CHORUS MOTORS

PUBLIC LIMITED COMPANY Gibraltar Registered No. 68312

Financial Statements

for the year ended 31 March 2010

Gibraltar Registered No. 68312

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 be unaffected 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 might 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 filed by the Company with the relevant Securities Commissions.

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DIRECTORS AND OFFICERS

Directors	Appointed	
Rodney T. Cox	21 Dec 1999	Director, Chairman of the Board and Chief Executive Officer
Isaiah W. Cox	21 Dec 1999	Director, President
Wayne S. Marshall	21 Dec 1999	Director
John Klys	21 Dec 1999	Director
Peter Vanderwicken	06 Sept 2000	Director
Nechama J. Cox	01 Aug 2001	Director, Chief Operating Officer
Giulio Pontecorvo	28 Aug 2003	Director

Secretary

STM Fidecs Management Limited Montagu Pavilion P.O. Box 575 8-10 Queensway Gibraltar

Registered Office

Suite 2F/2, Eurolife Building 1 Corral Road P.O.Box 575 Gibraltar

Auditors

Moore Stephens Limited Suite 5 Watergardens 4 Waterport Gibraltar

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DIRECTORS' REPORT

The directors submit their report and the audited financial statements for the year ended 31 March 2010.

Corporate Profile

The Company was incorporated on 18 March 1999 in Gibraltar. The Company's shares are publicly traded in the United States over-the-counter (OTC) market and quoted as CHOMF on the Pink Sheets at www.pinksheets.com.

Activities

The principal activity of the Company is that of researching, developing, building, and marketing the Chorus® MeshconTM Technology. Chorus Motors plc currently owns 6,574,262 shares of WheelTug plc.

Results and Review of Business

The results for the year are shown in the Profit and Loss Account on page 9.

The Chorus Meshcon technology is a novel AC electric motor/drive combination that uses electromagnetic harmonics to greatly increase the motor's torque and power density. A Chorus system is smaller, lighter, and is expected to sell for a premium over a conventional motor with the same output. It is ideal for traction applications such as electric cars and trains. We can routinely improve start up torque by up to ten times the overload capacity of a conventional 3-phase machine, and there are new advances that suggest we will be able to achieve over twenty times the start up overload capacity of the competition. The system has significant aerospace, ship propulsion and automotive uses.

Over the past year, Chorus has been developing both its lab capabilities, as well as meeting key customer requirements.

A significant improvement to our facility this year was the delivery of all the equipment from the tow tests that had previously been stored in California. This provided us with further test motors and inverters, as well as other needed development equipment.

This past year we continued our development efforts in two major areas. The first was the testing of a toroidally wound motor (a so called "pancake design" where the motor has a large diameter and is relatively thin.) We had two motors delivered by our sub-contractor, and we have been running tests on these motors to fully understand their capabilities. This design has potential application not just for aerospace use, but also for starter generators and marine applications.

Our other development effort revolves around our continuing commitment to WheelTug. We have been testing more conventional designs to evaluate how they could best be used in a WheelTug application. Accordingly, we have been researching and developing a packaging solution which will enable the Chorus Motor and the required gear package to fit within the wheel well on aircraft.

Both of these development paths have included research into possible benefits of different materials, lamination designs, and control options. We also are working closely with Dynetic Systems, WheelTug's motor partner company, who will actually be supplying the test, development, certification, and production motors for WheelTug systems.

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We continue to run these systems off a development architecture software, which allows the team in the laboratory to provide the motors with a range of different inputs so that we can continue to increase our understanding of the motors capabilities.

DIRECTORS' REPORT (Continued)

Results and Review of Business (Continued)

While our control software has been largely stable over the past year, we have been extending our capabilities in terms of data evaluation software and work. As we gather more and more data, we need increasing effort spent in evaluation and analysis of this data.

We have also continued our patenting efforts. While our development work means that we have not applied for as many patents as in previous years (currently, we are focusing our work on existing efforts), we did respond to third party responses and challenges through the USPTO which resulted in our patented proprietary work being upheld. We will continue to aggressively defend and expand our patented proprietary Chorus Motor Technology.

We continue conversations with potential partners, including car makers. Growing industry awareness on the problem of rare earth supplies for competing permanent magnet (brushless DC) motors continues to make it clear that our technology is a much safer way, more profitable way inn the long term to develop an electric/hybrid automobile.

As we move towards potential business relationships, we have decided to re-design our web site. In the past we have gotten a lot of interest from hobbyists and other people interested in one-off or small run motor supply. Given the design and research costs, Chorus is focusing on designing a site which will attract industry executives rather than hobbyists. We expect that this site will be up shortly.

As of 31 March 2010, Chorus Motors plc owned 6,580,742 shares of WheelTug plc. During Fiscal Year 2009, Chorus Motors sold 83,916 shares of WheelTug for \$1,678,320.

A current business plan for WheelTug plc is available under NDA.

An Intellectual Property Agreement was signed effective 1 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. The Company intends to retain its sublicence rights granted by Technical.

The Company has been in the development stage until fiscal 2007. 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 March 2006, the Company lent money raised on its behalf and through the sale of WheelTug plc shares and the sale of product to Technical which is owned by Borealis Exploration Limited, who are also in a development stage. Since that date, Chorus Motors plc is paying its own expenses, though excess funds are being lent to Technical.

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Chorus Motors plc is strongly profitable and has been for several years. Securities held by the Company are carried at cost on the Company books, which is a nominal sum. Nonetheless the present circumstances raise certain doubts 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 product sales or further sublicensing of its technology to various parties, which are expected to generate profitable operations in the future.

DIRECTORS' REPORT (Continued)

Results and Review of Business (Continued)

To the extent additional funds are required, the Company will attempt to raise these funds through future sales of products, licences, sales of portfolio shares and perhaps by further issues of shares. There can be no assurance that the Company will be successful in its actions. The financial statements do not contain any adjustments that might be necessary if the Company is unable to continue as a going concern.

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 2.

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

	Share held on 31 March 2010	Shares held on 31 March 2009
Rodney T. Cox	48,165	48,165
Isaiah W. Cox	37,810	37,810
Wayne S. Marshall	36,571	36,571
John Klys	10,000	10,000
Peter Vanderwicken	18,313	18,313
Nechama J. Cox	13,775	13,775
Giulio Pontecorvo	5,809	5,809

Share Options

As of 31 March 2010, there were no share options outstanding.

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 Act 1930 and the Gibraltar Companies (Accounts) Act 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.

Investor Information

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Extensive information for investors can be found on our Website at www.chorusmotors.gi. Our annual and quarterly reports for the past several 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 share prices.

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

DIRECTORS' REPORT (Continued)

Auditor

A resolution to reappoint Moore Stephens Limited was passed at the Annual General Meeting.

By order of the Board on 25 August 2010

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Isaiah W. Cox Director Jun Can

Rodney T. Cox Director

Independent auditors' report to the shareholders of Chorus Motors Public Limited Company

We have audited the financial statements of Chorus Motors plc for the year ended 31 March 2010 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 182 of the Gibraltar Companies Act. 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.

Directors' responsibilities for the financial statements

The directors are responsible for the preparation and true and fair representation of these financial statements in accordance with applicable law and Gibraltar Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibilities

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

In forming our opinion, we considered the disclosures in Note 1 of the Financial Statements in connection with the application of the going concern basis and the uncertainty with regard to securing continued financial support.

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AUDITORS' REPORT (Continued)

Opinion

In our opinion the financial statements give a true and fair view, in accordance with Gibraltar Generally Accepted Accounting Standards, of the state of the company's affairs as at 31 March 2010 and of its loss for the year then ended.

Report on other legal and regulatory matters

In addition to reporting on the financial statements, Gibraltar legal and regulatory requirements also require us to:

- (a) Report to you our opinion as to whether the financial statements have been properly prepared in accordance with the Gibraltar Companies Act 1930, the Gibraltar Companies (Accounts) Act 1999 and other applicable legislation.
- (b) State in our report whether in our opinion the information given in the directors' report is consistent with the financial statements.
- (c) Report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

Opinion

In our opinion the financial statements have been properly prepared in accordance with the Gibraltar Companies Act 1930, the Gibraltar Companies (Accounts) Act 1999 and other applicable legislation; and the information given in the directors' report is consistent with the financial statements.

We have nothing to report to you in respect of our responsibility set out in (c) above.

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Statutory Auditor
For and on behalf of

MOORE STEPHENS LIMITED

Suite 5 Watergardens 4 Waterport Gibraltar

25 August 2010

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PROFIT AND LOSS ACCOUNT for the year ended 31 March 2010

	Notes	2010 \$	2009 \$
Expenditure			
Development Expenses	6	(228,670)	(311,730)
Administrative fees	7 _	(280,000)	(280,000)
Expenditure for the year		(508,670)	(591,730)
Profit of disposal of investments	1	1,541,248	1,677,480
Retained profit for the year	_	1,032,578	1,085,750
Retained profit 1 April 2009	_	3,089,634	2,003,884
Retained profit 31 March 2010	_	\$4,122,212	\$3,089,634

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 11 to 14 form part of these Financial Statements.

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BALANCE SHEET as at 31 March 2010

	Notes	2010 \$	2009 \$
Investments	2	65,035	65,807
Current Assets Debtors	3 .	17,036,346	15,605,079
Total Current Assets		17,036,346	15,605,079
Total Net Assets	:	\$17,101,381	\$15,670,886
Capital and Reserves			
Called up Share Capital Share Premium Account Retained Profit	4,5 4,5 5	66,578 12,912,591 4,122,212	66,178 12,515,074 3,089,634
Total Shareholders' Funds	:	\$17,101,381	\$15,670,886

Signed on behalf of the Board of Directors on 25 August 2010



Isaiah W. Cox
Director
Rodney T. Cox
Director

The notes on pages 11 to 14 form part of these Financial Statements.

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2010

1. PRINCIPAL ACCOUNTING POLICIES

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

a. Basis of accounting

These financial statements have been prepared under the Accounting Policies set out.

b. Revenue

Revenue in the current year represents profit from the sales of WheelTug plc shares.

c. Reporting currency

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

d. 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.

e. Consolidation

In terms of an exemption under Section 8 of the Companies (Consolidated Accounts) Act consolidated accounts are not presented since the accounts of the company and its subsidiaries are consolidated in the accounts of the ultimate parent company.

f. 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 3 to 6.

g. Cash Flow Statements

The Company meets the size criteria for a small company set by the Gibraltar (Companies Accounts) Act 1999, and therefore, in accordance with the Gibraltar Financial Reporting Standards 1, Cash Flow Statements, it has not prepared a cash flow statement.

h. Taxation

The Company has been granted exempt status under the Gibraltar Companies (Taxation and Concessions) Act.

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2010 (Continued)

2. INTERESTS IN GROUP UNDERTAKING

The Company has the principal ownership interests and invested amounts in its subsidiary:

	Ownersh	Ownership Interest		ents
	2010 \$	2009 \$	2010 \$	2009 \$
WheelTug plc	93.80%	94.90%	\$65,035	\$65,807

3. DEBTORS

	2010	2009
	\$	\$
Loan to parent company	15,323,703	14,401,107
Amount due by subsidiary company	1,712,643	1,203,972
	\$17,036,346	\$15,605,079

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

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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2010 (Continued)

4. CALLED UP SHARE CAPITAL

Authorised share capital 10,000,000 ordinary shares @ 5	\$0.01 each		2010 \$ \$100,000	2009 \$ \$10,000
	Number of Shares	Share Capital \$	Share Premium Account \$	Total \$
At 31March 2008	6,601,483	66,014	12,189,356	12,255,370
Shares issued during the year	16,294	164	325,718	325,882
At 31March 2009	6,617,777	66,178	12,515,074	12,581,252
Shares issued during the year	40,028	400	397,517	397,917
At 31 March 2010	6,657,805	\$66,578	\$12,912,591	\$12,979,169

The shares issued were to settle amounts owing to creditors by Technical.

5. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	Share Capital \$	Share Premium Account \$	Profit & Loss Account \$	Total \$
At 31 March 2008	66,014	12,189,356	2,003,884	14,259,254
Share issued during the year Profit for the year	164 	325,718	1,085,750	325,882 1,085,750
At 31 March 2009	66,178	12,515,074	3,089,634	15,670,886
Shares issued during the year Profit for the year	400	397,517	1,032,578	397,917 1,032,578
At 31 March 2010	\$66,578	\$12,912,591	\$4,122,212	\$17,101,381

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2009 (Continued)

6. DEVELOPMENT EXPENSE

During the year ended 31 March 2010, the Company was charged by the Holding Company \$228,670 (2009, \$311,683) for development expenses.

7. RELATED PARTY TRANSACTIONS

In addition to related party transactions disclosed elsewhere in these financial statements, during the year ended 31 March 2010, the Company was charged \$ 280,000 (2009 - \$280,000) in fees for administrative services provided by the ultimate Parent Company.

8. ULTIMATE PARENT COMPANY

The ultimate parent company is Borealis Exploration Limited, a company incorporated in Gibraltar whose registered office is Suite 2F/2, Eurolife Building, 1 Corral Road, Box 757, Gibraltar