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# Chorus Motors plc

2003 Annual Report

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## **Management's Review of Progress**

30 May 2003

Fellow Members:

Fiscal 2003 was, we expect, our last year as a development-stage company. Shortly after the fiscal year-end, we completed our first production prototype Chorus® Motor, and we plan to introduce Chorus to the marketplace at a series of motor/drive trade shows beginning in June. We hope a year from now to report significant revenues and earnings for fiscal 2004.

By harnessing the electromagnetic harmonics that are present in any AC induction motor, we have been able to develop a motor that looks just like a conventional AC induction motor, but performs much better. And we have taken the basic Chorus concept, which has been operating in our labs for several years, to the next step. In certain applications, high torques are required at startup – for example when a car starts its engine, or when a loaded conveyor belt needs to begin running.

An advanced version of Chorus, called "Chorus Meshcon™," enables a drive to produce maximum torque even at slow startup speeds. The result is that a *much* smaller drive can be used for the same load, greatly reducing manufacturing costs. Chorus Meshcon provides great benefits at most drive sizes, from sizes of fractional horsepower up to megawatt systems, with a variety of competitive advantages which depend on the specific size and application. For example, the Chorus Meshcon motor/drive system can replace a 500-horsepower drive with a 100-hp drive in high-power startup applications using our proprietary electronics and windings.

Soon after the end of the fiscal year, we completed a 17-phase, 1.5-horsepower demonstration Chorus Meshcon motor/drive combination, for example, that operates at low speed with less than one third of the slot current required by its conventional three phase cousin. At first approximation, the torque of a motor is computed as the square of the slot current. This means, in layman's terms, that this motor is capable of far more torque than a conventional three phase motor. In applications where swift starts or high overloads are important—for example, driving automobiles, trucks, trains, or traction loads—Chorus Meshcon performs much better, and offers significant cost savings. When a smaller drive can do the work of a larger drive, there are savings to be had, and profits to be made.

In the opinion of our technical staff, the Chorus Motor Technology will change drive technology forever. Borealis is changing a commodity business into a proprietary business where our patented technology is expected to lead to substantial profit margins. The Chorus Motor is an ideal source of motive power for traction applications, including elevators, hoists, conveyors, locomotives, ships and automobiles. We expect the Chorus Motor to become the drive of choice for most such applications. Because of cost and performance advantages, the Chorus Motor will help make hybrid-electric cars economically competitive.

The worldwide market for electric motors exceeds \$200 billion a year, but because there has been little change or innovation in motors for decades, this has become a commodity-like, low-margin business. Indeed, some large corporations in both the United States and Europe are seeking to sell their motor-manufacturing operations, believing there is little prospect of earning reasonable returns in this business. But our Chorus technology will make electric motors and drives a sharply-differentiated business and enable our licensees to earn proprietary, high-margin profits.

## About the Chorus Motor

For nearly a century it has been universally believed among motor scientists that motors using more than three electrical phases have no real value, and for decades this belief had not been challenged. But in seeking to invent a better motor, we revisited the basic physics of electric motors. We discovered that, by designing a motor that uses more than three phases, we can harness the otherwise-damaging electromagnetic harmonics that degrade the performance of conventional motors. By co-opting the harmonic waves into a harmonic “chorus” that increases, rather than degrades, the fundamental torque of the motor, we have been able to design a more powerful, more effective motor. The AC induction Chorus Motor with Meshcon produces more than a 500% improvement in startup torque, greater torque throughout the speed curve, and increased efficiency—and because it costs much less to build will enable sufficient margin for the Chorus licensees in their exclusive markets to obtain high proprietary profits.



*Chorus Meshcon demonstration unit mounted for testing.*

Chorus will provide significant benefits to both motor/drive manufacturers and end-users. For example, Chorus allows a reduction of more than 70% in the drive cost for most traction and start-stop motor applications, including such growth businesses as integrated starter-alternators for automobiles as well as more traditional applications such as conveyors, locomotives, cargo handling cranes, hoists, and printing presses—indeed, any application requiring large startup torques and smaller high-speed loads. This means that we can lower the cost 10% and have acceptable profit margins for all parties involved selling our proprietary Chorus Technology while delivering the customer a better product at a lower price.

Here we get a little technical, for the engineers among us. The Chorus concept uses concentrated, high-phase-order windings which allow the beneficial use of electromagnetic harmonics (temporal, spatial, and overload). Consequently, a Chorus machine can achieve much higher torque densities than a traditional three-phase motor, but with no cost penalty.

The advanced version of Chorus that we call Chorus Meshcon specifically utilizes harmonic drive to “spooft” the drive electronics to think they are operating at a higher speed. The net benefit is that the motor drive, which cannot output maximum current and voltage to a three-phase motor at low speeds, is capable of achieving slot currents exceeding five times those that can be achieved in a three-phase machine. The result is that the much smaller drive greatly reduces the cost of the drive (and the drive typically accounts for some 80% of the total cost of a motor/drive system).

Chorus Meshcon is an inverter/drive combination, harnessing the specific system benefits of harmonic drive. It is ideal for traction applications at sizes from less than one horsepower up to megawatt systems. The technology is not strongly competitive for non-traction applications, such as pumps and fans.

Our strategy is probably not to become a motor or drive manufacturer, but to license the Chorus technology, on an exclusive basis for defined markets or applications, to existing motor/drive manufacturers, who know their customers and markets far better than we do. As we enter this change-averse market, it seems fairly clear that we will have to sell complete systems to licensees and/or end users. We may end up being the manufacturer of all high-value components and licensing out just the patented windings business to third parties.

When the advantages and the profit potential of our Chorus Technology become a fact then and probably only then will we be able to sell exclusive licenses to our technology. If this happens each licensee will be able to use its existing manufacturing, distribution, and sales channels to maximize market share as each leverages the technology to achieve proprietary margins and profits from the technology. We will just have to see how the market develops for Chorus Technology and becoming an OEM may not be such a bad thing after all if current motor manufacturers do not see what our technology holds for the future of the business. Of course, however, we expect to always manufacture and sell ourselves limited quantities of motors for evaluation and testing purposes and for certain specific high-value, low-volume markets.

## **Our Organizational Structure**

Chorus Motors plc is a public company with audited books, a CUSIP number, a stock symbol (CHOMF), whose shares can be deposited and traded by brokers using the DTC clearing system. Chorus Motors is a majority-owned subsidiary of Borealis Exploration Limited. Our immediate parent is Borealis’ 99%-owned subsidiary, Borealis Technical Limited, which owns all patents on the Chorus and Meshcon technologies and has licensed them exclusively to Chorus Motors plc. We expect that at any time Chorus’ shares will begin public trading. Chorus Motors plc has 10,000,000 shares authorized and, at fiscal year-end, had 6,044,289 shares outstanding, of which Borealis owned 5,219,872 shares, or 86%. Both Borealis and Chorus Motors plc are incorporated in Gibraltar.

While our headquarters and legal domicile are in Gibraltar, Chorus Motors operates as a virtual company, and the Internet plays a dominant role in our day-to-day work. It is the means by which we manage our businesses, discuss new ideas, and promote ourselves to the outside world. Modern communications technology has allowed us to circumvent the traditional problems associated with working on four continents and twenty time zones. Because of this, we have access to facilities and personnel about which a company of our size would normally only be able to dream.

Chorus has consultants around the world, all of whom work over e-mail. Management and technical discussions take place over the Net. Chorus runs a continual Board of Directors meeting 24 x 365, with an annual traffic of some 1,000 messages to each board member. Chorus has intense direct participatory management, and many consultants to the Company sit in on the board meetings and provide input even while they are not voting members.

Our Website, [www.chorusmotors.gi](http://www.chorusmotors.gi), makes information about our technology available, and informs shareholders, other companies, and the general public about Chorus. The Website is frequently updated, and our major disclosed technologies are described on the site in detail. Additionally, Borealis sends out a weekly update (as well as daily share trades with its prices) to shareholders and to all the major news organizations and other interested parties, detailing our ongoing work and progress (please e-mail [pr@chorusmotors.gi](mailto:pr@chorusmotors.gi) if you would like to receive these updates). Through this wide distribution, we are able to keep people better informed than through traditional channels. Your management uses this technology to maintain a close relationship with our shareholders.

This virtual company structure is great to work with and allows us to have many people directly involved in the decision-making processes at Chorus. This approach may not be conventional, but the results to date have validated the business structure.

## **Patents and Intellectual Property**

Borealis Technical Limited so far has been granted a number of patents for its Chorus Motor and Meshcon technologies, and we are applying for additional patents as our continuing research warrants. We have recently, for example, received patents covering the winding of electric motors and the Meshcon technology; we believe these are among the most significant patents granted for electric motor technology in almost a century.

Some of our patents are “pioneer” patents, reflecting the fact that they represent a technical revolution in the motor field. Pioneer patents are those to which the majority of the later patents in a field make reference, or on which later patents build by adding new improvements to the field. Because pioneer patents represent the result of groundbreaking scientific discoveries or development, the courts have found that they merit a wide breadth of protection in construing their claims and specifications.

Because our scientific discoveries and technical advances are the core of our business, we are very careful about protecting these assets. Patenting and otherwise protecting our technologies is an important activity at Chorus and consumes a considerable portion of our resources. We have developed a valuable library of intellectual property and we intend to protect it vigorously.

## **Financial Report**

Chorus Motors plc has all its bills paid by Borealis Technical Limited and as such has no liabilities of any kind. In return Borealis Technical Limited will receive 50% of the sublicense revenue and 8% of all other revenue generated by Chorus Motors plc.

All proceeds from share sale are due back to Chorus Motors plc and these totaled \$7,038,069 at fiscal 2003 year-end, compared with \$6,646,173 for financial year 2002.

Borealis Technical Limited collects \$64,800 in annual management fees and the cumulative loss to date for your company is \$259,200.

Year ended 31 March 2003 was very active with major advances in our technology.

Share sales were very modest. The year end showed 6,044,289 shares outstanding compared with 5,966,799 shares for financial year ended 2002.

As the company has no debt or other obligations the company is in a great position to pursue its business in an industry that is very immune to any change.

The technical advances have continued year in and year out. With the business model we are using of the Chorus Club, we expect a very long life for our continued scientific advances.

We now have product to sell. It is difficult to make any sales in such a stable industry. That said, because of our financial structure and position, we can continue our scientific advances and development work for many years until this industry finally is taken over by our technology.

We thank everybody for their help and for their support.

Changing basic industries is not easy.

The motor industry needs to be changed as we have a much better product at net a better price.

We expect to be the dominant technology in the long run. We want the long run to be as short a time period as possible.

## **Chorus Motors plc**

A handwritten signature in black ink, appearing to read 'Rodney T. Cox', with a large, stylized initial 'R' at the start.

Rodney T. Cox  
Chairman and CEO

A handwritten signature in black ink, appearing to read 'Isaiah W. Cox', with a large, stylized initial 'I' at the start.

Isaiah W. Cox  
President and COO

## **Forward-Looking Statement**

The discussion of the Company's business and operations in this report includes in several instances forward-looking statements, which are based upon management's good faith assumptions relating to the financial, market, operating and other relevant environments that will exist and affect the Company's business and operations in the future. All technical, scientific, and commercial statements regarding technologies and their impacts are based on the educated judgment of the Company's technical and scientific staff. No assurance can be made that the assumptions upon which management based its forward-looking statements will prove to be correct, or that the Company's business and operations will not be affected in any substantial manner by other factors not currently foreseeable by management or beyond the Company's control. All forward-looking statements involve risks and uncertainty. The Company undertakes no obligation to publicly release the result of any revisions to these forward-looking statements that may be made to reflect the events or circumstances after the date hereof or to reflect the occurrence of unanticipated events including those described in this report, and such statements shall be deemed in the future to be modified in their entirety by the Company's public pronouncements, including those contained in all future reports and other documents given to shareholders, the investing public and the Government of Gibraltar.

## **Chorus Motors plc Directors and Officers**

### **Board of Directors**

Iris Oren Cox, J.D.  
Joseph J. Cox, B.A.  
Rodney T. Cox, Ph.D.  
John Klys  
Peter Vanderwicken, A.B.

Isaiah W. Cox, A.B.  
Nechama J. Cox, Ph.D.  
Stuart Harbron, Ph.D.  
Wayne S. Marshall, Ph.D.

### **Officers**

Rodney T. Cox, Chairman, Chief Executive Officer, and Acting  
Chief Financial Officer

Isaiah W. Cox, President and Chief Operating Officer

Stuart Harbron, Chief Patent Officer

James Magdych, Chief Information Officer

### **Investor Information**

Extensive information for investors can be found on our Website at <http://www.chorusmotors.gi/>. Our annual and quarterly reports for the past five years are posted there, as well as full information about the Company and our technologies. The site also has links to quotation systems that report our current stock prices.

If you have a question about Chorus Motors, please write to us at [pr@chorusmotors.gi](mailto:pr@chorusmotors.gi).

**CHORUS MOTORS PUBLIC  
LIMITED COMPANY**

**Financial Statements  
for the year ended 31 March 2003**

# **CHORUS MOTORS PUBLIC LIMITED COMPANY**

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# **CHORUS MOTORS PUBLIC LIMITED COMPANY**

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Registered No (Gibraltar) 68312

## **DIRECTORS AND OFFICERS**

### **Directors**

Isaiah W Cox  
Rodney T Cox  
Wayne S Marshall  
John Klys  
Benjamin J Cox (resigned 30<sup>th</sup> August 2002)  
Stuart Harbron (appointed 27<sup>th</sup> July 2002)  
Peter Vanderwicken  
Nechama C Cox  
Iris O Cox  
Joseph J Cox

### **Secretary**

BDO Fidecs Management Limited

### **Registered Office**

Suite 3G, Eurolife Building  
1 Corral Road  
Gibraltar

### **Auditors**

Moore Stephens  
Suite 5 Watergardens 4  
Waterport  
Gibraltar

# **CHORUS MOTORS PUBLIC LIMITED COMPANY**

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## **DIRECTORS' REPORT**

The directors submit their report and the audited financial statements for the year ended 31 March 2003.

### **Corporate Profile**

The Company was incorporated on 18<sup>th</sup> March 1999 in Gibraltar.

### **Activities**

The principal activity of the Company is that of researching and developing the "Chorus Motor" technology.

### **Results and Review of Business**

The results for the year are shown in the profit and loss account on page 6.

Borealis Technical Limited ("Technical"), the parent company, has conducted basic industrial research on its "Chorus Motor" technology since 1998 for which it has patents issued and pending. All of the research expenditures to date have been undertaken by Technical and funded by Borealis Exploration Limited, the ultimate parent of the Company. Technical had received deposits in the current and prior year on behalf of the Company towards the issue of shares in the Company.

An Intellectual Property Agreement was signed effective 1<sup>st</sup> January 1999, whereby Technical has granted the Company the exclusive worldwide rights for sublicensing the "Chorus Motor" technology. In consideration for the rights granted to the Company, the Company shall pay Technical an 8% royalty based on net sales of licensed products and services sold by the Company and 50% of all sublicense income. To date the "Chorus Motor" technology is still under development such that the Company has not made any related sublicense sales.

### **Results and Review of Business (Continued)**

The Company has been in the development stage since its inception. The Company intends to retain its sublicense rights granted by Technical. These financial statements have been prepared in accordance with generally accepted accounting principles with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. From inception to 31<sup>st</sup> March 2003, the Company has lent money raised on its behalf to Technical and Borealis Exploration Limited, who are also in a development stage and have conditions subject to raising substantial doubt about their ability to continue as a going concern. These conditions also raise substantial doubt about the ability of the Company to continue as a going concern. Management of the Company has indicated they have no intention to demand repayment of the amounts owing from Technical until the "Chorus Motor" technology is being sold in the marketplace. The Company and Technical are actively working together to negotiate sales or further sublicensing of its technology to various parties, which is expected to generate profitable operations in the future. To the extent additional funds are required, the Company will attempt to raise these funds through future sales of its own shares. However, there can be no assurance that the Company will be successful in its actions. The financial statements do not contain any adjustments which might be necessary if the Company is unable to continue as a going concern.

# **CHORUS MOTORS PUBLIC LIMITED COMPANY**

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## **DIRECTORS' REPORT (Continued)**

During the 2000 fiscal year the Company further entered into an agreement with a certain contractor of Technical. Pursuant to this agreement the Company is granting the contractor certain sublicensing rights for the "Chorus motor" technologies in the Canadian market. In consideration for the rights granted to this contractor, the Company will be entitled to a 4% royalty based on net sales of licensed products and services sold by the contractor and 50% of all sublicense income in the Canadian market. The Company will have the right to terminate such sublicense rights to the contractor, on or before 1<sup>st</sup> April 2004, should the value of certain stock and stock options of the Company already issued to the contractor and any further cash or securities paid to the contractor exceed \$10,000,000 CDN.

### **Dividends**

There were no dividends declared during the year.

### **Directors and their Interests**

The directors who served during the year were as stated on page 1.

The interest of the directors in the shares of the Company in the year were as follows.

#### **Shares held at 31 March 2003**

Isaiah W Cox	32,960
Rodney T Cox	48,165
Wayne S Marshall	28,082
John Klys	16,000
Stuart Harbron	0
Peter Vanderwicken	8,586
Nechama C Cox	5,775
Iris O Cox	2,305
Joseph J Cox	2,697

### **Share Options**

The company authorised the issue of 875,000 options on 1<sup>st</sup> February 1999. The exercise price of those options is US \$ 7.70 per share. The options are for a five year term, and are subject to terms and conditions on the part of the option holder. At the year ended 31<sup>st</sup> March 2003, 447,800 options were outstanding.

# CHORUS MOTORS PUBLIC LIMITED COMPANY

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## DIRECTORS' REPORT (Continued)

### Directors' Responsibilities

The directors are responsible for preparing financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss for that year and which comply with the Gibraltar Companies Ordinance 1930, the Gibraltar Companies (Accounts) Ordinance 1999 and the Gibraltar Companies (Consolidated Accounts) Ordinance 1999. In preparing the financial statements, appropriate accounting policies have been used and applied consistently, reasonable and prudent judgements and estimates have been made, and applicable accounting standards have been followed. The directors are responsible for maintaining adequate accounting records, for safeguarding the assets of the company, and for preventing and detecting fraud and other irregularities.

### Auditor

A resolution to reappoint Moore Stephens will be proposed at the Annual General Meeting.

By order of the Board



.....  
Isaiah W Cox  
Director  
10 June 2003



.....  
Rodney T Cox  
Director

# **CHORUS MOTORS PUBLIC LIMITED COMPANY**

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## **REPORT OF THE AUDITORS**

### **To the members of Chorus Motors Public Limited Company**

We have audited the financial statements on pages 6 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

This report is made solely to the company's members as a body, in accordance with the Companies Ordinance 1930. 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.

### **Respective responsibilities of directors and auditors**

As described in the report of the Directors, the company's Directors and management are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### **Basis of opinion**

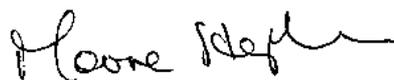
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board in the United Kingdom. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

In forming our opinion, we have considered the disclosures made in note 2 of the financial statements in connection with the application of the going concern basis and the uncertainty with regards to securing continued financial support. In view of the significance of these matters we consider they should be drawn to your attention but our opinion is not qualified in these respects.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31<sup>st</sup> March 2003 and of the loss for the year then ended in accordance with Gibraltar Accounting Standards and have been properly prepared in accordance with the Gibraltar Ordinance 1930 and the Gibraltar Companies (Accounts) Ordinance 1999.



**Moore Stephens**  
CHARTERED ACCOUNTANTS

Gibraltar  
2 June 2003

## **CHORUS MOTORS PUBLIC LIMITED COMPANY**

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### **PROFIT AND LOSS ACCOUNT** **For the year ended 31 March 2003**

	<b>Note</b>	<b>2003</b> <b>\$</b>	<b>2002</b> <b>\$</b>
<b>Expenditure</b>			
Administration fees	5	64,800	64,800
<b>Retained loss for the year</b>		<u>(64,800)</u>	<u>(64,800)</u>
<b>Retained losses brought forward</b>		<u>(194,400)</u>	<u>(129,600)</u>
<b>Retained losses carried forward</b>		<u><u>\$ (259,200)</u></u>	<u><u>\$ (194,400)</u></u>

The company has had no discontinued activities during the year, accordingly, the above result for the company relates solely to continuing activities.

No statement of recognised gains and losses has been produced as the only recognised gains and losses occurring in the year are those disclosed in the Profit and Loss Account.

The notes on pages 8 to 10 form part of these Financial Statements.

# CHORUS MOTORS PUBLIC LIMITED COMPANY

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## BALANCE SHEET as at 31 March 2003

	Notes	2003 \$	2002 \$
<b>Current Assets</b>			
Debtors	2	7,038,069	6,646,173
		<u>                    </u>	<u>                    </u>
<b>Total Net Assets</b>		<u>\$ 7,038,069</u>	<u>\$ 6,646,173</u>
<b>Capital and Reserves</b>			
Called up Share Capital	3,4	60,443	59,667
Share Premium Account	3,4	7,236,826	6,780,926
Profit and Loss account	4	(259,200)	(194,400)
		<u>                    </u>	<u>                    </u>
<b>Total Shareholders' Funds</b>		<u>\$ 7,038,069</u>	<u>\$ 6,646,173</u>

The notes on pages 8 to 10 form part of these Financial Statements.

# CHORUS MOTORS PUBLIC LIMITED COMPANY

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## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

### 1 Principal accounting policies

The financial statements have been prepared in accordance with Gibraltar Accounting Standards and the Gibraltar Companies Ordinance 1930, the Gibraltar (Companies Accounts) Ordinance 1999 and the Gibraltar (Consolidated Accounts) Ordinance 1999 (together, 'Gibraltar GAAP')

**a. Basis of accounting**

The financial statements are prepared in accordance with the historical cost convention.

**b. Reporting currency**

The Company's financial statements are presented in US dollars, which is the functional currency for operations.

**c. Foreign currency translation**

Transactions in foreign currency are recorded at the rate at the date of the transaction. Any monetary assets or liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

**d. Going Concern**

These financial statements have been prepared under the going concern concept which assumes that the Company will continue in operational existence for the foreseeable future having adequate funds to meet their obligations as they fall due. Further information is set out in the Directors' Report on pages 2 to 5.

**e. Cash Flow Statements**

The company meets the size criteria for a small company set by the Companies Act 1985 and therefore, in accordance with FRS1: Cash Flow Statements, it has not prepared a cash flow statement.

**f. Taxation**

The company and its subsidiaries have been granted exempt status under the Gibraltar Companies (Taxation and Concessions) Ordinance. Providing the company continues to satisfy the criteria for such status, including the payment of an annual government charge of £225 it will not be subject to Gibraltar Corporation Tax for a period of twenty-five years from 24 August 1999, the date on which it was granted such status. There is proposed legislation now pending approval that may change the tax status of the company in the foreseeable future, although it appears likely that a low or zero rate of taxation will apply under the proposed new structure

# CHORUS MOTORS PUBLIC LIMITED COMPANY

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

### 2. DEBTORS

	2003 \$	2002 \$
Loan to related party	\$ 7,038,069	\$ 6,646,173

Amounts due from the Company's parent company are non-interest bearing, unsecured, and with no fixed terms of repayment

### 3. CALLED UP SHARE CAPITAL

	2003 \$	2002 \$
Authorised share capital 10,000,000 ordinary shares @ \$0.01 each	\$ 100,000	\$ 100,000

	Number of Shares	Share Capital \$	Share Premium Account \$	Total \$
At 31 March 2000	5,659,429	56,594	3,141,689	3,198,283
Shares issued during the year	168,427	1,684	2,432,198	2,433,882
At 31 March 2001	5,827,856	58,278	5,573,887	5,632,165
Shares issued during the year	138,943	1,389	1,207,039	1,208,408
<b>At 31 March 2002</b>	5,966,799	59,667	6,780,926	6,840,573
Shares issued during the year	77,490	755	455,900	456,655
<b>At 31 March 2003</b>	6,044,289	\$ 60,422	\$ 7,236,826	\$ 7,297,248

The shares issued were partly to raise additional finance (cash received in Technical) and partly to settle amounts owing to creditors by Technical.

# CHORUS MOTORS PUBLIC LIMITED COMPANY

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## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

### 4. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	Share Capital \$	Share Premium Account \$	Profit & Loss Account \$	Total \$
At 31 March 2000	56,594	3,141,689	(64,800)	3,133,483
Shares issued during the year	1,684	2,432,198	–	2,433,882
Loss for the year	–	–	(64,800)	(64,800)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2001	58,278	5,573,887	(129,600)	5,502,565
Shares issued during the year	1,389	1,207,039	–	1,134,359
Loss for the year	–	–	(64,800)	(64,800)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2002	\$ 59,667	\$ 6,780,926	\$ (194,400)	\$ 6,646,173
Shares issued during the year	755	455,900	–	456,655
Loss for the year	–	–	(64,800)	(64,800)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 March 2003</b>	<u>\$ 60,422</u>	<u>\$ 7,236,826</u>	<u>\$ (259,200)</u>	<u>\$ 7,038,069</u>

### 5. RELATED PARTY TRANSACTIONS

In addition to related party transactions disclosed elsewhere in these financial statements, during the year ended 31 March 2003, the Company was charged \$64,800 (2002-\$64,800) in fee administrative services provided by the ultimate Parent Company.

### 6. ULTIMATE PARENT COMPANY

The ultimate parent company is Borealis Exploration Limited, a company incorporated in Gibraltar whose registered office is at Suite 3G, Eurolife Building, 1 Corral Road, Gibraltar.