Registered No. 10821555

Atlantis Ocean Energy Plc

Annual Report and Financial Statements
For the year ended 31 December 2019

Atlantis Ocean Energy Plc

Officers and professional advisers

Directors

Timothy Cornelius
Andrew Dagley

Secretary

Intertrust (UK) Limited

Registered office

1 Bartholomew Lane
London
EC2N 2AX

Auditor

Ernst & Young LLP
Atria One
144 Morrison Street
Edinburgh
EH3 8EX

Atlantis Ocean Energy Plc

Directors' report

The Directors present their Annual Report on the affairs of the Company, together with the financial statements and auditor's report, for the year ended 31 December 2019.

Principal activities

The principal activities of the Company are those relating to a financial services holding company. On 25 July 2017, the Company raised £4.95 million through a five-year bond with a coupon of 8%, payable semi-annually, and maturing in 2022. The bond was offered through Abundance Investment Limited ("Abundance"), the provider of a regulated green peer-to-peer investment platform.

Dividends

The directors do not recommend the payment of a dividend for the period.

Directors

The directors who served the Company during the period are shown on page 1.

Directors' indemnities

The Company has not made qualifying third party indemnity provisions for the benefit of its directors.

Key risks and uncertainties

The company is reliant on the support of its ultimate parent company. The tidal industry has now progressed into a critical phase in its development with the imminent deployment of multiple turbines in small arrays. The success of these early deployments is central to the continued success of the industry, and in particular on its ability to attract future investment.

Results for the period

The results of the Company for the period are set out on page 8 and show a loss for the period, net of taxation, of £560,296.

Future Developments

Within the Atlantis group of companies, Atlantis Ocean Energy will continue to act as an investment holding company.

Going concern

The financial statements have been prepared on a going concern basis, despite the loss for the year and the shareholders' funds being in deficit, as a letter of support from the ultimate parent company, stating they will supply the company with financial and other support, has been provided for a period of twelve months from the date of signing these financial statements.

Atlantis Ocean Energy Plc

Directors' report

Disclosure of information to auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Following an Atlantis group tender for audit services, Ernst & Young LLP were appointed as auditor during the year. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office.

Approved by the Board and signed on its behalf by:

Timothy Cornelius
Director

30 September 2020

Atlantis Ocean Energy Plc

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework.*

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ATLANTIS OCEAN ENERGY PLC

Opinion

We have audited the financial statements of Atlantis Ocean Energy Plc for the year ended 31 December 2019 which comprise the Statement of Comprehensive Loss, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 12, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Emphasis of matter- Effects of COVID-19

We draw attention to Notes 2 and 12 of the financial statements which describes the economic and social disruption the company is facing as a result of COVID-19 which is impacting supply chains, financial markets and personnel available for work. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ATLANTIS OCEAN ENERGY PLC (CONTINUED)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ATLANTIS OCEAN ENERGY PLC (CONTINUED)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the
Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Julie Cavin (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Edinburgh

30 August 2020

Atlantis Ocean Energy Plc

Statement of comprehensive loss
Year ended 31 December 2019

	Notes	Year ended 31 December 2019 £	Year ended 31 December 2018 £
Administrative expenses	4	(164,296)	(165,532)
Loss from operating activities		**(164,296)**	**(165,532)**
Interest expense	6	(396,000)	(396,000)
Loss before taxation		**(560,296)**	**(561,532)**
Taxation	7	-	-
Loss for the period		**(560,296)**	**(561,532)**
Other comprehensive loss for the year		-	-
Total comprehensive loss for the year		**(560,296)**	**(561,532)**

The notes on pages 11 to 16 form an integral part of these Financial Statements.

Atlantis Ocean Energy Plc

Balance Sheet
As at 31 December 2019

Company number: 10821555

	Notes	2019 £	2018 £
Cash and cash equivalents		9,638	1,265
Amounts due from related companies	8	3,493,209	3,946,556
Total current assets		**3,502,847**	**3,947,821**
Trade payables		(44,550)	-
Total current liabilities		(44,550)	-
Long term debentures	9	(4,773,068)	(4,702,296)
Total non-current liabilities		**(4,773,068)**	**(4,702,296)**
Net liabilities		**(1,314,771)**	**(754,475)**
Capital and reserves			
Share capital	10	50,000	50,000
Accumulated losses		(1,364,771)	(804,475)
Total equity		**(1,314,771)**	**(754,475)**

The financial statements on pages 8 to 16 were approved by the board of directors and authorised for issue on 30 September and are signed on their behalf by:

Timothy Cornelius

Director

Atlantis Ocean Energy Plc

Statement of changes in equity
For the year ended 31 December 2019

	Share capital £	Retained earnings £	Total £
Balance at 31 December 2017	**50,000**	**(242,943)**	**(192,943)**
Total comprehensive loss for the year	-	(561,532)	**(561,532)**
Balance at 31 December 2018	**50,000**	**(804,475)**	**(754,475)**
Total comprehensive loss for the year	-	(560,296)	**(560,296)**
Balance at 31 December 2019	**50,000**	**(1,364,771)**	**(1,314,771)**

The notes on pages 11 to 16 form an integral part of these Financial Statements.

1 General information

Atlantis Ocean Energy Plc (the "Company") is a company incorporated, registered and domiciled in England, United Kingdom under the Companies Act 2006. The address of the registered office is given on page 1.

The principal activity of the company during the period relates to are those relating to a financial services holding company. These financial statements are presented in pounds sterling ("£") which is also the currency of the primary economic environment in which the company operates. The ultimate holding company is SIMEC Atlantis Energy Limited, incorporated in Singapore.

2 Going concern

These financial statements have been prepared on a going concern basis. The Board of Directors of the Company are required to state whether it is appropriate to adopt the going concern basis of accounting in preparing the financial statements over a period of at least 12 months from the date of approval of the financial statements.

The company is in a net liability position of £1,314,771 as at the financial year end. The Group have provided a letter of support confirming it will provide support for a period of 12 months from the date of signing of these accounts where required .The Group's financial statements for the year ended 31 December 2019 were approved by its directors on 11 August 2020 having adopted the going concern basis of preparation. The Directors have reviewed the Group's going concern assessment and are satisfied that the Group has the ability to provide this support, should it be required and that the company will remain funded for the foreseeable future and have therefore concluded it is appropriate for the financial statements to be prepared on a going concern basis.

The Group going concern assessment performed by SIMEC Atlantis Energy Limited (the "parent") was performed using financial forecasts for the period to 31 December 2021 and considering a wide range of downside scenarios. The forecasts of the parent indicate that the Group is projected to operate within its cash balances and available facilities for the going concern period.

The broader political and economic uncertainty coupled with the potential future impact on the Group and parent undertaking, SIMEC Atlantis Energy Limited of the recent COVID-19 outbreak has been factored into the scenarios considered as part of the Group and parent's adoption of the going concern assumption.

In reaching its conclusion on the going concern assessment, the Directors also assessed the Group's assessment of severe but plausible downside scenarios related to its principal risks, including:

- A review of the timing and risks included in the delivery of major existing and potential contracts. In particular, the directors considered the impact that extended restrictions as a result of COVID-19 may have on the Group's deployment of a turbine in Japan.
- The Directors considered the certainty of various sources of funding and other income streams. On 11th August 2020, the parent completed an equity placing raising net proceeds of £7.1m.
- The ability of the Group to manage and mitigate any material delay in the financial close of the Uskmouth Power Station project.

The accounts of the Group and parent undertaking, SIMEC Atlantis Energy Limited, include more details of the downside scenarios, mitigating actions, funding requirements and liquidity headroom. In the downside scenarios modelled as set out above, liquidity headroom exists in the Group and parent undertaking throughout the going concern period after taking account of controllable, plausible mitigating actions.

3 Significant accounting policies

3.1 Basis of accounting

The Company financial statements have been prepared and approved by the directors in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and Companies Act 2006.

The financial statements are prepared on the historical cost basis.

The preparation of the financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2019.

The following principles have been applied:

Financial reporting standard 101 – reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share-Based Payment
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
  - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
  - paragraph 50 of IAS 41 Agriculture
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirement of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures
- the requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by the member.
- The requirements of paragraphs 134(d) -134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

3.2 Critical Accounting Estimates and Judgments

The preparation of financial statements in conformity with FRS 101 requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reporting amount of income and expenses during the year. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The Company's accounting policies make use of estimates and judgments in the following areas; carrying value of loans, receivables, and taxation. These are described in more detail in the relevant notes.

3.3 Non-derivative financial instruments

Non-derivative financial assets and liabilities are recognised in the Company's statement of financial position when the company becomes a party to the contractual provisions of the instrument. They comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial assets

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

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts.

For the purpose of the statement of cash-flows, encumbered deposits are excluded.

Impairment of non-derivative financial assets

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss ("ECL") approach.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Derecognition of non-derivative financial assets

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

3.3 Non-derivative financial instruments (continued)

Non-derivative financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either non-derivative financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

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

Other non-derivative 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.

The issue and transaction costs associated with the issue of the bond are amortised over the life of the bond so that at the end of the term of the bond the full liability payable to bondholders will be recognised.

Derecognition of non-derivative financial liabilities

The Company derecognises non-derivative financial liabilities when, and only when, the company's obligations are discharged, cancelled or they expire.

3.4 Taxation

The tax expense represents the sum of the tax currently payable.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the end of the reporting period.

4 Audit fees

Audit fees of £5k for the period (2018: £5k) were borne by another group company and were not recharged.

5 Staff costs

During the years ended 31 December 2019 and 31 December 2018, the Company did not have any employees.

The directors are employees of other subsidiaries within the Group and no consideration is paid by the Company to the other subsidiaries for the services rendered by these directors.

6 Interest expense

Interest for the period relates to interest payable to holders of the 5 year bond. The bond carries a coupon of 8%, payable semi-annually, and matures in 2022.

7 Taxation

	2019 £	2018 £
Current tax:		
UK corporation tax	-	-
	-	-

For the year ended 31 December 2019 the Company was subject to UK corporation tax at a rate of 19% (2018: 19%). The total tax expense differs from the amount computed by applying the statutory UK tax rates as follows:

	2019 £	2018 £
Loss before tax	(560,296)	(561,532)
Tax at 19% (2018: 19%)	(106,456)	(106,691)
Losses carried forward on which no deferred tax is recognised	106,456	106,691
Tax credit for the period	-	-

At the end of the reporting period, the company has unutilised tax losses of £1,364,771 (2018: £804,475) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams.

Applicable rate of tax is computed at 19% (2018: 19%).

8 Amounts due from related companies

	2019 £	2018 £
Non-trade receivables due from a holding company	3,493,209	312,625
Non-trade receivables due from a related company	-	3,633,931
	3,493,209	3,946,556

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

9 Long term debentures

On 25 July 2017, the Company raised £4.95 million through a five-year bond with a coupon of 8%, payable semi-annually, and maturing in 2022. The bond was offered through Abundance Investment Limited ("Abundance"), the provider of a regulated green peer-to-peer investment platform.

	2019	2018
	£	£
As at 1 January	4,702,296	4,631,523
Loan interest payable and amortisation of issue and transaction costs	466,772	466,773
Loan interest paid	(396,000)	(396,000)
As at 31 December	4,773,068	4,702,296

10 Share capital

	2019	2018
	£	£
Allotted, called up and fully paid		
50,000 Ordinary Shares of £1 each	50,000	50,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

11 Ultimate parent undertaking

At 31 December 2019 the Company is a subsidiary undertaking of SIMEC Atlantis Energy Limited, which is the ultimate parent company incorporated in Singapore and registered at 21 Merchant Road, Level 4, Singapore 058267. The group headed by SIMEC Atlantis Energy Limited is also the largest group in which the results of the Company are consolidated. No other group financial statements include the results of this Company.

The consolidated financial statements of the group are available to the public and may be obtained from the group's website at www.simecatlantis.com.

12 Post balance sheet events

On 30th January 2020 the spread of the Coronavirus (COVID 19) was declared a public health emergency by the World Health Organisation. The impact of COVID 19 did not materially impact the Company in the year ended 31 December 2019 and in line with IAS 10 has been considered a non-adjusting post balance sheet event. We have considered the impact of COVID-19 on the recoverability of receivables.