

# **WHEELTUG**

**PUBLIC LIMITED COMPANY**

**Gibraltar Registered No. 94119**

## **Financial Statements**

**for the year ended 31 March 2009**

# WHEELTUG PUBLIC LIMITED COMPANY

Gibraltar Registered No. 94119

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## About WheelTug plc

The WheelTug® is a fully integrated ground propulsion system for aircraft. Built into the hubs of the nose wheels, it will give aircraft of full ground mobility (forward & reverse) without turbines or external tugs. In June 2005, a demonstration system was successfully tested at an Evergreen Aviation facility in Arizona on a Boeing 767. Delta Air Lines is the launch customer and exclusive development partner for the Boeing 737NG WheelTug. Several other key partners are in place for the cockpit interface and wiring, as well as to certify WheelTug with the FAA and worldwide.

WheelTug plc was incorporated on 5 February 2005 to develop and commercialize WheelTug technology. WheelTug plc is a majority-owned subsidiary of Chorus Motors plc (CHOMF OTC-US).

## Forward-Looking Statement

The discussion of WheelTug plc's ("WheelTug") business and operations includes, in several instances, forward-looking statements that are based upon WheelTug's management's and advisors' good faith assumptions relating to the financial, market, operating and other relevant environments that will exist and affect WheelTug's business and operations. All technical, scientific, and commercial statements regarding technologies and their impacts are based on the educated judgment of the WheelTug's technical and scientific staff, advisors, and consultants. No assurance can be made that the assumptions upon which management based its forward-looking statements will prove to be correct or that the WheelTug's business and operations will not be affected in any substantial manner by other factors not currently foreseeable by management or beyond the WheelTug's control.

All forward-looking statements involve risks and uncertainty. WheelTug 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 herein, and such statements shall be deemed in the future to be modified in their entirety by the WheelTug's public pronouncements, including those contained in all future reports and other documents filed by the WheelTug with the relevant securities commissions.

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# WHEELTUG PUBLIC LIMITED COMPANY

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## DIRECTORS AND OFFICERS

### Directors

### Appointed

Rodney T. Cox	09 February 2005	Director, Chairman of the Board
Isaiah W. Cox	09 February 2005	Director, Chief Executive Officer
Wayne S. Marshall	09 February 2005	Director

### Secretary

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

### Registered Office

Suite 3G, Eurolife Building  
1 Corral Road  
P.O. Box 575  
Gibraltar

### Auditors

Moore Stephens  
Suite 5 Watergardens 4  
Waterport  
Gibraltar

# WHEELTUG 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 2009.

### Corporate Profile

The Company was incorporated in Gibraltar on 9 February 2005.

### Activities

The company is a licensee of Borealis Technical Technologies for the use of the Chorus Motor system for moving aircraft on the ground, as well as other intellectual property specific to WheelTug®. In addition to advancing the status of the technical and certification development, much of the focus within the past year has been toward raising the funding and technical resources necessary to put WheelTug on a firm development schedule.

### Results and Review of Business

The results for the year are shown in the Profit and Loss Account on page 7.

WheelTug plc is a member of the Borealis Family of Companies and is an indirect majority-owned subsidiary of Borealis Exploration Limited and a direct subsidiary of Chorus Motors plc. Chorus Motors plc owns 6,580,742 of our 6,933,348 outstanding shares, or 94.9 % of our shares. Like our parent and many of our Family Companies, WheelTug plc is incorporated in Gibraltar.

In March 2007, WheelTug plc and Delta Air Lines entered into an agreement in which the airline will assist your Company in developing WheelTug™ systems. The Delta agreement gives Delta the right of first refusal to provide installation and maintenance services on WheelTug systems for itself and for other airlines that desire such services. Delta has also acquired warrants to buy 600,000 shares of WheelTug plc at an average price of \$36 per share.

Completed development and regulatory approval of the system are expected 18 months after we complete the next major funding event. Delta and other 737NG operators could begin installing and operating WheelTug systems as soon as the approvals are in place.

In order to assist in meeting the regulatory requirements of the US Federal Aviation Authority, we appointed Gilbert Thompson as our Senior Certification Advisor in 2007. Mr. Thompson has more than 30 years experience in airplane certification. Our certification team was completed by the addition of Newport Aeronautical Development, Inc., who offer a full set of experts needed to certify a new product for the FAA and equivalent regulatory bodies worldwide.

WheelTug launched the development of the system for the 737NG when we added Daniel Barbalata as our Program Manager, and then added numerous consultants capable of aiding the development work. In addition to “in-house” talent, WheelTug also completed major transactions with Luxell Technologies Inc. (TSX:LUX), and Co-Operative Industries Aerospace. These partners agreed to take on the financial and technical obligations necessary to develop, test, and support the certification for the cockpit interface and wire harnesses, respectively. WheelTug may conclude additional strategic partnerships in the coming year.

These financial statements have been prepared in accordance with Gibraltar Generally Accepted Accounting Principles (GAAP), 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 2009, the Company had net liabilities of US\$1,203,971, (2008 - US\$632,794) and to date has relied on the support of Borealis, which is also a company in the development stage.

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## DIRECTORS' REPORT (Continued)

The continued operation and growth of the Company is dependent on its ability to receive continued financial support from its parent company 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.

### 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.

Shares held at	31 March 2009	31 March 2008
Rodney T. Cox	1	1
Wayne Marshall	12,201	12,201
Isaiah Cox	18,001	18,001

### Share Options

As of 31 March 2009, 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 judgments 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 was passed at the Annual General Meeting.

By order of the Board on 22 December 2009

WheelTug plc



Isaiah W. Cox  
Director



Rodney T. Cox  
Director

# WHEELTUG PUBLIC LIMITED COMPANY

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## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WHEELTUG PUBLIC LIMITED COMPANY

We have audited the financial statements of WheelTug plc for the year ended 31 March 2009 set out on pages 7 to 11. These financial statements have been prepared under the Accounting Policies set out on page 9.

This report is made solely to the Company's members as a body, in accordance with the Companies Act 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 are responsible for the preparation of financial statements in accordance with applicable law and Gibraltar Accounting Standards (Gibraltar Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant Gibraltar legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the relevant financial reporting framework and are properly prepared in accordance with Gibraltar Law. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it or material inconsistencies with the financial statements.

### **Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland). 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 1 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 connection with the other information provided by the Company, we also draw attention to the content of the Forward-Looking Statement on page 1.

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## AUDITORS' REPORT (Continued)

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 March 2009, and of the loss for the year then ended in accordance with Gibraltar Accounting Standards and have been properly prepared in accordance with Gibraltar Companies Act 1930, the Gibraltar Companies (Accounts) Act 1999, and the Gibraltar Companies (Consolidated Accounts) Act 1999.



Gibraltar  
22 December 2009

**Moore Stephens**  
CHARTERED ACCOUNTANTS

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## PROFIT AND LOSS ACCOUNT for the year ended 31 March 2009

	Notes	2009 \$	2008 \$
<b>Expenditure</b>			
Administrative fees		(280,000)	(280,000)
Development Expenses		<u>(291,177)</u>	<u>(229,022)</u>
<b>Total Expenditures</b>		(571,177)	(509,022)
<b>Loss for the year</b>		(571,177)	(509,022)
<b>Accumulated loss brought forward</b>		<u>(702,127)</u>	<u>(193,105)</u>
<b>Accumulated loss carried forward</b>		<u><u>\$(1,273,304)</u></u>	<u><u>\$(702,127)</u></u>

The notes on pages 9 to 11 form part of these Financial Statements.

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## BALANCE SHEET as at 31 March 2009

	Notes	2009 \$	2008 \$
<b>Current Liabilities</b>			
<b>Creditors – amounts due within one year</b>			
Due to Parent Company	2	<u>1,203,971</u>	<u>(632,794)</u>
<b>Total Net Current Liabilities</b>		<u>1,203,971</u>	<u>(632,794)</u>
<b>Total Net Assets / (Liabilities)</b>		<u>\$1,203,971</u>	<u>\$(632,794)</u>
<b>Capital and Reserves</b>			
<b>Equity</b>			
Called up Share Capital	3,4	69,333	69,333
Profit and Loss Account		<u>(1,273,304)</u>	<u>(702,127)</u>
<b>Total Shareholders' Funds</b>		<u>\$1,203,971</u>	<u>\$(632,794)</u>

Signed on behalf of the Board of Directors on 22 December 2009



Isaiah W. Cox  
Director



Rodney T. Cox  
Director

The notes on pages 9 to 11 form part of these Financial Statements.

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## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2009

### 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. 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 4 to 5.

**e. 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 FRS1: Cash Flow Statements, it has not prepared a cash flow statement.

### 2. CREDITORS

	<b>2009</b>	<b>2008</b>
	\$	\$
Amount Due to Parent Company (Chorus Motors plc)	<u>\$1,203,971</u>	<u>\$632,794</u>

Amounts due to 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 2009 (Continued)

### 3. CALLED UP SHARE CAPITAL

	2009 \$	2008 \$
Authorised share capital 10,000,000 ordinary shares @ \$0.01 each	<u>\$69,333</u>	<u>\$69,333</u>

	Number of Shares	Share Capital \$	Share Premium Account \$	Total \$
<b>At 31 March 2007</b>	6,933,348	69,333	-	69,333
Shares issued during the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>At 31 March 2008</b>	6,933,348	69,333	-	69,333
Shares issued during the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>At 31 March 2009</b>	<u>6,933,348</u>	<u>\$69,333</u>	<u>\$-</u>	<u>\$69,333</u>

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## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2009 (Continued)

### 4. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	Share Capital	Share Premium Account	Profit & Loss Account	Total
	\$	\$	\$	\$
<b>At 31 March 2007</b>	69,333	-	(193,105)	(123,772)
Share issued during the year	-	-	-	-
Loss for the year	-	-	(509,022)	(509,022)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 March 2008</b>	69,333	-	(702,127)	(632,794)
Shares issued during the year	-	-	-	-
Loss for the year	-	-	(571,177)	(571,177)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 March 2009</b>	<u>\$69,333</u>	<u>\$-</u>	<u>\$(1,273,304)</u>	<u>\$(1,203,971)</u>

### 5. 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, P.O. Box 575 Gibraltar.