atlantis tidal turbine to it.

33. COMPARATIVE INFORMATION

The financial statements for the financial year ended 31 December 2013 were audited by another firm of Chartered Accountants.

During the year, the Group changed the presentation of the analysis of expenses from the "function of expense" method to "nature of expense" method to provide the users of the financial statements with more reliable and relevant information in relation to the expenses incurred by the Group.

The following comparatives have been changed from the previous year to correctly present the classification of expenses based on their nature.

Consolidated statement of profit or loss

	2013	
	As previously disclosed S$'000	As restated S$'000
Revenue	6,190	6,190
Cost of sales	(4,918)	–
Operating expenditure	(11,786)	–
Other gains	–	18,690
Subcontractor costs	–	(4,489)
Research and development costs	–	(961)
Depreciation and amortisation	(3,201)	(3,201)
Employee benefits expenses	–	(4,667)
Other gains and losses	19,410	–
Other operating expenses	–	(5,867)
Finance costs	(15,360)	(15,360)
Loss before tax	**(9,665)**	**(9,665)**
Taxation	(11)	(11)
Loss for the year	**(9,676)**	**(9,676)**

33. COMPARATIVE INFORMATION continued

Other gains

	2013	
	As previously disclosed S$'000	As restated S$'000
Interest income	74	74
Net foreign exchange gains	1,353	–
Fair value of pre-existing interest in acquiree	1,938	1,938
Release of negative goodwill to income	16,674	16,674
Other losses	(579)	–
Impairment loss recognised on non-trade receivables	(50)	–
Other income	–	4
	19,410	**18,690**

Finance costs

	2013	
	As previously disclosed S$'000	As restated S$'000
Interest expense arising from:		
– loans from shareholders and other loans	3,312	–
– loans from conversion	8,859	–
– loans from shareholders	–	4,849
– loans from a related party	–	7,230
– Others	–	92
Changes in fair value of derivative liability	3,189	3,189
	15,360	**15,360**

Loss for the year

	2013	
	As previously disclosed S$'000	As restated S$'000
Rental expenses	342	288

The following comparatives have been changed from previous year to correctly present the classification of information.

Consolidated statement of cash flows

	2013	
	As previously disclosed S$'000	As restated S$'000
Cash flows from investing activities		
Deposits pledged	(1,712)	–
Cash flows from financing activities		
Deposits pledged	–	(1,712)

COMPANY INFORMATION

Non-Executive Directors

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Michael Robert Lloyd
Ian Anthony Macdonald
Rune Nilsen
John Anthony Clifford Woodley

Executive Directors

Timothy James Cornelius
Duncan Stuart Black

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