ATLANTIS RESOURCES

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED **30 JUNE 2015**

CONTENTS

CHAIRMAN'S STATEMENT

After the first 6 months of 2015 we can look back on several landmarks in the development of the tidal power sector and in the growth of the Atlantis group.

In January, works started in Caithness in northern Scotland at the site of the onshore control centre for the MeyGen project. The access roads and construction infrastructure began to take shape throughout February, as Atlantis celebrated its first anniversary as a public company. In March, Atlantis cemented its long standing relationship with Lockheed Martin with entry into a turbine construction contract which will see Lockheed delivering the first AR1500 turbine to the MeyGen project next year.

Meanwhile, in Caithness, almost 6,000 tonnes of steel had been delivered for fabrication of the ballast which will weigh down the turbine foundations, and in April directional drilling works started on the MeyGen site. The onshore drilling rig bored beneath the low cliffs of the shoreline to create the first of four ducts, each more than half a kilometre in length. This first duct was completed and lined by the end of the month, with progress continuing at the rate of one per month thereafter and all ducts completed by the end of July. These ducts will carry the subsea power cables which connect the onshore control centre to the turbines on the seabed, allowing the tidally generated electricity to be exported to the grid when turbines are installed and connected next year.

As April drew to a close, we were delighted to announce the execution of a sale and purchase agreement with Siemens AG for the acquisition of Marine Current Turbines Limited ("MCT") in an all share deal. As a result, Siemens is now our second largest shareholder, and the consolidated Atlantis group was strengthened with the addition of the experienced MCT team, the proven SeaGen turbine system, and a significant portfolio of UK tidal power project opportunities for us to bring to fruition.

By the end of the spring, factory acceptance testing was well underway for the subsea cable cores and for the onshore power conditioning equipment which will occupy the new MeyGen control centre. As we arrived at the halfway point for the year, turbine manufacture was underway for both the Atlantis AR1500 system and the three further turbines to be supplied by Andritz Hydro Hammerfest, and three of the four subsea cables had been manufactured and tested, ready for installation. Since the end of June, the fourth cable has been completed and we are now planning for the cable deployment offshore this autumn.

Also in July, we entered into a lease with the Global Energy Group for a workshop and turbine assembly facility at the Nigg Energy Park on Scotland's Cromarty Firth. This is intended to serve as a hub for the tidal industry, providing a base for turbine assembly and testing and for future project operations and maintenance. We are working with the Scottish supply chain in particular to diversify exposure for traditionally oil and gas focussed contractors, and have consequently entered into a preferred supplier arrangement with the Global Energy Group.

Finally, I am pleased to report that in August we welcomed Ian Cobban onto our board of directors. Ian has over 30 years of experience in the subsea sector, which will be invaluable to Atlantis as the MeyGen project enters its offshore construction phase. We bid a grateful farewell to outgoing director Rune Nilsen, who has supported the company for four years through a period of remarkable transition.

We now look forward to building on this successful start to the year to ensure that the MeyGen project is ready for first power production in 2016. In parallel, we will continue to advance other project development opportunities, including those acquired with MCT, to create a robust and diverse portfolio for the future. I look forward to updating you on all this and more over the coming months.

SUMMARY OF RESULTS

Revenue for the six months to 30 June 2015 was S$1.0 million (£0.5 million) which primarily comprised third party consulting revenues. Revenues from the sale of the AR1500 turbine to MeyGen are eliminated on consolidation. Other gains and losses of S$1.4 million (£0.7 million) comprised grant income of S$0.8 million (£0.4 million) and a contribution by Lockheed Martin to the group’s development project in Canada of S$0.4 million (£0.2 million). Total expenses of S$8.6 million (£4.0 million) were primarily driven by employee expenses of S$3.8 million (£1.8 million), depreciation and amortisation of S$1.6 million (£0.8 million), and other operating expenses of S$1.8 million (£0.8 million).

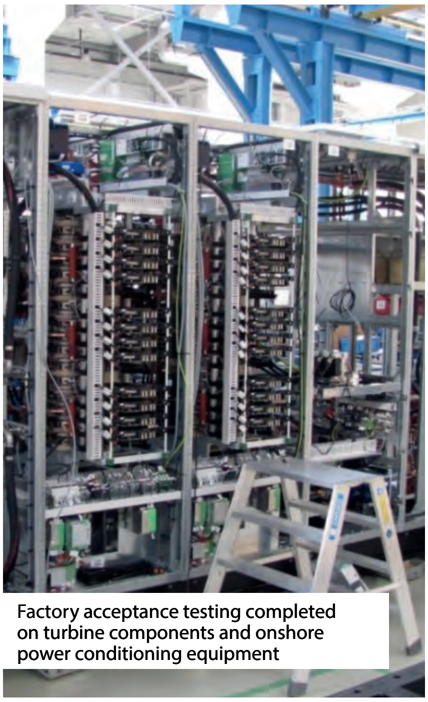
The Atlantis group showed a loss of S$7.5 million (£3.5 million) for the six months to 30 June 2015, which is in line with the full year loss for 2014 of S$16.2 million (£7.6 million). As the acquisition of MCT completed on 1 July 2015, the 30 June 2015 financial statements do not include any impact of the MCT acquisition.

The group’s consolidated total assets increased to S$155.7 million (£73.5 million) at 30 June 2015 from S$146.7 million (£69.2 million) at 31 December 2014, primarily as a result of capital expenditure on MeyGen Phase 1A. The unaudited consolidated cash position of the Atlantis group as at 30 June 2015 was S$26.0 million (£12.3 million).

John Mitchell Neill
Chairman

3 September 2015

MEYGEN PHASE 1A – PROGRESSING TO FIRST POWER IN 2016



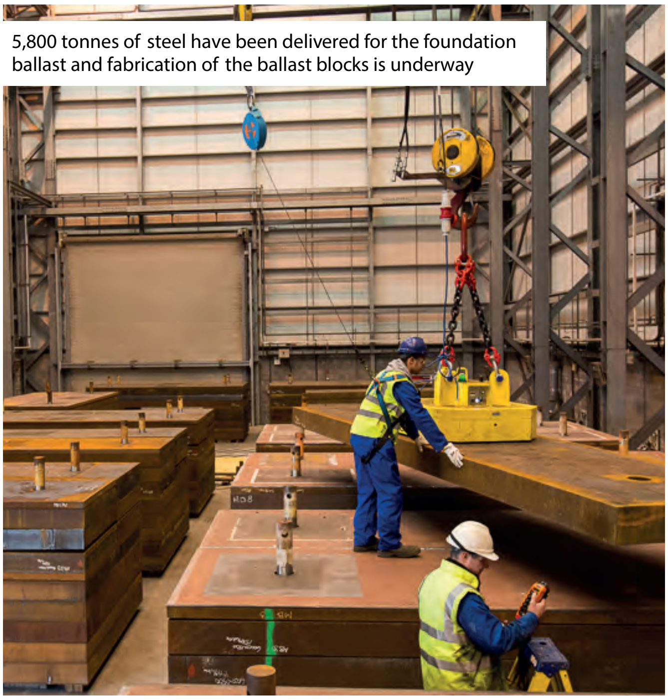
Factory acceptance testing completed on turbine components and onshore power conditioning equipment

Grid works underway: cable being buried along the route from the onshore control centre to the substation

Onshore works advancing: access road and lay down areas complete ready for control centre construction

11,500m of armoured subsea cable manufactured and awaiting installation at site

Directional drilling complete: 4 x 570m cable bores drilled and lined to connect the onshore control centre to the seabed



5,800 tonnes of steel have been delivered for the foundation ballast and fabrication of the ballast blocks is underway

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INTRODUCTION

We have reviewed the accompanying condensed consolidated statement of financial position of Atlantis Resources Limited (the "Company") and its subsidiaries (the "Group") as at 30 June 2015, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the Group for the six-month period then ended and certain explanatory notes (the "Consolidated Interim Financial Statements"). Management is responsible for the preparation and presentation of the Consolidated Interim Financial Statements in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on the Consolidated Interim Financial Statements based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with Singapore Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of the Consolidated Interim Financial Statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Consolidated Interim Financial Statements are not prepared, in all material respects, in accordance with IAS 34 I*nterim Financial Reporting.*

KPMG LLP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore

3 September 2015

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Note	Group Six months ended 30 June 2015 S$'000	30 June 2014 S$'000
Revenue		**951**	170
Other gains and losses	7	**1,395**	75
Subcontractors costs		**(506)**	–
Depreciation and amortisation expenses		**(1,624)**	(1,673)
Research and development costs		**(680)**	(376)
Employee benefits expenses		**(3,921)**	(3,182)
Other operating expenses		**(1,836)**	(2,144)
Total expenses		**(8,567)**	(7,375)
Results from operating activities		**(6,221)**	(7,130)
Finance costs	8	**(1,283)**	(1,585)
Loss before tax		**(7,504)**	(8,715)
Income tax expense		**(27)**	–
Loss for the period		**(7,531)**	(8,715)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operation		**1,871**	2,749
Total comprehensive income for the period		**(5,660)**	(5,966)
Loss attributable to:			
Owners of the Group		**(7,618)**	(8,715)
Non-controlling interest		**87**	–
		(7,531)	(8,715)
Total comprehensive income attributable to:			
Owners of the Group		**(5,747)**	(5,966)
Non-controlling interest		**87**	–
		(5,660)	(5,966)
Loss per share (basic and diluted)	15	**(0.09)**	(0.12)

The accompanying notes form an integral part of these Consolidated Interim Financial Statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	Note	Group 30 June 2015 S$'000	Group 31 December 2014 S$'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	**80,357**	70,508
Intangible assets	10	**44,331**	43,194
Prepayment		**1,086**	–
		125,774	113,702
Current assets			
Other receivables		**3,991**	3,719
Cash and cash equivalents	11	**25,966**	29,247
		29,957	32,966
Total assets		**155,731**	146,668
LIABILITIES			
Current liabilities			
Current tax liabilities		**27**	–
Trade and other payables	12	**16,878**	18,562
Provisions		**821**	795
		17,726	19,357
Non-current liabilities			
Deferred taxation		**8,115**	7,905
Loans and borrowings	13	**35,235**	21,375
		43,350	29,280
Total liabilities		**61,076**	48,637
Net assets		**94,655**	98,031
Equity			
Share capital		**185,500**	185,500
Capital reserve		**12,732**	11,448
Translation reserve		**1,908**	280
Option fee		**10**	10
Share option reserve	14	**5,335**	4,932
Accumulated losses		**(120,385)**	(112,767)
Total equity attributable to owners of the Company		**85,100**	89,403
Non-controlling interests		**9,555**	8,628
Total equity		**94,655**	98,031

The accompanying notes form an integral part of these Consolidated Interim Financial Statements.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Attributable to owners of the Company								
	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
2015									
Group									
At 1 January 2015	**185,500**	**11,448**	**280**	**10**	**4,932**	**(112,767)**	**89,403**	**8,628**	**98,031**
Total comprehensive income for the period									
Loss for the period	–	–	–	–	–	**(7,618)**	**(7,618)**	**87**	**(7,531)**
Other comprehensive income	–	–	**1,628**	–	–	–	**1,628**	**243**	**1,871**
Total comprehensive income for the period	–	–	**1,628**	–	–	**(7,618)**	**(5,990)**	**330**	**(5,660)**
Transactions with owners, recognised directly in equity									
Contributions by and distributions to owners									
Recognition of share-based payments	–	–	–	–	**403**	–	**403**	–	**403**
Changes in ownership interest in subsidiary									
Dilution of interest in a subsidiary without change in control	–	**1,284**	–	–	–	–	**1,284**	**597**	**1,881**
Total transactions with owners	–	**1,284**	–	–	**403**	–	**1,687**	**597**	**2,284**
At 30 June 2015	**185,500**	**12,732**	**1,908**	**10**	**5,335**	**(120,385)**	**85,100**	**9,555**	**94,655**

	Attributable to owners of the Company								
	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
2014									
Group									
At 1 January 2014	114,906	–	(716)	10	3,994	(96,572)	21,622	–	21,622
Total comprehensive income for the period									
Loss for the period	–	–	–	–	–	(8,715)	(8,715)	–	(8,715)
Other comprehensive income	–	–	2,749	–	–	–	2,749	–	2,749
Total comprehensive income for the period	–	–	2,749	–	–	(8,715)	(5,966)	–	(5,966)
Transactions with owners, recognised directly in equity									
Contributions by and distributions to owners									
Issued for cash during public offering	22,872	–	–	–	–	–	22,872	–	22,872
Conversion of convertible loans into shares during public offering	37,837	–	–	–	–	–	37,837	–	37,837
Total transactions with owners	60,709	–	–	–	–	–	60,709	–	60,709
At 30 June 2014	175,615	–	2,033	10	3,994	(105,287)	76,365	–	76,365

The accompanying notes form an integral part of these Consolidated Interim Financial Statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Note	Group Six months ended 30 June 2015 S$'000	30 June 2014 S$'000
Cash flows from operating activities			
Loss before tax		**(7,504)**	(8,715)
Adjustments for:			
Depreciation of plant and equipment		**25**	15
Amortisation of intangible asset		**1,599**	1,658
Finance costs	8	**1,283**	1,585
Share-based payments		**403**	–
Grant income		**(817)**	–
Net foreign exchange loss		**–**	12
Operating cash flows before movements in working capital		**(5,011)**	(5,445)
Trade and other receivables		**(1,242)**	(1,651)
Trade and other payables		**(994)**	(2,873)
Income tax paid		**–**	(11)
Net cash used in operating activities		**(7,247)**	(9,980)
Investing activities			
Purchase of property, plant and equipment		**(16,209)**	(14)
Expenditure on project development		**(2,111)**	(4,959)
Net cash used in investing activities		**(18,320)**	(4,973)
Financing activities			
Proceeds from grants received		**8,332**	3,954
Proceeds from borrowings		**11,309**	4,913
Repayment of borrowings		**–**	(504)
Interest paid		**–**	(89)
Deposits released/ (pledged)	21	**1,743**	(4,233)
Proceeds from issue of shares		**–**	25,214
Costs related to fundraising		**–**	(2,342)
Non-controlling interest		**1,881**	–
Net cash from financing activities		**23,265**	26,913
Net (decrease)/increase in cash and cash balances		**(2,302)**	11,960
Cash and cash equivalents at beginning of period		**23,089**	2,620
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies		**764**	32
Cash and cash equivalents at end of period	11	**21,551**	14,612

The accompanying notes form an integral part of these Consolidated Interim Financial Statements.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2015

The condensed consolidated statement of financial position of Atlantis Resources Limited (the "Company") and its subsidiaries (the "Group") as at 30 June 2015, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the Group for the six-month period then ended and certain explanatory notes (the "Consolidated Interim Financial Statements"), were approved by the Board of Directors for issue on 3 September 2015.

These notes form an integral part of the Consolidated Interim Financial Statements.

The Consolidated Interim Financial Statements do not comprise statutory accounts of the Group within the meaning in the provisions of the Singapore Companies Act, Chapter 50. The Group's statutory accounts for the year ended 31 December 2014 were prepared in accordance with the provisions of the Singapore Companies Act and International Financial Reporting Standards ("IFRS"). The Group's statutory amounts were approved by the Board of Directors on 19 May 2015 and have been reported by the Group's auditors.

1. DOMICILE AND ACTIVITIES

Atlantis Resources Limited is incorporated in the Republic of Singapore with its principal place of business and registered office at 65 Niven Road, Singapore 228414.

The principal activity of the Group 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, and an investment holding company.

2. BASIS OF PREPARATION

Statement of compliance

The Consolidated Interim Financial Statements have been prepared in accordance with International Accounting Standard ("IAS") 34 – *Interim Financial Reporting* ("IAS 34").

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 31 December 2014.

The Consolidated Interim Financial Statements, which do not include the full disclosures of the type normally included in a complete set of financial statements, are to be read in conjunction with the last issued consolidated financial statements of the Group as at and for the year ended 31 December 2014.

3. SIGNIFICANT ACCOUNTING POLICIES

Except for the new and revised IASs effective for the financial year beginning 1 January 2015 adopted during the six months period ended 30 June 2015, the accounting policies and method of computation used in the Consolidated Interim Financial Statements are consistent with those applied in the last issued consolidated financial statements of the Group for the year ended 31 December 2014.

The adoption of the new and revised IASs for the financial year beginning 1 January 2015 does not have a significant effect on the Consolidated Interim Financial Statements.

New standards, amendments to standards and interpretations that are not effective for the six months ended 30 June 2015 have not been applied in preparing these Consolidated Interim 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 Consolidated Interim Financial Statements. 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 2018.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of Consolidated Interim Financial Statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this set of Consolidated Interim Financial Statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2014.

5. GOING CONCERN BASIS

The Group meets its day to day working capital requirements through shareholders' funding, loans and grants. The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing the Consolidated Interim Financial Statements.

6. SEASONALITY OF OPERATIONS

The Group's businesses were not affected significantly by seasonal or cyclical factors during the financial period.

7. OTHER GAINS AND LOSSES

	30 June 2015 S$'000	30 June 2014 S$'000
Grant income	**817**	–
Other income	**409**	87
Net foreign exchange gains/(losses)	**169**	(12)
	1,395	75

8. FINANCE COSTS

	30 June 2015 S$'000	30 June 2014 S$'000
Interest expense arising from:		
– shareholders' loans	–	144
– related party loans	**505**	149
– long term loan	**503**	698
– secured long term loans	**275**	–
– convertible loans	–	594
	1,283	1,585

9. PROPERTY, PLANT AND EQUIPMENT

During the period, a further S$15,076,000 of expenditure related to the development of the MeyGen tidal power project at the Inner Sound of the Pentland Firth off the coast of Scotland was capitalised and an aggregate of S$7,515,000 of grants were drawn down. Included in the capitalised development costs is an amount of S$618,000 that represents borrowing costs capitalised during the period. The project is progressing according to plan and management estimates the recoverable amount of property, plant and equipment and intangible assets to be higher than the carrying amount such that no impairment was required.

10. INTANGIBLE ASSETS

On-going development costs related to the Group's tidal turbine development programme, in particular expenditure on the detailed design of and system integration for the Group's AR1500 turbine amounted to S$2,111,000 for the period.

11. CASH AND CASH EQUIVALENTS

	30 June 2015 S$'000	31 December 2014 S$'000
Cash at bank	**21,513**	23,039
Fixed deposits	**4,415**	6,158
Cash on hand	**38**	50
	25,966	29,247
Less: Encumbered deposits	**(4,415)**	(6,158)
Cash and cash equivalents in the statement of cash flows	**21,551**	23,089

The encumbered deposits served as collateral on behalf of MeyGen Limited, in support of the provision of bank guarantees and standby letters of credit as required under the terms of MeyGen's seabed lease and to secure the MeyGen project's electricity transmission capacity.

12. TRADE AND OTHER PAYABLES

	30 June 2015 S$'000	31 December 2014 S$'000
Trade payables	**9,822**	9,894
Other payables	**110**	127
Accruals	**3,082**	4,065
	13,014	14,086
Advance receipts	**3,864**	4,476
	16,878	18,562

Advance receipts include S$3,300,000 initial draw down of grant that was received from European Commission.

13. LOANS AND BORROWINGS

	30 June 2015 S$'000	31 December 2014 S$'000
Non-current		
Related party loans	**8,294**	7,376
Long term loan	**8,207**	7,293
Secured long-term loans	**18,734**	6,706
	35,235	21,375

During the period, a total of S$11,309,000 (£5,393,000) of loans were drawn down. There were no changes in the terms and conditions of any of the loans detailed above, other than as described below, and no covenants of any loans have been breached.

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 S$5,295,000 (£2,500,000). This loan was to have a three-year term and was to be 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. Of this loan, S$4,236,000 (£2,000,000) was to benefit from a Scottish Enterprise guarantee. Drawdown of this loan was conditional upon completion of the proposed acquisition of Marine Current Turbines Limited ("MCT") by the Group.

Following negotiation with GEG (Holdings) Ltd and Scottish Enterprise, on 30 June 2015, the loan with GEG (Holdings) Ltd was amended to reduce the loan amount to S$1,059,000 (£500,000) with no guarantee to be provided by Scottish Enterprise but with other key terms, as disclosed in the last issued consolidated financial statements of the Group for the year ended 31 December 2014, unchanged. As a condition of this amendment, a loan was entered into with Scottish Enterprise to borrow S$4,236,000 (£2,000,000), with a one-year term and the loan repayable as a single bullet at the end of the term. Interest is payable on the loan from Scottish Enterprise at a rate of 10% per annum, but with interest capitalising and not payable until maturity of the loan.

Drawdown of both the loan from GEG (Holdings) Limited and the new loan from Scottish Enterprise was conditional upon completion of the proposed acquisition of MCT by Atlantis, and as such neither loan had not been drawn on 30 June 2015.

Both the loan from GEG (Holdings) Limited and the new loan from Scottish Enterprise will benefit from fixed and floating charges over Atlantis Operations (UK) Limited, ARSL and MCT and its subsidiaries. The terms of ARSL's existing loan from Scottish Enterprise were amended to provide Scottish Enterprise with the same security package in respect of its existing loan to ARSL as provided for its new loan.

14 SHARE OPTIONS RESERVE

During the period, no option to take up unissued shares of the Company was granted and no shares of the Company have been issued by virtue of the exercise of an option to take up unissued shares.

15. 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 period.

	Loss after tax		Weighted average number of shares		Loss per share	
	30 June 2015 S$'000	30 June 2014 S$'000	30 June 2015 '000	30 June 2014 '000	30 June 2015 S$	30 June 2014 S$
Basic and diluted	**7,618**	8,715	**89,204**	73,158	**0.09**	0.12

At 30 June 2015, share options were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

16. 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.

All the balances are not past due.

Cash and cash equivalents

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

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

(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 at 30 June 2015 and 31 December 2014 are repayable on demand or due within one year from the end of the reporting period. Other than loans and borrowings, trade and other payables are non-interest bearing.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group'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
30 June 2015						
Financial liabilities						
Trade and other payables	12	**(13,014)**	**(13,014)**	**(13,014)**	–	–
Loans from a related party	13	**(8,294)**	**(11,851)**	–	–	**(11,851)**
Long term loan	13	**(8,207)**	**(11,736)**	–	–	**(11,736)**
Secured long term loans	13	**(18,734)**	**(23,405)**	–	**(8,809)**	**(14,596)**
		(48,249)	**(60,006)**	**(13,014)**	**(8,809)**	**(38,183)**

			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
31 December 2014						
Financial liabilities						
Trade and other payables	12	(14,086)	(14,086)	(14,086)	–	–
Loans from a related party	13	(7,376)	(11,544)	–	–	(11,544)
Long term loan	13	(7,293)	(11,432)	–	–	(11,432)
Secured long term loans	13	(6,706)	(10,630)	–	(7,540)	(3,090)
		(35,461)	(47,692)	(14,086)	(7,540)	(26,066)

(c) Market risk

Currency risk

The Group transacts business in various foreign currencies, including the Australian dollar, Euro, United States dollar and British pound, 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			
	Liabilities		Assets	
	30 June 2015 S$'000	31 December 2014 S$'000	30 June 2015 S$'000	31 December 2014 S$'000
Australian dollars	**(108)**	(179)	**2**	11
British pounds	**(369)**	(1,062)	**23**	61
Euros	**(349)**	(142)	**38**	41
United States dollars	**(1,384)**	(823)	**4**	5

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, loss will increase (decrease) by:

	Australian dollars		British pounds		Euros		United States dollars	
	30 June 2015 S$'000	31 December 2014 S$'000	30 June 2015 S$'000	31 December 2014 S$'000	30 June 2015 S$'000	31 December 2014 S$'000	30 June 2015 S$'000	31 December 2014 S$'000
Group								
Loss	**11**	17	**35**	100	**31**	10	**138**	82

If the relevant foreign currency weakens by 10% against the functional currency of each Group entity, the effects on 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$173,000 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 consists of equity attributable to owners of the parent and loans and borrowings amounting to S$121,218,000 (2014: S$110,778,000).

There are no changes in the Group's approach to capital management during the period.

(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 Interim Financial Statements approximate their fair values.

	Note	30 June 2015 Carrying value S$'000	30 June 2015 Fair value S$'000	31 December 2014 Carrying value S$'000	31 December 2014 Fair value S$'000
Loans and receivables					
Cash and cash equivalents	11	**21,551**	**21,551**	23,089	23,089
Other receivables*		**3,003**	**3,003**	2,479	2,479
		24,554	**24,554**	25,568	25,568
Financial liabilities					
Loans from a related party	13	**(8,294)**	**(8,268)**	(7,376)	(7,376)
Long term loan	13	**(8,207)**	**(8,207)**	(7,293)	(7,293)
Secured long term loans	13	**(18,734)**	**(18,355)**	(6,706)	(8,188)
		(35,235)	**(34,830)**	(21,375)	(22,857)

**Exclude prepayments*

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

(d) Accounting classifications and fair values continued

Fair value hierarchy

The table below analyses the fair value of financial instruments as disclosed, according to their levels in the fair value hierarchy. It does not include fair value information of instruments if the carrying amount is a reasonable approximation of fair value. 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 (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
30 June 2015				
Financial Liabilities				
Loans from a related party	–	–	**(8,268)**	**(8,268)**
Long term loan	–	–	**(8,207)**	**(8,207)**
Secured long term loans	–	–	**(18,355)**	**(18,355)**
	–	–	**(34,830)**	**(34,830)**
31 December 2014				
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)

There were no transfers between levels in 2014 and 2015.

Estimating the fair value

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

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 and trade and other payables) are assumed to approximate their fair values. The carrying value of a loan from related party and long term loan approximate its fair value as the interest rates approximate market rate of interest at the reporting date. One of the loans from related party and secured long term loan are discounted to determine its fair value as below.

Financial instruments not measured at fair value

Type	Valuation technique
Group	
Secured long term loans	Discounted cash flow method.
Loans from related party	Discounted cash flow method.

17. RELATED COMPANY AND RELATED PARTY TRANSACTIONS

Other than those disclosed elsewhere in the Consolidated Interim Financial Statements, there were the following significant transactions with related parties companies during the period:

	30 June 2015 S$'000	30 June 2014 S$'000
Rental expense paid to companies with common director	–	25
Interest expense arising from related party loans	505	216
Interest expense arising from shareholders' loans	–	202

Compensation of directors and key management personnel:

The remuneration of directors and other members of key management during the period are as follows:

	30 June 2015 S$'000	30 June 2014 S$'000
Short term employee benefits	707	747
Defined contribution benefits	22	–
Share-based payments	403	–

18. 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 Chief Executive Officer and Chief Financial Officer, the Group's key 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.

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

19. CAPITAL COMMITMENTS

As at 30 June 2015, the Group had entered into contracts to construct a tidal power plant for S$87.4 million, of which S$42.2 million had been incurred as at the reporting date. At 30 June 2015, the Group had outstanding commitments under contracts for design and subcontract works for S$2.7 million.

20. EVENTS AFTER THE REPORTING PERIOD

(a) On 1 July 2015, Atlantis Turbines Pte Ltd, a wholly owned subsidiary of the Company, with the Company as guarantor, pursuant to a sale and purchase agreement dated 28 April 2015, successfully completed the acquisition of 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. The acquisition of MCT allows Atlantis to broaden its turbine offering to include lighter weight turbines suitable for lower intensity sites and floating applications, as well as providing a pipeline of six tidal power generation development projects with a combined potential capacity of almost 200 MW.

Consideration for the purchase was the issuance by the Company of new shares to Siemens, such that immediately post the issuance of such shares, Siemens became a 9.99% shareholder of the Company. On the basis of the Company's share price at market close on the date of completion of the acquisition, the consideration amounted to S$8,895,000 (£4,212,420).

MCT possesses several assets, tangible and intangible, that require judgement and the initial accounting of the acquisition is incomplete as the management accounts were not available on the date of acquisition. In view of this, the fair value of the assets and liabilities and the estimate of the goodwill or gain on bargain purchase cannot be determined at this juncture.

Following completion on the acquisition of MCT, on 2 July 2015, ARSL received S$1,059,000 (£500,000) from the drawdown of the full amount of its loan with GEG (Holdings) Limited, and subsequently on 3 July 2015, ARSL received a further S$3,177,000 (£1,500,000) being the first drawdown under its loan agreement with Scottish Enterprise.

(b) On 25 August 2015, the Company completed the placing of 5,952,380 ordinary shares at 42 pence per share, raising a gross amount of S$5.3 (£2.5 million), such that following this placement, the Company had a total of 105,068,157 issued shares.

21 COMPARATIVE INFORMATION

The comparatives have been changed from previous year to correctly present the classification of deposits pledged that served as collaterals for a bank guarantee to secure an advance payment of a grant from European Commission and standby letters of credit on behalf of MeyGen Limited to secure MeyGen project's electricity transmission capacity.

Condensed consolidated statement of cash flows

	30 June 2014	
	As previously disclosed S$'000	As restated S$'000
Cash flows from investing activities		
Deposits pledged	(4,233)	–
Cash flows from financing activities		
Deposits pledged	–	(4,233)

ATLANTIS
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