

# **CHORUS MOTORS**

**PUBLIC LIMITED COMPANY**  
Gibraltar Registered No. 68312

## **Financial Statements**

**for the year ended 31 March 2014**

# **CHORUS MOTORS PUBLIC LIMITED COMPANY**

Gibraltar Registered No. 68312

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## **ABOUT CHORUS MOTORS PLC**

Chorus Motors has developed an innovative electric motor technology, called Chorus® Meshcon®. Chorus is an AC induction electric motor/drive offering dramatic improvements in torque, size, weight, and reliability. A multiphase Chorus Meshcon motor can produce five times the startup torque of a same-sized three-phase conventional motor. It is ideal for low-speed overload such as those with start-stop and traction requirements, providing high torque at low speeds without compromising high-speed operation and performance. Initial applications -- such as the WheelTug® aircraft electric drive system – will be for aerospace (where power, size, and weight are all critical considerations), and for starter-generators. Chorus is also ideal for powering industrial machinery, cars, trucks, ships, and trains.

The Company's principal focus at present is developing, certifying, and marketing the WheelTug system for commercial aircraft, described more fully below in this report.

## **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 Commission

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# **CHORUS MOTORS PUBLIC LIMITED COMPANY**

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## **DIRECTORS AND OFFICERS**

### **Directors              Appointed**

Rodney T. Cox	21 Dec 1999	Director, Chairman of the Board, Chief Financial Officer 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

### **Secretary**

Mark Radom  
Suite 2  
Nachal Maor 1  
Ramat Bet Shemesh  
Israel 99623

### **Registered Office**

Suite 1  
43 Main Street  
Gibraltar

### **Auditors**

Moore Stephens Limited  
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 2014.

### **Corporate Profile**

The Company was incorporated on 18 March 1999 in Gibraltar. The Company's shares were publicly traded in the United States over-the-counter (OTC) market for many years and quoted as CHOMF on the Pink Sheets at [www.pinksheets.com](http://www.pinksheets.com). We are seeking other trading venues for Chorus Motor plc. It is a majority-owned subsidiary of Borealis Exploration Limited (PRG: BOREY; US OTC: BOREF).

### **Activities**

The principal activity of the Company is that of researching, developing, building, and marketing the Chorus Meshcon technology for a range of commercial and industrial applications, the principal one of which at present is for the WheelTug aircraft electric drive system. Chorus Motors plc currently owns 5,738,590 shares, or 82.77% of WheelTug plc, its majority-owned subsidiary developing WheelTug.

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

The results for the year are shown in the Profit and Loss Account on page 10.

Our subsidiary company WheelTug made major strides in fiscal 2014 toward completing development of and preparing for regulatory certification for its transformative technology for the aviation industry. While most of the year's efforts were focused on the highly complex task of engineering and developing a radically new technology, we also demonstrated the intense interest in the product among airlines. As of the date of this report, more than 15 airlines worldwide have reserved delivery positions for WheelTug systems for nearly 1,000 Boeing 737 and Airbus A320 aircraft, the initial versions being developed. This represents approximately 10% of all 737 and 320 model aircraft flying today.

The WheelTug project began in 2004, when The Boeing Company proposed to a joint test project to determine whether something the aerospace industry had never before been able to achieve was possible: whether an electric motor, designed to fit within the small nosegear wheels of an aircraft, could produce sufficient torque to drive an airplane, and thus enable forward and backward mobility at airports, without using either jet engines or a tow tug. The tests, conducted on a Boeing 767 in the summer of 2005 using Chorus Meshcon™ motors, were successful, and we then launched a multiyear effort to develop, certify, and market the WheelTug aircraft electric drive system.

WheelTug is the first available technology that enables most commercial and military aircraft to taxi around airports without using their main engines and without the assistance of tow tugs. The WheelTug system operates using highly-efficient, environmentally friendly, ultra-high-torque Chorus electrical motors. As a result, airlines (and other aircraft operators) will enjoy reduced fuel consumption, reduced engine damage, reduced maintenance costs and improved ground operations with improved schedule efficiencies. A WheelTug installation is comprised of two electric motors installed in the nosegear wheels of an aircraft, a motor drive electronics package and cockpit controls. WheelTug is powered by the aircraft's auxiliary power unit ("APU"). WheelTug can be fitted onto existing and new commercial airplanes, private executive jets, and helicopters, as well as onto military aircraft. WheelTug can also be easily installed and uninstalled on aircraft, which provides flexibility to airlines and aircraft leasing companies.

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## DIRECTORS' REPORT (Continued)

WheelTug offers significant environmental benefits to both airlines and airports, in reduced fuel consumption, reduced emissions (both from aircraft engines and from ground vehicles such as baggage trains which it could make redundant), and reduced noise. Last year *Air Transport World* selected WheelTug as its 2013 ATW Eco-Aviation Technology Award winner, citing that its editors “were most impressed with how WheelTug has developed and placed something on the market that is ahead of the competition, uniquely meets the efficiency needs of airlines, and which uses a business model that truly makes the benefits of the system measurable.”

Commercial airlines currently rely on tow tugs for pushback from terminal gates and on jet engines for ground taxiing. WheelTug eliminates the need for a tug and leaves the engines off until the pilot is at the runway and ready for takeoff. Turnaround time will be reduced by replacing the tow tugs with WheelTug, using the aircraft’s onboard electricity from the auxiliary power unit to drive the aircraft on the ramp, tarmac and taxiways to and from the gate. After landing, main engines can be turned off and WheelTug can then drive the aircraft from the runway directly to the gate. Actual tests show that WheelTug works in rain, on snow, and in hot, desert-like conditions. The WheelTug Twist™, or using the system to turn an aircraft 90° at the terminal and thus enabling parallel parking, makes for even greater airport efficiencies than originally envisioned. By using two adjoining terminal gates to deplane and board passengers more swiftly, WheelTug enables airlines to reduce turnaround times between flights by as much as 15-20 minutes; each one minute saved reduces an airline’s costs by around \$100.

We are developing and certifying WheelTug systems initially for the Airbus A320 and Boeing 737NG aircraft families, which are the world’s most widely-flown aircraft; versions for other aircraft models will follow. For a typical 737NG or A320 aircraft, WheelTug is expected to deliver agreed-upon operating cost reductions of at least \$1 million per airplane per year, and total economic benefits perhaps much larger, subject to its degree of utilization by the particular airline and agreement on savings sources. Along with such financial benefits, there are also expected to be sharp reductions in greenhouse gas emissions, engine noise and safety risks in terminal areas. WheelTug, with the WheelTug Twist enabling parallel parking and dual-gate boarding, is expected to provide the most extensive efficiency improvements in ground handling of aircraft in decades. WheelTug plc’s business model is based on leasing the WheelTug system to airlines and to aircraft leasing companies. WheelTug expects to initially lease each system to airlines for \$25,000 to \$35,000 per month, which will be approximately 50% of the agreed monthly cash savings of the airlines using WheelTug, although given our current information on probable savings, these numbers appear very conservative.

During the past year, we completed our roster of supplier partners, and now have supply contracts with companies that design and build all the components of the WheelTug system. Several of these are risk-sharing partners, which are investing their own funds to engineer, develop, certificate, and manufacture parts of the system. They include Parker Aircraft Wheel and Brake, a division of Parker Hannifin Corp., as exclusive supplier of wheels for the A320 and 737NG families of aircraft; ICE Corporation (now part of Ultra Electronics), as supplier of the system controls; Dynetic Systems, for the electric motors using Chorus technology; Gables Engineering for the cockpit controls; Resource Group for the system software; and Co-operative Industries for the system wiring.

We have also been extensively testing components of the system, as well as complete prototype systems, as is required for certification of all aircraft products. Full prototype systems, for example, have been running on dynamometers simulating landings, takeoffs, rainstorms, heavy loads and other conditions, almost around the clock for more than a year. In addition, we have prepared much of the process and procedure documentation that will be required for FAA certification; made progress toward contracting with partners to handle installation, maintenance, and servicing of the systems; and worked with airports and aviation regulators in several countries to develop new operating procedures for WheelTug-equipped aircraft and to optimize the economic and environmental benefits of WheelTug for both our airline customers and the airports they use.

# **CHORUS MOTORS PUBLIC LIMITED COMPANY**

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

For example, we have assisted a number of airlines (several not yet customers) in studying procedural and structural changes needed at their hub airports to fully utilize and benefit from the WheelTug Twist. In several cases, airlines have happily found that they could implement the Twist at key airports with little or no reconstruction or reconfiguration of their gates, enabling them to capture significant time and cost savings rapidly and with little investment required.

We have also been working with aviation regulators and service providers in several countries to prepare airports for the advent of WheelTug. For example, we announced in March a partnership with DSNA Services, which provides the air traffic management and control at French airports, to develop solutions for integrating the movements of WheelTug-equipped aircraft around airports. The initial study, at Paris' Charles de Gaulle Airport, is due for completion soon. Such efforts, to assist airlines, airports, air traffic controllers and regulators to adapt to and obtain maximum benefits from the WheelTug system will continue for some years as the product becomes available on additional aircraft models and becomes widely used worldwide.

WheelTug now has letters of intent to lease the systems from more than 15 airlines, including several national "flag carrier" airlines such as Alitalia, KLM Royal Dutch Airlines, El Al Israel Airlines, and India's Jet Airlines. WheelTug plc projects being cash flow positive in the current fiscal year 2015, during which we expect to complete specifications for WheelTug for the Boeing 737-800 or the Airbus A320, and we will make the filings necessary to achieve Federal Aviation Administration ("FAA") certification. WheelTug expects to be profitable within 6-9 months after FAA certification. Going cash flow positive will result from the sale of production slots, a long used revenue generator in aerospace. Profitability is expected to occur after actual deliveries begin and we are generating monthly lease revenue.

Chorus Motors plc is a member of the Borealis Family of Companies and is an indirect majority-owned subsidiary of Borealis Exploration Limited. Like our parent and many of our Family Companies, Chorus Motors plc is incorporated in Gibraltar.

The financial statements have been prepared in accordance with Gibraltar Accounting Standards, 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. As of 31 March 2014, the Company had net assets of US\$38,116,565 (2013 - US\$34,048,078) and to date has relied on the support of Borealis Exploration Limited which is its indirect ultimate parent company.

The continued operation and growth of the Company is dependent on its ability to receive continued financial support from its direct and indirect parent companies and/or to develop potential joint venture partners, development partners, or investors. 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. (2013 – nil)

### **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.

# **CHORUS MOTORS PUBLIC LIMITED COMPANY**

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

	<b>Share held on 31 March 2014</b>	<b>Shares held on 31 March 2013</b>
Rodney T. Cox	52,031	52,031
Isaiah W. Cox	37,960	37,960
Wayne S. Marshall	41,396	41,396
John Klys	10,000	10,000
Peter Vanderwicken	24,979	23,979
Nechama J. Cox	13,875	13,875

### **Directors' Responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year which meet the requirements of the Gibraltar Companies (Accounts) Act 1999 and Gibraltar Companies Act 1930. In addition the Directors have elected to prepare the financial statements in accordance with Gibraltar Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable Gibraltar Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Gibraltar Companies (Accounts) Act 1999 and Gibraltar Companies Act 1930. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Investor Information**

Extensive information for investors can be found on our Website at [www.chorusmotors.gi](http://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.

# **CHORUS MOTORS PUBLIC LIMITED COMPANY**

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

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

### **Auditor**

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

By order of the Board on:

Signed

Wayne S. Marshall  
Director

Signed

Rodney T. Cox  
Director

# **CHORUS MOTORS PUBLIC LIMITED COMPANY**

Gibraltar Registered No. 68312

**MOORE STEPHENS**

## **Independent auditors' report to the members of Chorus Motors Public Limited Company**

### **Report on the financial statements**

We have audited the financial statements of Chorus Motors plc for the year ended 31<sup>st</sup> March 2014 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, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 182 of the Companies Act and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **Directors' responsibilities for the financial statements**

The directors are responsible for the preparation and true and fair presentation of these financial statements in accordance with applicable law in Gibraltar and Gibraltar Accounting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation 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.

### **Auditors' 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 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 auditors' judgement, 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.

# **CHORUS MOTORS PUBLIC LIMITED COMPANY**

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## **Independent auditors' report to the members of Chorus Motors Public Limited Company - continued**

### **Opinion**

In our opinion, the financial statements:

- give a true and fair view, in accordance with Gibraltar Generally Accepted Accounting Practice of the state of the company's affairs as at 31<sup>st</sup> March 2014 and of the company's profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act and the Companies (Accounts) Act 1999.

### **Emphasis of matter**

Without modifying our opinion, we draw attention to note 1 in the financial statements which highlights the existence of a material uncertainty relating to conditions that may cast doubt about the company's ability to continue as a going concern.

### **Opinion on other matter prescribed by the Companies Act**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

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

- the company has not kept proper accounting records; or
- if information specified by law regarding directors' remuneration and other transactions is not disclosed; or
- we have not received all the information and explanations we require for our audit.

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Kieran Power  
Statutory Auditor  
For and on behalf of  
Moore Stephens Limited

Suite 5  
Watergardens 4  
Gibraltar

Date:

# **CHORUS MOTORS PUBLIC LIMITED COMPANY**

Gibraltar Registered No. 68312

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## **PROFIT AND LOSS ACCOUNT** for the year ended 31 March 2014

### **Expenditure**

Marketing Expenses	7	(586,211)	(833,317)
Administrative fees	7	<u>(177,693)</u>	<u>(164,805)</u>

<b>Expenditure for the year</b>		(763,904)	(998,122)
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<b>Profit of disposal of investments</b>	1	4,832,391	8,368,231
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<b>Retained profit for the year</b>		<u><u>\$ 4,068,487</u></u>	<u><u>\$ 7,370,109</u></u>
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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 12 to 15 form part of these Financial Statements.

# CHORUS MOTORS PUBLIC LIMITED COMPANY

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## BALANCE SHEET

as at 31 March 2014

		<b>2014</b>	<b>2013</b>
	<b>Notes</b>	\$	\$
<b>Fixed Assets</b>			
Intangible Assets	2	<u>5,251,467</u>	<u>4,325,194</u>
Investments	3	<u>57,404</u>	<u>57,934</u>
<b>Current Assets</b>			
Debtors	4	<u>32,807,694</u>	<u>29,664,950</u>
<b>Total Net Current Assets</b>		<u>32,807,694</u>	<u>29,664,950</u>
<b>Total Net Assets</b>		<u>\$ 38,116,565</u>	<u>\$ 34,048,078</u>
<b>Capital and Reserves</b>			
Called up Share Capital	5,6	66,900	66,900
Share Premium Account	5,6	13,253,869	13,253,869
Retained Profit	6	<u>24,795,796</u>	<u>20,727,309</u>
<b>Total Shareholders' Funds</b>		<u>\$ 38,116,565</u>	<u>\$ 34,048,078</u>

Signed on behalf of the Board of Directors on:

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Wayne S. Marshall  
Director

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Rodney T. Cox  
Director

The notes on pages 12 to 15 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 2014

### **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 historical cost convention applying the Accounting Policies set out below.

#### **b. Revenue**

At present the Company is engaged in development of products which have not yet reached the point of generating revenue. Once trading commences, revenue will be recognised. Profit from the sale of WheelTug plc shares is recognised as income.

#### **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 translated into US Dollars 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 1999 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**

In order to meet future expenditures and cover administrative costs, the Company may need to raise additional financing. Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available under terms favourable to the Company. These financial statements have been prepared on a going concern basis that assumes the Company will be able to realise its assets and discharge its liabilities in the normal course of business. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. Further information is set out in the Directors' Report on pages 3 to 7.

#### **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 is subject to the Gibraltar Tax Act 2010 which requires companies with businesses managed and controlled in Gibraltar, to pay 10% Gibraltar Corporation Tax on profits to the extent that this is accrued in or derived from Gibraltar.

# **CHORUS MOTORS PUBLIC LIMITED COMPANY**

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## **NOTES TO THE FINANCIAL STATEMENTS** for the year ended 31 March 2014 (Continued)

### **1. PRINCIPAL ACCOUNTING POLICIES (Continued)**

#### **i. Intangible assets - Research and development expenditure**

Research costs are expensed in the year in which they are incurred. Development costs are reviewed annually and are expensed if they do not qualify for capitalisation. Development costs that are directly attributable to the design and testing of identifiable and unique products controlled by the Group are capitalised as intangible assets only when the following criteria are met:

#### **i. Intangible assets - Research and development expenditure (Continued)**

- (i) it is technically feasible to complete the product so that it will be available for use;
- (ii) management intends to complete the product and use or sell it;
- (iii) there is an ability to use or sell the product;
- (iv) it can be demonstrated how the product will generate probable future economic benefits;
- (v) adequate technical, financial and other resources to complete the development and to use or sell the product are available; and
- (vi) the expenditure attributable to the product during its development can be measured reliably.

The depreciable amount of an intangible asset with a finite useful life will be distributed on a systematic basis over its useful life. Capitalised development costs are amortised on a straight line basis over their twenty year useful estimated life once the asset is available for use.

### **2. INTANGIBLE ASSETS**

		<b>2014</b>	<b>2013</b>
		\$	\$
<b>Development Costs</b>			
At 1 April 2014		4,325,194	1,282,582
Additions		926,273	3,042,612
		<hr/>	<hr/>
<b>At 31 March 2014</b>		<b>\$ 5,251,467</b>	<b>\$ 4,325,194</b>

### **3. INTERESTS IN GROUP UNDERTAKING**

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

Name	Country of incorporation	Holding	Loss for year	Net Liabilities
WheelTug plc	Gibraltar	82.77%	\$763,960	\$5,065,180

# CHORUS MOTORS PUBLIC LIMITED COMPANY

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## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2014 (Continued)

### 4. DEBTORS

	2014	2013
	\$	\$
Loan to parent company	22,485,263	21,037,677
Loan to subsidiary company	10,322,431	8,627,273
	<hr/> <u>\$ 32,807,694</u>	<hr/> <u>\$ 29,664,950</u>

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

### 5. CALLED UP SHARE CAPITAL

	2014	2013
	\$	\$
Authorised share capital		
10,000,000 ordinary shares @ \$0.01 each	<hr/> <u>\$ 100,000</u>	<hr/> <u>\$ 100,000</u>

	Number of Shares	Share Capital \$	Share Premium Account \$	Total \$
<b>At 31 March 2012</b>	6,689,965	66,900	13,253,869	13,320,769
Shares issued during the year	-	-	-	-
<b>At 31 March 2013</b>	6,689,965	66,900	13,253,869	13,320,769
Shares issued during the year	-	-	-	-
<b>At 31 March 2014</b>	<hr/> <u>6,689,965</u>	<hr/> <u>\$ 66,900</u>	<hr/> <u>\$ 13,253,869</u>	<hr/> <u>\$ 13,320,769</u>

# **CHORUS MOTORS PUBLIC LIMITED COMPANY**

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## **NOTES TO THE FINANCIAL STATEMENTS** for the year ended 31 March 2014 (Continued)

### **6. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS**

	<b>Share Capital \$</b>	<b>Share Premium Account \$</b>	<b>&amp; Loss Account \$</b>	<b>Total \$</b>
<b>At 31 March 2012</b>	66,900	13,253,869	13,357,200	26,677,969
Share issued during the year	-	-	-	-
Profit for the year	-	-	7,370,109	7,370,109
<b>At 31 March 2013</b>	66,900	13,253,869	20,727,309	34,048,078
Shares issued during the year	-	-	-	-
Profit for the year	-	-	4,068,487	4,068,487
<b>At 31 March 2014</b>	<u>\$ 66,900</u>	<u>\$13,253,869</u>	<u>\$24,795,796</u>	<u>\$38,116,565</u>

### **7. DEVELOPMENT EXPENSE**

During the year ended 31 March 2014, the Company was charged by the Holding Company \$1,512,484 (2013 - \$3,875,930) for development and marketing expenses. In terms of note 2 above, development charges of \$926,273 (2013 3,042,612) have been capitalised as they have met all the criteria in accounting policy 1.

### **8. RELATED PARTY TRANSACTIONS**

In addition to related party transactions disclosed elsewhere in these financial statements, during the year ended 31 March 2014, the Company was charged \$177,693 (2013 - \$164,805) in fees for administrative services provided by the ultimate Parent Company.

### **9. CONTROLLING PARTY**

The ultimate controlling party is Borealis Exploration Limited, a company incorporated in Gibraltar whose registered office is Suite 1, 43 Main Street, Gibraltar.

The immediate controlling party is Borealis Technical, a majority owned company by Borealis Exploration Limited.