Registered No. 10821555

Atlantis Ocean Energy Plc

Annual Report and Financial Statements
For the year ended 31 December 2018

Atlantis Ocean Energy Plc

Officers and professional advisers

Directors

Timothy Cornelius
Andrew Dagley

Secretary

Link Company Matters Limited

Registered office

Beaufort House
51 New North Road
Exeter, England
EX4 4EP

Auditor

KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

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 2018.

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 £561,532.

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 a Group tender for audit services KPMG LLP will resign as auditor following completion of their audit services for the company.

Approved by the Board and signed on its behalf by:

T Cornelius

Timothy Cornelius
Director

28 June 2019

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 ("the company") for the year ended 31 December 2018 which comprise the Statement of comprehensive loss, the Balance Sheet, the Statement of changes in equity and related notes, including the summary of significant accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework* 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

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

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their 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; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Hugh Harvie (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Saltire Court, 20 Castle Terrace
Edinburgh, United Kingdom
EH1 2EG

28 June 2019

Atlantis Ocean Energy Plc

Statement of comprehensive loss
Year ended 31 December 2018

	Notes	Year ended 31 December 2018 £	Period 15 June 2017 to 31 December 2017 £
Administrative expenses		(165,532)	(76,948)
Loss from operating activities		**(165,532)**	**(76,948)**
Interest expense	6	(396,000)	(165,995)
Loss before taxation		**(561,532)**	**(242,943)**
Taxation	7	-	-
Loss for the period		**(561,532)**	**(242,943)**
Other comprehensive loss for the period		-	-
Total comprehensive loss for the period		**(561,532)**	**(242,943)**

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 2018

Company number: 10821555

	Notes	2018 £	2017 £
Cash and cash equivalents		1,265	489,188
Amounts due from related companies	8	3,946,556	3,949,392
Total current assets		**3,947,821**	**4,438,580**
Long term debentures	9	(4,702,296)	(4,631,523)
Total non-current liabilities		**(4,702,296)**	**(4,631,523)**
Net liabilities		**(754,475)**	**(192,943)**
Capital and reserves			
Share capital	10	50,000	50,000
Retained earnings		(804,475)	(242,943)
Total equity		**(754,475)**	**(192,943)**

The financial statements on pages 8 to 16 were approved by the board of directors and authorised for issue on 28 June 2019 and are signed on their behalf by:

T Cornelius

Timothy Cornelius

Director

Atlantis Ocean Energy Plc

Statement of changes in equity
For the year ended 31 December 2018

	Share capital £	Retained earnings £	Total £
Balance at 15 June 2017 (Date of Incorporation)	**50,000**	**-**	**50,000**
Total comprehensive loss for the period ended 31 December 2017	-	(242,943)	**(242,943)**
Balance at 31 December 2017	**50,000**	**(242,943)**	**(192,943)**
Total comprehensive loss for the period ended 31 December 2018	-	(561,532)	**(561,532)**
Balance at 31 December 2018	**50,000**	**(804,475)**	**(754,475)**

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

Notwithstanding net current liabilities of £754,475 as at 31 December 2018 and a loss for the year then ended of £561,532, the financial statements have been prepared on a going concern basis, which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its immediate parent company, SIMEC Atlantis Energy Limited, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on SIMEC Atlantis Energy Limited providing additional financial support during that period. SIMEC Atlantis Energy Limited has indicated its intention to continue to make available such funds as are needed by the company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

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 2018.

3 Significant accounting policies (continued)

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 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 accounting 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.

<u>Non-derivative financial assets</u>

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 (2017: £2k) were borne by another group company and were not recharged.

5 Staff costs

During the year ended 31 December 2018 and the period ended 31 December 2017, 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

	2018 £	2017 £
Current tax:		
UK corporation tax	-	-
	-	-

For the year ended 31 December 2018 the Company was subject to UK corporation tax at a rate of 19% (2017: 19.25%). The total tax expense differs from the amount computed by applying the statutory UK tax rates as follows:

	2018 £	2017 £
Loss before tax	(561,532)	(242,943)
Tax at 19% (2017: 19.25%)	(106,691)	(46,767)
Losses carried forward on which no deferred tax is recognised	106,691	46,767
Tax credit for the period	-	-

At the end of the reporting period, the company has unutilised tax losses of £804,475 (2017: £242,943) 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% (2017: 19.25%). The standard rate of UK Corporation tax reduced from 20% to 19% on 1 April 2017. The Finance Act 2016 includes legislation to further reduce the rate from 1 April 2020 to 17%. This will reduce the Company's future current tax charge accordingly.

8 Amounts due from related companies

	2018 £	2017 £
Non-trade receivables due from a holding company	312,625	502,795
Non-trade receivables due from a related company	3,633,931	3,446,597
	3,946,556	3,949,392

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.

	£
As at 15 June 2017	-
Proceeds raised	4,950,000
Issue and transaction costs	(353,863)
Loan interest payable and amortisation of issue and transaction costs	201,381
Loan interest paid	(165,995)
As at 31 December 2017	**4,631,523**
Loan interest payable and amortisation of issue and transaction costs	466,773
Loan interest paid	(396,000)
As at 31 December 2018	**4,702,296**

10 Share capital

	2018 £	2017 £
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 2018 the Company is a subsidiary undertaking of SIMEC Atlantis Energy Limited, which is the ultimate parent company incorporated in Singapore and registered at 80 Raffles Place, Level 36, Singapore 048624. 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.