CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED
30 JUNE 2016

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CHAIRMAN'S STATEMENT

February 2016 marked the second anniversary of Atlantis's transition to a public company, and we have continued in the pioneering spirit which saw us become the first listed tidal power company back in 2014.

Our flagship MeyGen project is progressing well towards commissioning later this year, with construction completed at the onshore building and the fit out and installation of the electrical equipment now in its final stages. We reached an important milestone in June with the energisation of our connection to the grid network in readiness for the export of tidally generated electricity. This followed over 25km of distribution network upgrades and one of the longest 33kV underground cable runs in the country, ensuring that visual impact was minimised. We were also delighted to announce that we had reached an agreement to allow a neighbouring onshore wind farm to access spare grid capacity when the full connection is not required by our project. We believe this is the first arrangement of its kind, and is testament to the uniquely predictable nature of the tidal resource, allowing other generators to know exactly when grid capacity will be available. This further demonstrates the advantages of tidal power and the important role it will play in Britain's future energy mix.

The first of the turbines from Andritz Hydro Hammerfest was delivered to the Nigg Energy Park for final assembly in early July 2016, just after this reporting period. The Atlantis turbine has now completed its rigorous onshore testing programme at the Offshore Renewable Energy Catapult's tidal turbine test facility in Blyth, Northumberland, and as I write this it is on its way up to Nigg for the fitting of the rotor and final pre-installation checks. The four giant steel foundation structures are also at the Nigg Energy Park, from where they will be loaded onto the installation vessel for deployment. They will be weighted down in position on the seabed by steel ballast blocks, to be delivered to the project site from nearby Scrabster Harbour.

Our wider portfolio of Scottish projects was strengthened in May with the completion of the acquisition of the Islay project and addition of ScottishPower Renewables (UK) Limited as a shareholder in our development vehicle, Tidal Power Scotland Limited (TPSL). This followed the news in April that DEME Concessions NV had agreed to invest in TPSL, paying £2 million for 2% of the company and a route to investment in the Islay project and later phases of MeyGen. Shortly prior to this, we had announced a new partnership agreement with Equitix, the multi-billion pound infrastructure investor, through which Equitix (via its managed funds) intends to acquire at least 25% of each Atlantis project vehicle at financial close of the relevant project. Together, these new relationships put us in our strongest position yet to ensure successful development of our portfolio and the tidal industry.

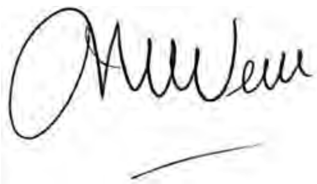
As we look forward to the installation of the MeyGen turbines over the coming months and the production of first power from our ground-breaking project, I share the team's excitement for the future and am full of admiration for all that has been achieved, and gratitude to all those who have contributed in so many ways to bring us to this watershed moment in the company's history. I look forward to working with our many stakeholders to take on the challenges and opportunities to establish tidal power as a long-term source of clean, renewable, and unobtrusive energy around the world.

CHAIRMAN'S STATEMENT continued

SUMMARY OF RESULTS

The group's consolidated total assets increased significantly to £103.1 million at 30 June 2016 from £91.7 million at 31 December 2015, with the acquisition of the development rights for two tidal projects from ScottishPower Renewables valued by the Company at £6.6 million and capital expenditure on MeyGen Phase 1A.

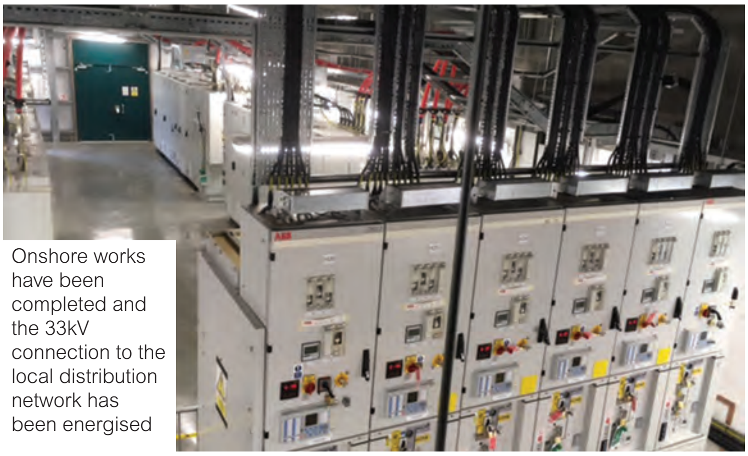
Revenue for the six months to 30 June 2016 arising from third party consulting revenues was £0.2 million. Together with the capital raise from the market, grants and borrowings, total cash from financing activities for the period is £14.2 million. The unaudited consolidated cash position of the Atlantis group as at 30 June 2016 was £13.2 million.



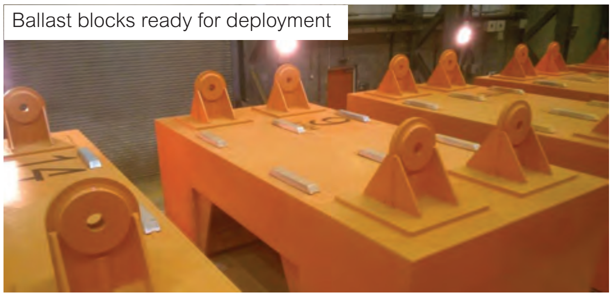
John Mitchell Neill
Chairman

29 September 2016

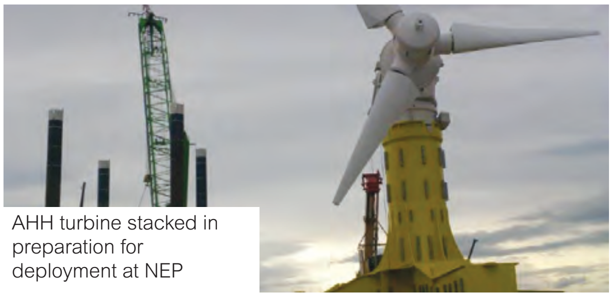
MEYGEN PHASE 1A – PROGRESSING TO FIRST POWER IN 2016



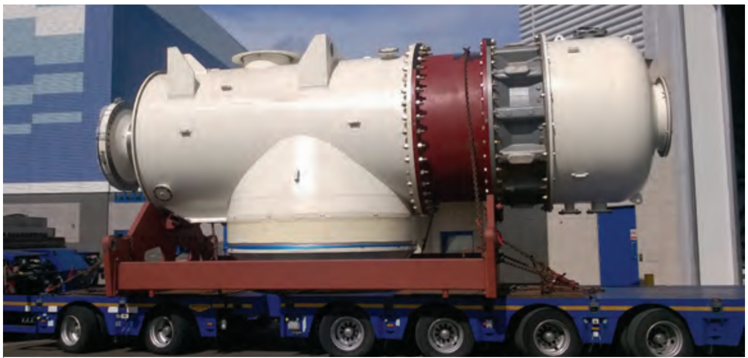
Onshore works have been completed and the 33kV connection to the local distribution network has been energised



Ballast blocks ready for deployment

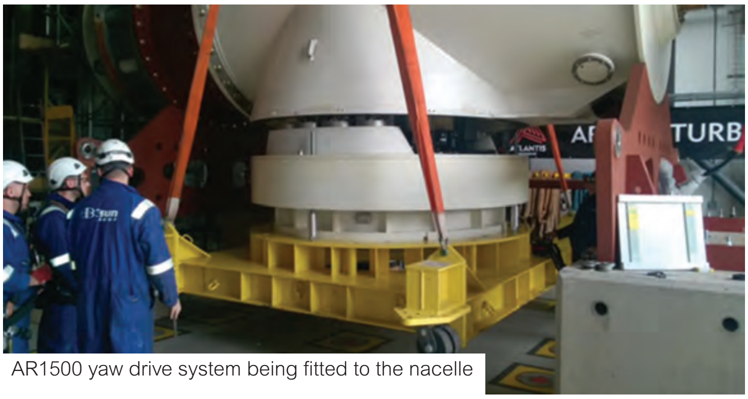


AHH turbine stacked in preparation for deployment at NEP



AR1500 turbine being transported from OREC to NEP

AHH turbine being lowered onto its stack at NEP



AR1500 yaw drive system being fitted to the nacelle

MeyGen turbine foundation complete with anodes for cathodic protection subsea

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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 2016, 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 *Interim Financial Reporting*.

KPMG LLP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore

29 September 2016

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Note	Group Six months ended 30 June 2016 £'000	30 June 2015 £'000
Revenue		**235**	462
Other gains and losses	7	**645**	678
Subcontractors costs		**(346)**	(246)
Depreciation and amortisation expenses		**(824)**	(790)
Research and development costs		**(144)**	(331)
Employee benefits expenses		**(2,456)**	(1,907)
Other operating expenses		**(973)**	(893)
Total expenses		**(4,743)**	(4,167)
Loss from operating activities		**(3,863)**	(3,027)
Finance costs	8	**(525)**	(624)
Share of results of equity-accounted investee		**(50)**	–
Loss before tax		**(4,438)**	(3,651)
Income tax expense		**–**	(13)
Loss for the period		**(4,438)**	(3,664)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**(408)**	910
Total comprehensive income for the period		**(4,846)**	(2,754)
Loss attributable to:		**–**	
Owners of the Group		**(4,438)**	(3,706)
Non-controlling interest		**–**	42
		(4,438)	(3,664)
Total comprehensive income attributable to:			
Owners of the Group		**(4,846)**	(2,914)
Non-controlling interest		**–**	160
		(4,846)	(2,754)
Loss per share (basic and diluted) (pence)	15	**(4.75)**	(4.11)

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Note	Group 30 June 2016 £'000	 31 December 2015 £'000
ASSETS			
Property, plant and equipment	9	**48,610**	41,115
Intangible assets	10	**36,322**	30,960
Investment in joint venture		**157**	211
Loan to joint venture		**1,147**	910
Non-current assets		**86,236**	73,196
Trade and other receivables		**3,654**	6,206
Cash and cash equivalents	11	**13,228**	12,268
Current assets		**16,882**	18,474
Total assets		**103,118**	91,670
LIABILITIES			
Trade and other payables	12	**5,761**	8,477
Provisions		**1,955**	2,036
Loans and borrowings	13	**2,471**	2,128
Current liabilities		**10,187**	12,641
Loans and borrowings	13	**23,268**	17,451
Deferred tax liabilities		**3,830**	3,830
Non-current liabilities		**27,098**	21,281
Total liabilities		**37,285**	33,922
Net assets		**65,833**	57,748
EQUITY			
Share capital		**91,129**	84,918
Capital reserve		**10,143**	5,709
Translation reserve		**6,907**	7,315
Option fee		**6**	6
Share option reserve	14	**3,218**	3,078
Accumulated losses		**(52,388)**	(47,950)
Total equity attributable to owners of the Company		**59,015**	53,076
Non-controlling interests		**6,818**	4,672
Total equity		**65,833**	57,748

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 2016

	Attributable to owners of the Company								
	Share capital £'000	Capital reserve £'000	Translation reserve £'000	Option fee £'000	Share option reserve £'000	Accumulated losses £'000	Total £'000	Non-controlling interest £'000	Total £'000
2016									
Group									
At 1 January 2016	84,918	5,709	7,315	6	3,078	(47,950)	53,076	4,672	57,748
Total comprehensive income for the period									
Loss for the period	–	–	–	–	–	(4,438)	(4,438)	–	(4,438)
Other comprehensive income	–	–	(408)	–	–	–	(408)	–	(408)
Total comprehensive income for the period	–	–	(408)	–	–	(4,438)	(4,846)	–	(4,846)
Transactions with owners, recognised directly in equity									
Contributions by and distributions to owners									
Issuance of shares	6,211	–	–	–	–	–	6,211	–	6,211
Recognition of share-based payment	–	–	–	–	140	–	140	–	140
Changes in ownership interest in subsidiary									
Dilution of interest in a subsidiary without change in control	–	4,434	–	–	–	–	4,434	2,146	6,580
Total transactions with owners	6,211	4,434	–	–	140	–	10,785	2,146	12,931
At 30 June 2016	91,129	10,143	6,907	6	3,218	(52,388)	59,015	6,818	65,833

	Attributable to owners of the Company								
	Share capital £'000	Capital reserve £'000	Translation reserve £'000	Option fee £'000	Share option reserve £'000	Accumulated losses £'000	Total £'000	Non-controlling interest £'000	Total £'000
2015									
Group									
At 1 January 2015	78,483	5,486	7,232	6	2,206	(50,052)	43,361	4,135	47,496
Total comprehensive income for the period									
Loss for the period	–	–	–	–	–	(3,706)	(3,706)	42	(3,664)
Other comprehensive income	–	–	792	–	–	–	792	118	910
Total comprehensive income for the period	–	–	792	–	–	(3,706)	(2,914)	160	(2,754)
Transactions with owners, recognised directly in equity									
Contributions by and distributions to owners									
Recognition of share-based payments	–	–	–	–	196	–	196	–	196
Changes in ownership interest in subsidiary									
Dilution of interest in a subsidiary without change in control	–	624	–	–	–	–	624	290	914
Total transactions with owners	–	624	–	–	196	–	820	290	1,110
At 30 June 2015	78,483	6,110	8,024	6	2,402	(53,758)	41,267	4,585	45,852

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 2016

	Note	Group Six months ended 30 June 2016 £'000	30 June 2015 £'000
Cash flows from operating activities			
Loss before tax for the period		**(4,438)**	(3,651)
Adjustments for:			
Depreciation of plant and equipment		**35**	12
Amortisation of intangible asset		**789**	778
Interest income		**(61)**	–
Finance costs	8	**525**	624
Share-based payments		**140**	196
Provision movement		**(41)**	–
Share of results of equity-accounted investee		**50**	–
Grant income		**(191)**	(397)
Net foreign exchange loss		**(111)**	(82)
Operating cash flows before movements in working capital		**(3,303)**	(2,520)
Movement in trade and other receivables		**(28)**	(604)
Movement in trade and other payables		**100**	(398)
Net cash used in operating activities		**(3,231)**	(3,522)
Investing activities			
Purchase of property, plant and equipment		**(9,629)**	(7,883)
Expenditure on project development		**(175)**	(1,027)
Net cash used in investing activities		**(9,804)**	(8,910)
Financing activities			
Proceeds from grants received		**3,046**	4,052
Proceeds from borrowings		**4,823**	5,500
Deposits released		**231**	848
Proceeds from issue of shares		**6,538**	–
Costs related to fundraising		**(327)**	–
Non-controlling interest		**–**	914
Net cash from financing activities		**14,311**	11,314
Net increase/(decrease) in cash and cash balances		**1,276**	(1,118)
Cash and cash equivalents at beginning of period		**10,182**	12,268
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies		**(85)**	372
Cash and cash equivalents at end of period	11	**11,373**	11,522

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 2016

The condensed consolidated statement of financial position of Atlantis Resources Limited (the "Company") and its subsidiaries (the "Group") as at 30 June 2016, 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 29 September 2016.

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 2015 were prepared in accordance with the provisions of the Singapore Companies Act and International Financial Reporting Standards ("IFRS"). The Group's statutory accounts were approved by the Board of Directors on 26 May 2016 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 registered office at 80 Raffles Place, level 36, Singapore 048624.

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

2.1 *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 2015.

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 2015.

2.2 *Changes in functional and presentation currencies*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

In prior years, the Company regarded Singapore dollar ("SGD") as its functional currency. However, as a result of the relocation of the Group's corporate headquarters from Singapore to Edinburgh, the management concluded that SGD can no longer be its functional currency. As such, effective from 1 January 2016, the Company and two of its subsidiaries Atlantis Projects Pte Ltd and Atlantis Turbines Pte Ltd have changed their functional currencies from SGD to Great Britain Pounds ("GBP"). GBP has also been adopted as the presentational currency of the Group's consolidated interim financial statements.

The change in functional currency of the Company was applied prospectively from date of change in accordance with IAS 21 "*The Effect of Changes in Foreign Currency Exchange Rate*". On the date of the change of functional currency, all assets, liabilities, issued capital and other components of equity and profit and loss account items were translated into GBP at the exchange rate on that date.

The change in presentation currency of the Group has been applied retrospectively in accordance with IAS 8 "*Accounting Policies, Changes in Accounting Estimates and Errors*", and the comparative figures as at 31 December 2015 and for the period ended 30 June 2015 have also been restated to GBP accordingly.

The changes in functional and presentation currencies have no significant impact on the financial positions of the Group as at 31 December 2015 and 30 June 2016, or the results and cash flow of the Group for the periods ended 30 June 2015 and 2016.

3. SIGNIFICANT ACCOUNTING POLICIES

Except for the new and revised IASs effective for the financial year beginning 1 January 2016 adopted during the six-months period ended 30 June 2016, 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 2015.

The adoption of the new and revised IASs for the financial year beginning 1 January 2016 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 2016 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 of adopting this standard in financial year ending 31 December 2018.

- IFRS 9 *Financial Instruments*

  IFRS 9 *Financial Instruments* replaces most of the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements.

- IFRS 16 *Leases*

  The new leases standard establishes the principles that entities would apply to report information to users of the financial statements about the amount, timing and uncertainty of cash flows arising from a lease. The new standards will require a lessee to recognise assets and liabilities arising from a lease on its balance sheet.

Management is currently evaluating the impact of the implementation of these standards, in view of the complexities and the potential wide-ranging implications.

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 2015.

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 2016 £'000	30 June 2015 £'000
Grant income	**191**	397
Other income	**282**	199
Interest income	**61**	—
Net foreign exchange gains	**111**	82
	645	678

8. FINANCE COSTS

	30 June 2016 £'000	30 June 2015 £'000
Interest expense arising from:		
– related party loans	**–**	246
– long term loan	**–**	245
– secured long term loans	**525**	133
	525	624

9. PROPERTY, PLANT AND EQUIPMENT

During the period, a further £7,325,000 (2015: £19,951,000) 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 £451,000 (2015: £11,060,000) of grants were drawn down. Included in the capitalised development costs is an amount of £812,000 (2015: £696,000) 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 £175,000 (2015: £1,200,000) for the period.

On 6 May 2016, Atlantis completed the acquisition of Scottish tidal project assets from ScottishPower Renewables (UK) Limited ("SPR") in exchange for a stake in the group's wider development portfolio. Accordingly, as consideration for the acquisition, Tidal Power Scotland Limited ("TPSL"), the group's Scottish tidal project portfolio company, issued new ordinary shares to SPR resulting in a shareholding for SPR of 6% of the enlarged share capital of TPSL. The value ascribed to the assets was £6.6 million. As a result of the transaction, which was agreed in December 2015, TPSL has acquired development rights for an additional 110MW of projects in Scotland, including the seabed rights, grid access and consents for the 10MW Sound of Islay project.

11. CASH AND CASH EQUIVALENTS

	30 June 2016 £'000	31 December 2015 £'000
Cash at bank	**11,294**	10,122
Fixed deposits	**1,856**	2,086
Cash on hand	**78**	60
Cash and cash equivalents in the statements of financial position	**13,228**	12,268
Less: Encumbered deposits	**(1,855)**	(2,086)
Cash and cash equivalents in the statement of cash flows	**11,373**	10,182

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 2016 £'000	31 December 2015 £'000
Trade payables	**2,273**	3,789
Other payables	**110**	263
Accruals	**2,995**	4,074
Advance receipts	**383**	351
	5,761	8,477

13. LOANS AND BORROWINGS

	30 June 2016 £'000	31 December 2015 £'000
Current loans and borrowings		
Secured bridging loan from non-controlling interest	**2,471**	2,128
Non-current loans and borrowings		
Loans from a related party	**3,885**	3,805
Long term loan	**3,933**	3,763
Secured long term loans	**15,450**	9,883
	23,268	17,451
Total loans and borrowings	**25,739**	19,579

During the period, a total of £4,823,000 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 in note 20, and no covenants of any loans have been breached.

14. SHARE OPTION RESERVE

During the period, 350,000 options to take up unissued shares of the Company were granted. 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 2016 £'000	30 June 2015 £'000	30 June 2016 '000	30 June 2015 '000	30 June 2016 pence	30 June 2015 pence
Basic and diluted	**4,438**	3,664	**93,352**	89,204	**4.75**	4.11

At 30 June 2016, share options were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

16. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Except as detailed in the following table, the directors consider the carrying amounts of the financial assets and financial liabilities recognised in the Consolidated Interim Financial Statements approximate their fair values.

		30 June 2016		31 December 2015	
	Note	Carrying value £'000	Fair value £'000	Carrying value £'000	Fair value £'000
Financial Liabilities					
Secured long term loans	13	**15,450**	**19,713**	9,883	12,976

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); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Group	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
30 June 2016				
Financial Liabilities				
Secured bridging loan from non-controlling interest	–	–	**2,471**	**2,471**
Loans from a related party	–	–	**3,885**	**3,885**
Long term loan	–	–	**3,933**	**3,933**
Secured long term loans	–	–	**19,713**	**19,713**
	–	–	**30,002**	**30,002**
31 December 2015				
Financial liabilities				
Secured bridging loan from non-controlling interest	–	–	2,128	2,128
Loans from a related party	–	–	3,805	3,805
Long term loan	–	–	3,763	3,763
Secured long term loans	–	–	12,976	12,976
	–	–	22,672	22,672

There were no transfers between levels in 2015 and 2016.

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, secured bridging loan from non-controlling interest and trade and other payables) are assumed to approximate their fair values. All other financial assets and liabilities are discounted to determine their fair values.

Valuation technique for financial instruments not carried at fair value but for which fair values are disclosed:

Type	Valuation technique
Group	
Secured long term loans	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 during the period:

	30 June 2016 £'000	30 June 2015 £'000
Interest income from a joint venture	**61**	–
Interest expense arising from related party loans	**–**	240

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 2016 £'000	30 June 2015 £'000
Short term employee benefits	**250**	344
Defined contribution benefits	**30**	11
Share-based payments	**88**	196

18. SEGMENT INFORMATION

(a) Operating segments

As at 30 June 2016, 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, MeyGen, being the main reportable segment within the Group.

Currently, the Group is principally engaged in the development of the tidal current power projects and the supply of tidal power turbines to these projects, which are its reportable segments in 2016. These divisions are managed separately because they require different expertise and marketing strategies.

The Board of Directors, who are the chief operating decision makers, review internal management reports of each division regularly, in relation to the capital expenditure, resources allocation and funding availability of the projects.

The other operation is the provision of corporate services which does not meet any of the quantitative thresholds for determining reportable segments in 2016 and 2015.

There are varying levels of integration between the power generation and turbine and engineering services divisions, including the delivery of a turbine from the turbine and engineering services to the power generation division.

Information regarding the results of each reportable segment is included below.

Six months ended 30 June 2016	Power generation £'000	Turbine and engineering services £'000	Total £'000
External revenues	–	235	235
Inter-segment revenue	–	2,141	2,141
Interest revenue	–	14	14
Interest expense	–	(412)	(412)
Depreciation and amortisation	–	(367)	(367)
Reportable segment loss before tax	(88)	(4,832)	(4,920)

There was no comparable segment reporting for the six months ending 30 June 2015, as there were no reportable segments during this period.

18. SEGMENT INFORMATION continued

(a) Operating segments continued

At 30 June 2016	Power generation £'000	Turbine and engineering services £'000	Total £'000
Reportable segment assets	65,517	26,904	92,421
Capital expenditure	8,133	179	8,312
Reportable segment liabilities	24,582	28,712	54,294

At 31 December 2015	Power generation £'000	Turbine and engineering services £'000	Total £'000
Reportable segment assets	53,312	18,781	72,093
Capital expenditure	19,951	1,205	21,156
Reportable segment liabilities	25,041	22,556	47,597

(b) Reconciliation of reportable segment profit or loss

Six months ended 30 June 2016	£'000
Reportable segment loss before tax	(4,920)
Unallocated amounts	532
Share of loss of equity-accounted investee	(50)
Consolidated loss before tax	(4,438)

19. CAPITAL COMMITMENTS

As at 30 June 2016, the Group had entered into contracts to construct a tidal power plant for £51.4 million (2015: £41.5 million), of which £36.1 million (2015: £27.9 million) had been incurred as at the reporting date. At 30 June 2016, the Group had other outstanding commitments under contracts for design and subcontract works for £1.9 million (2015: £2.7 million), and pre-final investment decision costs of £0.3 million (2015: Nil) for new sites.

20. EVENTS AFTER THE REPORTING PERIOD

a) In August 2016, DEME Concessions NV, a member of the DEME Group, ("DEME") completed its purchase of shares in Tidal Power Scotland Limited ("TPSL"). Under the terms of the agreement announced in April, DEME has paid £2 million in cash consideration to a wholly owned subsidiary of Atlantis for a 2% stake in TPSL. DEME will receive certain rights in respect of further equity funding at financial close of the Sound of Islay project and Phase 1C of the MeyGen project.

In addition, the DEME Group is now taking an active role in the MeyGen Phase 1A installation through DEME's subsidiary, Geosea NV ("GeoSea"), a specialist in complex offshore marine engineering projects. Geosea, will install with the jack-up vessel MV "Neptune" all heavy turbine foundation structures and some of the turbines for MeyGen Phase 1A.

b) On 17 August 2016, one of the subsidiaries, Atlantis Resources (Scotland) Limited entered into an agreement to extend the repayment terms of a bridging loan to 17 December 2016 at interest rate of 15% per annum. All other terms remain the same.

ATLANTIS
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