TERSUS ENERGY PLC

FINANCIAL STATEMENTS

30 JUNE 2009

Company no 5314207

INDEX

TERSUS ENERGY PLC

CHAIRMAN'S STATEMENT

Introduction

Following the change in the Company's accounting reference date to 30 June, these financial statements relate to the 18 months ended 30 June 2009, with comparative figures being for the 12 month period ended 31 December 2007.

In September 2008 shareholders approved the cancellation of Tersus Energy Plc's admission to AIM. The directors recommended this course of action on the basis that:

- The directors considered the best strategy for the Company would be to focus on supporting the investments made by the Company and minimising overheads with a view to realising those investments in due course and making distributions to shareholders in the future.
- The directors considered it would be very difficult to raise any further funds on AIM.
- The Company had seen limited trading on AIM in the Company's shares.
- Overheads would be reduced as no further fees would be payable to the Company's nominated adviser (nomad) or to the London Stock Exchange: other costs associated in maintaining the admission would also be avoided.
- Shares could still be bought and sold either through independently arranged bilateral agreements between seller and buyer or through the Company's broker who is maintaining a matched bargain facility. The broker's details are available on the Company's website.

As a further measure to reduce overheads the accounting period was extended to 30 June 2009, which has the effect of delaying costs associated with the production of financial statements and moving their production and audit for this and future years from the "high season" associated with 31 December year-ends, to the less busy period following a 30 June year-end.

The Company's principal investments are:

- Its approximately 1.3 per cent investment in Zhong Hang (Baoding) Huiteng Wind Power Equipment Company Ltd ('HT Blade'), which is held through Tang Wind Energy LP ('TWELP'), a Texan limited partnership
- Its 100 per cent. ownership of Envinta Corporation Inc ('Envinta')
- Its 100 per cent. ownership of Navitas Technologies Limited ('Navitas').

These are described in more detail after the Financial Highlights.

Financial Highlights

Following the change in the Company's period end, the financial statements relate to the period of 18 months to 30 June 2009. Comparative figures are for the 12 months to 31 December 2007. The consolidated accounts show:

- Revenue of £2.01 million consisting of: Navitas £1.08 million; Envinta £0.87 million; Advisory services £0.06 million (2007 £2.08 million consisting of: Navitas £1.46 million; Envinta £0.54 million; Advisory services £0.08 million)
- Pre tax loss of £2.04 million (2007 £0.75 million)
- Net assets of £2.70 million (2007 £4.59 million)
- The result includes a net write-up of £0.28 million in relation to Tersus' investment in HT Blade and write-downs in other investments of £0.02 million
- This result includes impairment losses relating to Navitas' and Envinta's intangible assets of £1.17 million.

HT Blade

In January 2006 Tersus invested US$2 million in Tang Wind Energy LP (‘TWELP’, a Texan limited partnership) as a convertible secured loan that was subsequently converted into a 12.1 per cent. partnership interest.

TWELP owned 100 per cent of Tang Wind Energy LLC (‘TWELLC’, a Cayman company) which in turn owned 25 per cent. of Zhong Hang (Baoding) Huiteng Wind Power Equipment Company Ltd (‘HT Blade’). The remaining 75 per cent of HT Blade was owned and continues to be owned by Chinese State Owned Enterprises. HT Blade manufactures wind blades which it sells to Chinese wind turbine manufacturers.

In 2007, an international private equity firm with offices in Shanghai acquired an interest in TWELLC from TWELP in return for US$20 million. This money was used by TWELP for transaction expenses, TWELP costs and a loan to HT Blade. The balance was retained by TWELP in reserve.

In February 2008, the same private equity investor exercised an option which it was given as part of the 2007 transaction and bought a further stake in TWELLC paying a further US$20 million to TWELP. That investor then had a shareholding in TWELLC of approximately 42 per cent, with TWELP owning the remaining approximately 58 per cent. Therefore, at that date, TWELLC and the private equity investor owned (indirectly) approximately 14.5 per cent and approximately 10.5 per cent respectively of HT Blade, with Tersus owning (indirectly) an approximately 1.75 per cent stake in HT Blade.

In April 2008, TWELP transferred some US$32 million of cash and receivables into a new partnership TWELP 2. This amount represented the US$40 million received from the private equity investor, less transaction costs and TWELP running costs.

In April 2008, TWELP 2 made a distribution to its partners as a result of which Tersus received approximately US$1.45 million in cash. The amount remaining in TWELP 2 is being retained to meet its future potential funding needs.

Also in April 2008, TWELP’s limited partners sold a 9 per cent interest in TWELP to an international venture capital firm. Included in this 9 per cent stake was a disposal by Tersus of 25 per cent of its 12.1 per cent interest in TWELP. Tersus received approximately US$2.19 million in cash in relation to this disposal.

As a result of this disposal Tersus now owns approximately 9 per cent of TWELP resulting in Tersus owning (indirectly) approximately 1.3 per cent of HT Blade.

The Board believes that the value of the indirect holding in HT Blade will be a function of TWELP’s ability to create further exit opportunities, the business performance of HT Blade and the willingness of the Chinese State Owned Enterprises to proceed to an IPO. The Board also believes the value of this stake may be affected by the possible dilution caused by the creation of an incentive pool for the benefit of HT Blade management and the manner in which the cost of such incentive pool may be borne by shareholders in HT Blade.

As far as the Board knows, HT Blade has continued to trade profitably and increase its sales, and its Board continues to make preparations for an IPO. Of course, your Board does not know whether such an IPO will take place, nor the terms and conditions that would apply. During the last 18 months an informal discussion with the international venture capital firm which acquired an interest in TWELP in April 2008 suggested that the firm would be prepared to acquire some or all of the Company’s remaining interest in TWELP but at a price significantly below that which it paid in April 2008. The Board did not pursue this discussion on the basis that a significantly better value should be achieved if HT Blade does move forward to an IPO or if the underlying trade of HT Blade continues to grow profitably.

The financial statements reflect the transactions referred to above. At the beginning of the period, the Group’s investment in TWELP was carried at its estimated fair value of £3,500,000. During the period, the Company realised £1,847,943 from its investment, representing £1,112,529 on the part-disposal of its investment and £735,414 as a distribution from the partnership. The fair value of Group's remaining investment in TWELP and TWELP2 at 30 June 2009 was assessed as £2,026,985, resulting in a revaluation uplift of £350,432 being recognised in the income statement.

Envinta

- Envinta Corporation Inc ('Envinta') has the North American and European rights to energy and environmental information software. It sells this software, together with training and marketing advisory services, to utilities and to major multi-location businesses. Revenue in 2009 was US$1.50 million for 18 month period (2007 US$1.09 million for 12 months). Earnings before interest, tax, depreciation and the charge for impairment loss (EBITDA) were US$0.24 million for the 18 month period (2007 US$0.03 million for 12 months). Envinta's products and services are well received by its customers and Envinta continues to explore ways of expanding the customer base.

Navitas

- Navitas Technologies Limited ('Navitas'), our 100 per cent owned developer and manufacturer of electronic control equipment continued to suffer from the market effects of the general economic downturn. Whilst it received favourable feedback from a number of potentially significant prospective customers on its new products, Navitas was not able to get orders for the products. During the period Navitas could not cover its operating costs on its reduced level of sales and Tersus had to contribute some £0.57 million of working capital loans to support the business.

- Tersus' directors decided that, whilst they still had confidence in the new products and in the market's eventual acceptance of these products, it was not appropriate for Tersus to continue funding the cash flow shortfall pending the achievement of new sales. Consequently, since the period end, the business has been sold. The sale proceeds of C$0.50 million include C$0.33 million cash on completion, which is sufficient to deal with outstanding issues and to leave Tersus with a modest cash surplus, plus a further C$0.17 million to be paid in instalments over the next 4 years. The sale of the business also, of course, avoids any further funding of operating cash shortfalls.

- Tersus has entered into a consultancy agreement with the purchaser of the assets and undertaking of Navitas through which it will continue to provide support to the new owners and will receive in return a consultancy fee linked to the level of sales over the coming 5 years.

Other business activities

- Tersus continues to provide advisory services in relation to the Bens Run salt cavern gas storage project but will only receive an income if these advisory services lead to a disposal of that asset by the current owner.

- Little progress has been made with our interest in Enviro-Control Limited ('ECL') which is focused on anaerobic digestion opportunities (producing bio-gas and renewable power) using the proprietary thermophilic technology developed by ECL. The Group provided in full against the carrying value of its investment in 2007.

- The joint venture to develop wind farms in the Philippines has made no progress. Tersus has withdrawn from its activities in India, which were conducted through its 50 per cent owned Indian company, and from its 50:50 joint venture in South Korea.

Conclusion

- The Board continues to focus on achieving value for shareholders through the investments in HT Blade and Envinta, and by keeping running costs to a minimum. In the context of running costs, the executive directors and the Chairman decided not to take any further remuneration after 31 May 2009. The Board believes that future cash receipts arising from the disposal of Navitas' business and consultancy income from the new owners of that business, together with remittances from Envinta in so far as funds generated are not invested in software development, will be sufficient to cover future operating costs.

- The Board considers that there is value in the investments in HT Blade and Envinta, but is not able to say when such value can be realised.

John Devaney
Chairman

25 November 2009

REPORT OF THE DIRECTORS

The directors present their annual report on the affairs of the Group, together with the audited financial statements of the Company and the Group for the 18 month period ended 30 June 2009.

PRINCIPAL ACTIVITIES

The principal activities of the Group continue to be to invest in, operate and advise businesses in the renewable energy sector with particular emphasis on Asian renewables, biofuels and energy consumption controls.

BUSINESS REVIEW

A review of the Group's performance and activities is contained in the Chairman's statement.

The principal objective of the business is to realise the value of its investments in order to maximise the return to shareholders.

The principal risks associated with this objective are normal business risks applicable to the underlying businesses, political risk associated with our investment in HT Blade, together with the need to maintain sufficient funds to provide enough time for the investments to be optimally realised. The Board continues to believe there is value in the Group's investments and will work to realise that value.

RESULTS AND DIVIDENDS

The results for the 18 month period ended 30 June 2009 are shown in the Consolidated Income Statement on page 20. The Group loss for the period after tax amounted to £2,040,280 (2007 – loss of £702,344 for 12 month period). The directors are not proposing the payment of a dividend for the period (2007 – nil).

DIRECTORS

*J F Devaney (Non-executive chairman)
*N N Trulsvik (Non-executive director)
S P Levine (Chief Executive Officer)
D T Wilson (Chief Operating Officer and Finance Director)
S J Clayton (Non-executive director) – resigned 31 October 2008

John Devaney (63) (Non-executive Chairman)

John Devaney is chairman of National Express Group PLC and NATS, and a non-executive director of Northern Rock. John was chairman of ERGO Services (Beaufort) LLP. He has been chairman of EXEL plc and executive chairman of Eastern Electricity plc and has served as a non-executive director on the boards of HSBC Bank Plc and British Steel Plc.

Steven Levine (58) (Chief Executive Officer)

Steve Levine is an energy services professional and attorney with extensive experience developing and financing domestic and international energy projects. He was previously VP of New Energy, Inc. (now Constellation New Energy), one of the largest US deregulated electricity power retailers. He is a former president of Metro Energy, L.L.C., a private New York City based utility.

David Wilson (62) (Chief Operating Officer and Finance Director)

David Wilson was a partner in ERGO Services (Beaufort) LLP and has been previously a director of Hilton International Plc with responsibilities for finance and for identifying and negotiating new business opportunities, and a partner in Ernst & Young with responsibility for services to small and medium-sized enterprises.

---

* Members of the Audit Committee. The chairman of the Audit Committee is N N Trulsvik.

Nils Trulsvik (61) (Non-executive Director)

Nils Trulsvik has worked in the oil and gas sector since 1974. In 1981, he, together with a group of geologists and geophysicists, formed Nopec. He worked as a petroleum exploration consultant for Nopec on assignments in Northwest Europe, Africa and the Far East, started Nopec (UK) Ltd in 1984 and from 1987 to 1993 was managing director of Nopec. In 1994, he led an investment group that took an equity position in Fountain Oil Incorporated and served as managing director of Fountain until 1998, when he left to form The Bridge Group. He is currently on secondment from The Bridge Group to Force Petroleum Ltd where he is chief executive officer.

Directors and their shareholdings

The directors who served during the period and their interests in the shares of the Company as recorded in the register of directors' interests were as follows:

	As at 30 June 2009		*As at 31 December 2007*	
	Number of ordinary shares	*Percentage of issued share capital*	*Number of ordinary shares*	*Percentage of issued share capital*
J F Devaney	4,024,855	10.58	133,333	0.35
N N Trulsvik	–	–	–	–
S P Levine	1,793,102	4.71	1,793,102	4.71
D T Wilson	8,449,786	22.21	147,271	0.39
S J Clayton(1)	–	–	1,084,998	2.85

(1) S J Clayton, who resigned as a director on 31 October 2008, is a controlling shareholder in Moore, Clayton & Co., Inc. which, at 31 December 2007, held ordinary shares in the Company, in which she was therefore interested. Moore, Clayton & Co., Inc. did not hold any shares in the Company at 30 June 2009.

Details of directors' interests in options to acquire shares of the Company are set out in note 5 to the accounts.

No changes in the directors' share interests have taken place between 30 June 2009 and 25 November 2009.

Under the provisions of the Company's Memorandum and Articles of Association, J F Devaney shall retire from office at the Annual General Meeting of the Company and, being eligible, offers himself for re-election.

OTHER MATTERS

All directors have service agreements or, in the case of non-executive directors, letters of appointment. The Company has the power to determine the service agreements on six or twelve months' notice without payment of compensation (other than statutory compensation), and the letters of appointment on three months' notice.

The non-executive directors retire by rotation in the same manner as the executive directors, in accordance with the Company's Articles of Association.

Communication with shareholders on remuneration matters is largely undertaken by way of this report and the detailed disclosure of remuneration provided by note 5 to the accounts.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

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

The Companies Act 1985 requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- for the Group and Company financial statements, state whether applicable 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 Group and the Company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the Company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

EMPLOYEES

During the period, the Group has provided employees with relevant information and sought their views on matters of common concern. Priority has been given to ensuring that employees are aware of all significant matters affecting the Group's trading position and of any significant organisational changes.

VALUATION POLICY

Investment strategy

The Group has a documented investments strategy and as a result the financial investments are fair valued through the income statement.

Investments have been valued by the directors in compliance with the principals of IAS 39 "Financial Instruments: Recognition and Measurement" and the International Private Equity and Venture Capital Guidelines as recommended by the British Venture Capital Association.

Principles of valuation of unlisted investments

Investments are stated at amounts considered by the directors to be a reasonable assessment of their fair value, subject to the requirement to apply a degree of caution in making the necessary estimates. Fair value is the amount at which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction. In estimating fair value, the directors use a methodology which is appropriate in light of the nature, facts and circumstances of the investment and its materiality in the context of the total investment portfolio. All investments are valued on one of the following bases:

- Price of Recent Investment
- Earnings multiple
- Discounted cash flows from the investment.

The Price of Recent Investment method has been used to value the investment in HT Blade which the Group holds through its investment in the TWELP partnership. The valuation is based on the price at which a third party acquired an interest in the partnership in 2008, discounted to reflect the inherent uncertainties in realising future value. It has given rise to a further uplift in the carrying value which has been recognised through the income statement.

The remaining investments, all of which are unlisted, have been fair valued, largely on the basis of the estimated discounted cash flows from the investments.

Principles of valuation for impairment reviews undertaken in respect of subsidiary companies

The Earnings multiple methodology was used to review the investment in the Company's wholly-owned subsidiary, Envinta Corporation Inc, for the purpose of assessing if there had been any impairment in goodwill and other assets. The fair value was assessed having regard to the profits before interest and tax achieved in 2008 and forecast for 2009. The valuation determined after applying an appropriate and reasonable price/earnings multiple is underpinned by a valuation based on the fair value less costs to sell methodology, as a third party recently made an informal approach to acquire the business. Following completion of the review of the investment, it was decided there had been an impairment of £500,000 in the goodwill: this has been recognised through the income statement.

As explained in note 25, the business of Navitas Technologies Limited was sold subsequent to the period-end after the Board decided it would no longer fund its cash flow shortfall. The fair value of the investment at 30 June 2009 was assessed at the fair value less costs to sell, on the basis of the amount realised on the sale of the business. It was determined there had been an impairment in the value of the goodwill and other assets, and that the fair value of the intangible assets (ie goodwill and development costs) was nil. Accordingly, an impairment loss of £666,150 in respect of these intangible assets has been recognised through the income statement.

Valuation review procedures

Valuations are prepared by the directors.

GOING CONCERN

The directors confirm they are satisfied that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. However, the directors recognise there are some material uncertainties that are outlined further in the Principal Accounting Policies.

POST BALANCE SHEET EVENTS

Post balance sheet events are disclosed in note 25 to the accounts.

PAYMENT OF CREDITORS

The Group does not follow any published code or standard on payment practice in respect of any of its suppliers. The Group's policy in respect of the majority of its trade creditors is to negotiate terms and conditions with the suppliers and, provided the suppliers comply with these, payments are made in accordance with the agreed terms and conditions. Where payment terms are not specifically agreed, suppliers are paid in accordance with local commercial practice.

AUDITORS

Grant Thornton UK LLP have expressed willingness to continue in office. In accordance with section 489(4) of the Companies Act 2006 a resolution to reappoint Grant Thornton UK LLP will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD

D T Wilson
Director and Company Secretary
25 November 2009

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF TERSUS ENERGY PLC

We have audited the group financial statements (the ‘financial statements’) of Tersus Energy Plc for the period ended 30 June 2009 which comprise the principal accounting policies, the consolidated income statement, the consolidated statement of recognised income and expense, the consolidated balance sheet, the consolidated cash flow statement and notes 1 to 25. These financial statements have been prepared under the accounting policies set out therein.

We have reported separately on the parent company financial statements of Tersus Energy Plc for the period ended 30 June 2009.

This report is made solely to the company’s members, as a body, in accordance with Section 235 of the Companies Act 1985. 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

The directors’ responsibilities for preparing the Annual Report and the group financial statements in accordance with United Kingdom law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors’ Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant 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 whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors’ Report is consistent with the financial statements. The information given in the Directors’ Report includes that specific information presented in the Chairman’s statement that is cross referred from the Business Review section of the Directors’ Report.

In addition we 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.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors’ Report and the Chairman’s Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group’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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF TERSUS ENERGY PLC

OPINION

In our opinion:

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 30 June 2009 and of its loss for the period then ended
- the group financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

EMPHASIS OF MATTER – GOING CONCERN

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosure made in the Principal Accounting Policies – Going Concern concerning the Group's ability to continue as a going concern. This disclosure indicates the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

GRANT THORNTON UK LLP
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS

London
25 November 2009

PRINCIPAL ACCOUNTING POLICIES

For the period ended 30 June 2009

BASIS OF PREPARATION

The Company has changed its accounting reference date to 30 June and, accordingly, these financial statements relate to the 18 months ended 30 June 2009, with comparative figures being shown for the 12 month period ended 31 December 2007. The reasons for the change in the accounting reference date are given in the Chairman's Statement.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated.

The financial statements have been prepared in accordance with applicable International Financial Reporting Standards (IFRS) as adopted by the EU and the Companies Act 1985, applicable to companies reporting under IFRS. The Group has adopted all of the standards and interpretations issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee that are relevant to its operations and effective for the Group's financial period end on 30 June 2009.

As at the date of approval of these consolidated financial statements, the following interpretations were in issue but not yet effective:

- IAS 1 Presentation of Financial Statements (revised 2007) (effective 1 January 2009)
- IAS 23 Borrowing Costs (revised 2007) (effective 1 January 2009)
- Amendments to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation (effective 1 January 2009)
- IAS 27 Consolidated and Separate Financial Statements (Revised 2008) (effective 1 July 2009)
- Amendment to IFRS 2 Share-based Payment - Vesting Conditions and Cancellations (effective 1 January 2009)
- Improvements to IFRSs 2008 (effective 1 January 2009 other than certain amendments effective 1 July 2009)
- Improvements to IFRSs 2009 (various effective dates, earliest of which is 1 July 2009, but mostly 2010)
- IFRS 3 Business Combinations (Revised 2008) (effective 1 July 2009)
- IFRS 8 Operating Segments (effective 1 January 2009)

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group. The Group does not intend to apply any of these pronouncements early.

GOING CONCERN

The Group meets its working capital and operating costs requirements from its cash balances. The nature of the Company's business is such that there is considerable uncertainty in the amounts and timing of cash flows. For example, remittances of surplus funds from Envinta, further receipts from the new owners of the Navitas business, any further distributions from TWELP and proceeds of sales of investments are all uncertain as to amount and timing.

Bearing this in mind the directors have prepared cash flow forecasts for the period to 31 December 2010. The forecasts show the Group will have adequate resources for this period. In the past six months, where the timing of cash receipts has resulted in temporarily inadequate cash balances, directors have provided loans to enable payments to third parties to be made on a timely basis. Certain directors have indicated their willingness to make further advances if necessary.

The financial statements do not include any adjustments or disclosures that would be required if the Company was not a going concern.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and all subsidiary undertakings made up to 30 June and are for an 18 month period (2007 – made up to 31 December for a 12 month period). Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Acquisitions of subsidiaries are dealt with by the purchase method. The purchase method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group's accounting policies. Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition.

BUSINESS COMBINATIONS COMPLETED PRIOR TO THE DATE OF TRANSITION TO IFRS

The Group elected not to apply IFRS 3 "Business Combinations" retrospectively to business combinations prior to the date of transition.

Accordingly the classification of a combination (acquisition or merger) remains unchanged from that used under UK GAAP. Assets and liabilities are recognised at the date of transition as they would be recognised under IFRS, and are measured using their UK GAAP carrying amount immediately post-acquisition as deemed cost under IFRS, unless IFRS requires fair value measurement. Deferred tax is adjusted for the impact of any consequential adjustments after taking advantage of the transitional provisions.

MERGER ACCOUNTING

The transfer to the Group of the ownership of Tersus Energy Services Inc. and its subsidiary companies on 21 January 2005 was accounted for in accordance with the principles of merger accounting. Under merger accounting, the results are reported for the Group as if the Group had been in existence in its current form throughout the current and previous financial periods. No purchased goodwill was created in the transaction and the assets and liabilities of Tersus Energy Services Inc. were not adjusted to reflect their fair value.

REVENUE

Revenue is measured at the fair value of the consideration received or receivable from third parties for goods and services provided in the normal course of business, net of value added tax and other sales taxes. Intra-group sales are excluded.

Group businesses are remunerated for integrated strategic and financial advisory services provided to third parties by a combination of cash retainers and success fees, with the former generally being earned on a time basis and the latter when predetermined milestones are achieved. Revenue is recognised on the basis of the arrangements made with third parties.

GOODWILL

Goodwill representing the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is capitalised and reviewed annually for impairment. Goodwill is carried at cost less accumulated impairment losses. A discount on acquisition is recognised immediately after acquisition in the income statement.

In accordance with the exemption in paragraph B1A of IFRS 1, no fair value adjustments as at the date of acquisition have been made for business combinations that took place prior to the date of transition to IFRS. Accordingly, the carrying amounts of goodwill as at the date of transition were unchanged. Goodwill written off to reserves prior to that date remains in reserves. Goodwill previously written off to reserves is not written back to profit or loss on subsequent disposal.

INTANGIBLE ASSETS

Assets acquired as part of a business combination

In accordance with IFRS 3 "Business Combinations", an intangible asset acquired in a business combination (eg software licence) is deemed to have a cost to the group of its fair value at the acquisition date. The fair value of an intangible asset reflects market expectations about the future economic benefits embodied in the asset that will flow to the Group. Where an intangible asset might be separable, but only together with a related tangible or intangible asset, the group of assets is recognised as a single asset separately from goodwill where individual fair values of the assets in that group are not reliably measurable. Where individual fair values of complementary assets are reliably measurable, the group recognises them as a single asset provided the individual assets have similar useful lives.

Research and development

Expenditure on research (or the research phase of an internal project) is recognised as an expense in the period in which it is incurred.

Development costs, comprising labour and materials, that are incurred on specific projects are capitalised when all the following conditions are satisfied:

- completion of the intangible asset is technically feasible so that it will be available for use or sale
- the group intends to complete the intangible asset and use or sell it
- the group has the ability to use or sell the intangible asset
- the intangible asset will generate probable future economic benefits. Among other things, this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits
- there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and
- the expenditure attributable to the intangible asset during its development can be measured reliably.

Development costs not meeting the criteria for capitalisation are expensed as incurred.

The directors apply careful judgement when deciding whether the recognition requirements for development costs have been met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems at the time of recognition. Judgements are based on the information available at each balance sheet date and, as with other assets, the carrying amount is subject to review as part of impairment testing.

PROPERTY PLANT & EQUIPMENT

Property, plant and equipment are stated at cost, net of depreciation and any provision for impairment.

DEPRECIATION AND AMORTISATION

Depreciation and amortisation is calculated to write down the cost less estimated residual value of non current assets other than Goodwill, over their estimated useful economic lives. The residual values and useful lives are reviewed annually. The rates generally applicable are:

Software licences	10%, by equal annual instalments
Tools and equipment	25% – 45%, by equal annual instalments
Furniture and fittings	20%, by equal annual instalments

Development costs are amortised against unit sales achieved, with the amount charged on each sale determined on the basis that total costs will be fully amortised over the product life cycle, which for this purpose is generally taken to be 3 years. The carrying amount is subject to review as part of impairment testing and, where appropriate, impairment losses are recognised in the income statement.

Depreciation and amortisation is included in Administrative expenses in the income statement.

IMPAIRMENT TESTING OF GOODWILL, OTHER INTANGIBLE ASSETS AND PROPERTY PLANT AND EQUIPMENT

Assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units) for the purposes of assessing impairment. As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination: these represent the lowest level within the Group at which management monitors the related cash flows.

Goodwill, other individual assets or cash-generating units that include goodwill and those intangible assets not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The extent of an impairment loss is the amount by which the estimated recoverable amount is less than the asset's or cash-generating unit's carrying amount. The recoverable amount is the higher of fair value less costs to sell (reflecting market conditions) and the value in use based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generating units to which goodwill has been allocated are credited initially to the carrying amount of goodwill with any remaining impairment loss being charged first against other intangible assets and then *pro rata* to the other assets in the cash generating unit.

When an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior periods. A reversal of an impairment loss is recognised in the income statement immediately.

DISPOSAL OF ASSETS

The gain or loss arising on the disposal of an asset is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in the income statement.

FINANCIAL ASSETS

Financial assets are recognised when the Group has become a party to the contracts that give rise to them.

Financial investments

Investments are classified by the directors at each reporting date.

All financial investments are classified as fair value through profit or loss as the performance of the Group depends on the gains or losses arising from the investment activity of the Group. They are valued in compliance with IAS 39 "Financial Instruments: Recognition and Measurement" and the International Private Equity and Venture Capital Guidelines as recommended by the British Venture Capital Association.

The principles used to value unlisted investments and the bases used for their valuation are set out in the Report of the directors.

Gains and losses on the realisation of financial investments are dealt with through the income statement. Financial investments are not held for immediate realisation.

An assessment for impairment is undertaken at each balance sheet date.

Trade receivables

Trade receivables are accounted for at fair value when the asset arises. Provision against trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. All receivables are considered for impairment.

FINANCIAL LIABILITIES

Financial liabilities comprise interest bearing loans and borrowings. On initial recognition, financial liabilities are measured at fair value.

Trade payables

Trade payables are not interest bearing and are stated at their fair value.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash at bank and in hand and short-term deposits with banks realisable at more than 24 hours' notice.

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Costs of ordinarily interchangeable items are assigned using the first in, first out cost basis. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity.

TAXATION

Current tax is the tax currently payable based on taxable profits for the period.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity, in which case the related deferred tax is also charged or credited directly to equity.

FOREIGN CURRENCIES

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in the profit or loss in the period in which they arise. Exchange differences arising on the re-translation of non-monetary items are included in the statement of recognised income and expense where a gain or loss relating to that non-monetary item would be also be recognised directly in equity: otherwise such gains and losses are recognised in the income statement.

The assets and liabilities in the financial statements of foreign subsidiaries and related goodwill are translated at the rate of exchange ruling at the balance sheet date. Income and expenses are translated at the average rates of exchange. The exchange differences arising from the re-translation of the opening net investment in subsidiaries are taken directly to the “Foreign currency translation reserve” in equity.

The Group took advantage of the exemption in IFRS 1 and deemed cumulative translation differences for all foreign operations to be nil at the date of transition to IFRS. The gain or loss on disposal of these operations excludes translation differences that arose before the date of transition to IFRS and includes later translation differences.

SHARE BASED PAYMENTS

All share-based payment arrangements granted after 7 November 2002 that had not vested prior to 1 January 2006 are recognised in the financial statements.

The Group issues equity-settled share-based payments to certain directors and employees. These payments are measured at fair value at the date of the grant and this fair value is recognised as an expense in the income statement with a corresponding entry to the Share option reserve on a straight line basis over the vesting period, based on the Group's estimate of the number of shares or share options that will eventually vest.

Fair value is measured by use of the Black Scholes Pricing Model. See note 22 for a further description of the share-based payment plans.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Although these estimates are based on management's best knowledge of the amount, event or action, actual results may differ materially from those estimates.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities relate to:

- the valuation of the Group's unlisted investments held at fair value through profit and loss, which are valued on the bases set out in the Report of the directors
- the determination of the initial fair value of the assets and liabilities acquired in a business combination
- the assessment of whether there has been any impairment of goodwill and other assets in respect of subsidiaries
- the timing and amount of cash flows.

TERSUS ENERGY PLC

CONSOLIDATED INCOME STATEMENT

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

For the period ended 30 June 2009

	Note	*2009* *18 months* *£*	*2007* *12 months* *£*
Revenue	1	2,014,603	2,078,013
Cost of sales		(974,374)	(1,072,435)
Gross profit		1,040,229	1,005,578
Administrative expenses		(2,182,794)	(2,441,524)
Finance income	4	30,899	32,802
Finance cost	4	(29,009)	(99,809)
Gains and losses on financial investments at fair value through profit and loss:			
Gains		279,908	1,930,116
Losses		(16,715)	(1,175,333)
Impairment losses on intangible assets recognised in period		(1,166,150)	–
Loss before tax	3	(2,043,632)	(748,170)
Taxation	6	3,352	45,826
Loss for the period attributable to equity shareholders of the parent		(2,040,280)	(702,344)
Loss per share			
Basic	7	(5.4)p	(1.8)p
Diluted	7	(5.4)p	(1.8)p

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

	Note	*2009* *18 months* *£*	*2007* *12 months* *£*
Exchange differences on translation of foreign operations	17	131,349	39,320
Net income recognised directly in equity		131,349	39,320
Loss for the period	17	(2,040,280)	(702,344)
Total recognised income and expense for the period attributable to the equity shareholders of Tersus Energy Plc		(1,908,931)	(663,024)

The accompanying accounting policies and notes form an integral part of these statements.

TERSUS ENERGY PLC

CONSOLIDATED BALANCE SHEET

As at 30 June 2009

	Note	*2009* £	*2007* £
ASSETS			
Non-current assets			
Goodwill	8	251,723	1,053,779
Other intangible assets	8	467,615	783,180
Property, plant and equipment	9	26,287	37,174
Financial assets	10	2,171,160	3,610,033
		2,916,785	5,484,166
Current assets			
Inventories	11	260,478	307,996
Trade and other receivables	12	289,653	439,482
Cash and cash equivalents		155,749	483,151
		705,880	1,230,629
Total assets		3,622,665	6,714,795
LIABILITIES			
Current liabilities			
Trade and other payables	13	691,029	1,329,356
Short-term borrowings	14	114,702	677,393
		805,731	2,006,749
Non-current liabilities			
Deferred tax	15	118,220	117,338
		118,220	117,338
Total liabilities		923,951	2,124,087
Net assets		2,698,714	4,590,708
EQUITY			
Equity attributable to equity holders of the parent			
Share capital	16	190,231	190,231
Share premium account	17	6,417,112	6,417,112
Merger reserve	17	1,499,766	1,499,766
Share option reserve	17	297,692	280,755
Foreign currency translation reserve	17	43,036	(88,313)
Profit and loss account	17	(5,749,123)	(3,708,843)
Total equity		2,698,714	4,590,708

The financial statements were approved by the Board of directors on 25 November 2009.

S P Levine
Director

D T Wilson
Director

The accompanying accounting policies and notes form an integral part of these statements.

TERSUS ENERGY PLC

CONSOLIDATED CASH FLOW STATEMENT

For the period ended 30 June 2009

	2009 *18 months* £	*2007* *12 months* £
Cash flow from operating activities		
Loss before taxation	(2,043,632)	(748,170)
Adjustments for:		
Depreciation and amortisation	116,970	96,478
Development costs – write-off	–	120,144
Investments – adjustments	–	9,855
Gains on financial investments	(279,908)	(1,930,116)
Losses on financial investments	16,715	1,175,333
Impairment losses on intangible assets	1,166,150	–
Foreign exchange	9,399	(89,916)
Share option expense	16,937	146,545
Finance (income)/cost	(1,890)	67,007
Change in inventories	55,911	40,352
Change in trade and other receivables	110,804	379,649
Change in trade and other payables	(720,472)	111,658
Cash outflow from operations	(1,553,016)	(621,181)
Taxation refund	–	33,252
Taxation paid	(19,402)	(8,934)
Net cash flow from operating activities	(1,572,418)	(596,863)
Cash flows from investing activities		
Additions to intangible fixed assets	(47,156)	(150,119)
Additions to property, plant and equipment	(3,606)	(3,439)
Additions to investments	–	(2,065)
Proceeds from the sale of investment	1,112,529	–
Distribution received from investment	735,414	–
Interest received	15,100	10,878
Net cash used in investing activities	1,812,281	(144,745)
Cash flows from financing activities		
(Repayment)/proceeds of short-term loan from shareholder	(500,000)	500,000
Proceeds of short-term loan from director	10,000	–
(Repayment)/proceeds of bank loan	(77,493)	172,546
Interest paid	(30,489)	(12,689)
Net cash generated from financing activities	(597,982)	659,857
Net change in cash and cash equivalents	(358,119)	(81,751)
Exchange differences on cash and cash equivalents	30,717	(853)
Cash and cash equivalents at beginning of period	483,151	565,755
Cash and cash equivalents at end of period	155,749	483,151
Cash and cash equivalents comprise:		
Cash at bank and in hand	155,749	133,944
Cash on deposit	–	349,207
	155,749	483,151

The accompanying accounting policies and notes form an integral part of these statements.

TERSUS ENERGY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 June 2009

1. REVENUE

Revenue, which excludes value added tax and other sales taxes, represents the invoiced value of goods and services supplied and excludes intra-group sales. The revenue and pre-tax loss are wholly attributable to the ordinary activities of the various businesses within the Group. The revenue of the Canadian business Navitas comprises battery control products for battery powered vehicles. Envinta is based in the USA and the revenue of this business is generated from the development, sale, implementation and maintenance of energy and environmental information software products. Further revenue is generated in the USA and UK from the Group's strategic and financial advisory services.

2. SEGMENT REPORTING

Tersus identifies three operating segments: manufacturing of electronic control equipment; development and sale of energy and environmental information software; and advisory services to the renewable energy sector.

Primary reporting by business segment

Period ended 30 June 2009 – 18 months	*Manufacturing* £	*Software development* £	*Advisory services (Note (a))* £	*Total* £
Revenue	1,084,605	869,076	60,922	2,014,603
Gross profit	369,851	655,051	15,327	1,040,229
Administrative expense	(1,033,562)	(610,446)	(538,786)	(2,182,794)
Net finance income			1,890	1,890
Impairment losses on intangible assets recognised in period	(666,150)	(500,000)	–	(1,166,150)
Gains and losses on financial investments at fair value through profit and loss:				
Gains			279,908	279,908
Losses			(16,715)	(16,715)
Loss before tax	(1,329,861)	(455,395)	(258,376)	(2,043,632)
Taxation				3,352
Loss for period				(2,040,280)
Other segment items included in the income statement				
Depreciation and amortisation	26,732	90,238	–	116,970
Share option expense	–	–	16,937	16,937

Information regarding segment assets and liabilities as at 30 June 2009 and capital expenditure for the period:

	Manufacturing £	*Software development* £	*Advisory services (Note (a))* £	*Total* £
Total assets	422,504	854,682	2,345,479	3,622,665
Total liabilities	(170,203)	(102,453)	(651,295)	(923,951)
Intangible asset additions	47,156	–	–	47,156
Financial assets additions	–	–	27,858	27,858
Property, plant and equipment additions	3,606	–	–	3,606

(a) Head office costs, group finance income/(cost), gains and losses on financial investments, and assets and liabilities relating to group finance and taxation/deferred taxation are included in Advisory services.

Year ended 31 December 2007	*Manufacturing* £	*Software development* £	*Advisory services (Note (a))* £	*Total* £
Revenue	1,459,974	543,819	74,220	2,078,013
Gross profit	603,682	353,096	48,800	1,005,578
Administrative expense	(897,638)	(391,505)	(1,152,381)	(2,441,524)
Net finance cost			(67,007)	(67,007)
Gains and losses on financial investments at fair value through profit and loss:				
Gains			1,930,116	1,930,116
Losses			(1,175,333)	(1,175,333)
Loss before tax	(293,956)	(38,409)	(415,805)	(748,170)
Taxation				45,826
Loss for period				(702,344)
Other segment items included in the income statement				
Depreciation and amortisation	18,568	51,618	26,292	96,478
Development costs – write-off	120,144	–	–	120,144
Share option expense	–	–	146,545	146,545

Information regarding segment assets and liabilities as at 31 December 2007 and capital expenditure for the period:

	Manufacturing	*Software development*	*Advisory services (Note (a))*	*Total*
	£	£	£	£
Total assets	1,177,649	1,258,025	4,279,121	6,714,795
Total liabilities	(453,816)	(101,193)	(1,569,078)	(2,124,087)
Intangible asset additions	150,119	–	–	150,119
Financial assets additions	–	–	11,899	11,899
Property, plant and equipment additions	3,439	–	–	3,439

(a) Head office costs, group finance income/(cost), gains and losses on financial investments, and assets and liabilities relating to group finance and taxation/deferred taxation are included in Advisory services.

Secondary reporting by geographical area

	Revenue from external customers 2009 18 months	*Profit/(loss) before tax 2009 18 months*	*Total assets less total liabilities 2009*	*Revenue from external customers 2007 12 months*	*Profit/(loss) before tax 2007 12 months*	*Total assets less total liabilities 2007*
	£	£	£	£	£	£
Canada – Navitas	1,084,605	(1,342,675)	(55,898)	1,459,974	(305,722)	723,833
USA – Envinta	869,076	(455,395)	752,229	543,819	(38,409)	1,156,832
USA – advisory services	60,922	73,410	(1,521,844)	64,220	(152,206)	(1,309,194)
UK – advisory services (Note (a))	–	(318,972)	3,524,227	10,000	(251,833)	4,019,237
	2,014,603	(2,043,632)	2,698,714	2,078,013	(748,170)	4,590,708

(a) Head office costs, group finance income/(cost), gains and losses on financial investments, and assets and liabilities relating to group finance and taxation/deferred taxation are included.

There is no material difference between the origin and destination of turnover with the exception of Navitas sales, of which £708,716 (2007 – £1,014,373) was supplied from Canada to USA, £76,892 to UK (2007 – nil), £75,284 to China (2007 – £22,782) and £48,589 to Belgium (2007 – £28,915).

TERSUS ENERGY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 June 2009

3. LOSS BEFORE TAX

The loss before taxation is stated after charging/(crediting):

	2009 *18 months* *£*	*2007* *12 months* *£*
Auditors' remuneration – fees payable to the Company's auditors:		
for the audit of the Group accounts	12,000	15,000
for the audit of the Company's accounts	3,000	–
for the audit of the Company's subsidiaries	–	15,000
under accrued in prior year	30,035	3,785
other services	10,000	6,000
Depreciation and amortisation:		
Intangible assets	101,170	82,298
Property, plant and equipment	15,800	14,180
Development costs – write-off	–	120,144
Operating leases	169,962	93,849
Net exchange gains	(86,353)	(22,505)

4. FINANCE INCOME/COST

	2009 *18 months* *£*	*2007* *12 months* *£*
Interest receivable		
Bank deposits	15,100	10,460
Investments – convertible loans	–	3,827
Other balances	15,799	18,515
Finance income	30,899	32,802
Interest payable and similar charges		
Investments – convertible loans (a)	–	(85,640)
On bank overdrafts and other short term loans	(14,009)	(12,689)
Short term loan from shareholder	(15,000)	(1,480)
Finance cost	(29,009)	(99,809)
Net finance income/(cost)	1,890	(67,007)

(a) Adjustment in 2007 for interest accrued in prior years no longer receivable following (i) exercise of conversion rights (£57,117) and (ii) assessment of fair value of the related convertible loans at the year-end (£28,523).

5. DIRECTORS AND EMPLOYEES

The average number of employees:

	2009	*2007*
Production	9	16
Advisory	4	6
Sales	7	7
Administration	3	5
	23	34

Staff costs during the period were as follows:

	2009 *18 months* *£*	*2007* *12 months* *£*
Wages and salaries	1,179,080	1,169,114
Social security costs	103,919	122,705
	1,282,999	1,291,819

The remuneration of the directors, who are the key management personnel of the Group, is set out below using the categories specified in IAS 24 "Related Party Disclosures":

	2009 *18 months* *£*	*2007* *12 months* *£*
Short-term employee benefits	379,398	377,934
Share-based payments	–	56,435
	379,398	434,369

Directors' emoluments

For the period ended 30 June 2009 – 18 months

	Salary *£*	*Fees* *£*	*Benefits in kind* *£*	*Total* *£*
Executive Directors				
S P Levine	84,833	5,667	13,201	103,701
D T Wilson	91,750	–	–	91,750
Non-Executive Directors				
J F Devaney	–	49,500	–	49,500
S J Clayton	–	24,000	–	24,000
N N Trulsvik	–	28,500	–	28,500
	176,583	107,667	13,201	297,451

In addition, S P Levine received £14,011 (2007 – £49,178) and D T Wilson £48,979 (2007 – nil) under participation arrangements in relation to the sale of the shares in Dynamotive Energy Systems Corporation in 2006 and income generated from the investment in TWELP in 2008.

Directors' share options

A summary of the share option schemes is given in note 22.

At 30 June 2009, certain directors held the following options to subscribe for ordinary shares:

	Type of option scheme	*Date of Grant*	*Ordinary shares under option*	*Exercise price £*	*Exercise dates From*	*To*
S P Levine	Rollover	1/05/2002	1,114,813	0.134	Vested	30/04/2012
N N Trulsvik	Stand-alone	1/02/2005	200,000	0.500	Vested	3/02/2010
			1,314,813			

During the period, the following options were surrendered and subsequently cancelled by the Company:

	Type of option scheme	*Date of Grant*	*Ordinary shares under option*	*Exercise price £*	*Exercise dates From*	*To*
J F Devaney	Stand-alone	1/02/2005	400,000	0.500	Vested	3/02/2010
J F Devaney	New Plan	31/05/2006	200,000	0.500	Vested	30/05/2016
J F Devaney	New Plan	23 /03/2007	400,000	0.150	Vested	23/03/2012
S P Levine	New Plan	15/10/2005	400,000	0.500	Vested	14/10/2015
S P Levine	New Plan	31/05/2006	300,000	0.500	Vested	30/05/2016
S P Levine	New Plan	23 /03/2007	400,000	0.150	Vested	23/03/2012
D T Wilson	Stand-alone	1/02/2005	400,000	0.500	Vested	3/02/2010
D T Wilson	New Plan	15/10/2005	800,000	0.500	Vested	14/10/2015
D T Wilson	New Plan	31/05/2006	300,000	0.500	Vested	30/05/2016
D T Wilson	New Plan	23 /03/2007	800,000	0.150	Vested	23/03/2012
N N Trulsvik	New Plan	23 /03/2007	200,000	0.150	Vested	23/03/2012
			4,600,000			

6. TAXATION

The tax charge is based on the loss for the period and represents:

	2009 *18 months* *£*	*2007* *12 months* *£*
Overseas taxation refund – prior periods	–	(33,252)
Total tax receivable	–	(33,252)
Overseas taxation paid – prior periods	12,106	3,834
Overseas taxation	7,296	–
UK taxation – prior periods	–	(3,400)
Deferred taxation	(22,754)	(13,008)
Total tax credit	(3,352)	(12,574)
Total tax credit	(3,352)	(45,826)

The tax assessed for the period can be reconciled to the accounting loss as follows:

	2009 *18 months* *£*	*2007* *12 months* *£*
Loss on ordinary activities before tax	(2,043,632)	(748,170)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 28 per cent. (2007 – 30 per cent.)	(572,217)	(224,451)
Effects of:		
Higher effective tax rates on overseas losses	(33,709)	(27,920)
Items not deductible for tax purposes/subject to tax	(30,928)	57,110
Net prior-year gains now realised for tax purposes	203,392	–
Impairment losses on intangible assets that are not deductible	326,516	–
Net unrealised gains on financial investments	–	(226,435)
Tax losses carried forward	91,488	408,688
	(15,458)	(13,008)
Taxation – prior periods	12,106	(32,818)
Total tax credit for the period	(3,352)	(45,826)

The Group has tax losses of approximately £4,019,000 at 30 June 2009 (2007 – £5,870,000), of which £3,935,000 (2007 – £5,098,000) arise overseas. These tax losses will be available to reduce the tax due on future profits. The tax losses at 30 June 2009 do not include the tax losses for Navitas as these will not be utilised following the disposal of the Navitas business after the period end (see note 25).

The credit of £22,754 (2007 – £13,008) for deferred taxation comprises the release of part of the balance arising on recognition of the fair value of intangible assets on acquisition of Envinta. Both the deferred tax liability of £211,500 recognised on the net unrealised gains on financial investments in 2007 and the tax losses off-set against that deferred tax liability have been released, as the net gains were realised during the period (see note 15).

No deferred tax asset has been recognised due to the uncertainty of the timing of recoverability of the asset. The asset will be recovered in line with future profits. The unrecognised deferred tax asset comprises tax losses carried forward of £1,419,900 (2007 – £1,859,500).

7. EARNINGS PER ORDINARY SHARE

The calculation is based on a loss of £2,040,280 (2007 – loss of £702,344) and on a weighted average number of shares in issue of 38,046,376 (2007 – 38,046,376).

At the period end, there were 4,137,934 share options (2007 – 10,172,973) and 6,000,000 warrants (2007 – 6,000,000) outstanding which, if exercised, could potentially dilute basic earnings per share in the future. These were not included in the calculation of diluted earnings per share in 2009 or 2007 as in each period the loss per share would be reduced.

8. INTANGIBLE ASSETS

	Goodwill	*Development*	*Software licences*	*Total*
	£	*£*	*£*	*£*
Cost	1,019,459	249,958	501,000	1,770,417
Amortisation	–	–	–	–
Carrying amount at 31 December 2006	1,019,459	249,958	501,000	1,770,417
Cost	1,053,779	324,040	541,988	1,919,807
Amortisation	–	(4,987)	(77,861)	(82,848)
Carrying amount at 31 December 2007	1,053,779	319,053	464,127	1,836,959
Cost	1,060,338	364,389	649,778	2,074,505
Amortisation	(808,615)	(364,389)	(182,163)	(1,355,167)
Carrying amount at 30 June 2009	251,723	–	467,615	719,338
Cost				
At 31 December 2006	1,019,459	249,958	501,000	1,770,417
Additions	–	150,119	–	150,119
Transfer from Property, plant & equipment	–	–	49,955	49,955
Disposals/write-off	–	(120,144)	–	(120,144)
Exchange movements	34,320	44,107	(8,967)	69,460
At 31 December 2007	1,053,779	324,040	541,988	1,919,807
Additions	–	47,156	–	47,156
Disposals	–	(16,444)	–	(16,444)
Exchange movements	6,559	9,637	107,790	123,986
At 30 June 2009	1,060,338	364,389	649,778	2,074,505

	Goodwill	*Development*	*Software licences*	*Total*
	£	*£*	*£*	*£*
Amortisation				
At 31 December 2006	–	–	–	–
Additions	–	4,553	77,745	82,298
Exchange movements	–	434	116	550
At 31 December 2007	–	4,987	77,861	82,848
Additions		11,166	90,004	101,170
Impairment losses recognised in period	808,615	357,535	–	1,166,150
Disposals	–	(9,175)	–	(9,175)
Exchange movements	–	(124)	14,298	14,174
At 30 June 2009	808,615	364,389	182,163	1,355,167

The goodwill relates to the acquisition by the Group of Navitas Technologies Limited ('Navitas') and Envinta Corporation Inc ('Envinta') in 2005 and 2006 respectively. The carrying amount attributable to Navitas is nil (2007 – £302,056) and to Envinta is £251,723 (2007 – £751,723).

The two cash-generating units (CDUs) used for the purpose of testing for impairment are the business of Navitas and the business of Envinta. The recoverable amounts of the CDUs were determined at their fair value less costs to sell.

As explained in note 25 the business of Navitas was sold subsequent to the period end. The fair value was accordingly assessed on the basis of the amount realised on the sale of the business. The review established that the fair value of the intangible assets allocated to the CDU at 30 June 2009 (ie goodwill and development costs) was nil. Accordingly, the impairment losses recognised in the period were £308,615 for goodwill (2007 – nil) and £357,535 for development costs (2007 – nil).

The recoverable amount for Envinta was assessed using the earnings multiple methodology based on the profits before interest and tax achieved in 2008 and forecast for 2009, and applying an appropriate and reasonable price/earnings multiple. The fair value determined on this basis was underpinned by a valuation based on the fair value less costs to sell, as a third party recently made an informal approach to acquire the business. The impairment review concluded there had been an impairment loss in the goodwill of £500,000 during the period (2007 – nil).

9. PROPERTY PLANT AND EQUIPMENT

	Furniture & fixtures £	*Tools & equipment* £	*Leasehold* £	*Total* £
Cost	55,363	49,077	9,916	114,356
Depreciation	(848)	(18,553)	(1,653)	(21,054)
Carrying amount at 31 December 2006	54,515	30,524	8,263	93,302
Cost	6,195	59,471	11,552	77,218
Depreciation	(1,737)	(34,071)	(4,236)	(40,044)
Carrying amount at 31 December 2007	4,458	25,400	7,316	37,174
Cost	6,636	64,800	11,865	83,301
Depreciation	(2,963)	(46,141)	(7,910)	(57,014)
Carrying amount at 30 June 2009	3,673	18,659	3,955	26,287
Cost				
At 31 December 2006	55,363	49,077	9,916	114,356
Additions	1,318	2,121	–	3,439
Transfer to Intangible assets	(49,955)	–	–	(49,955)
Exchange movements	(531)	8,273	1,636	9,378
At 31 December 2007	6,195	59,471	11,552	77,218
Additions	–	3,606	–	3,606
Exchange movements	441	1,723	313	2,477
At 30 June 2009	6,636	64,800	11,865	83,301
Depreciation				
At 31 December 2006	848	18,553	1,653	21,054
Additions	697	11,373	2,110	14,180
Exchange movements	192	4,145	473	4,810
At 31 December 2007	1,737	34,071	4,236	40,044
Additions	1,141	11,090	3,569	15,800
Exchange movements	85	980	105	1,170
At 30 June 2009	2,963	46,141	7,910	57,014

10. FINANCIAL ASSETS

	Investments £
Carrying amount	
At 31 December 2006	2,466,136
Additions at cost	11,899
Revaluation uplift recognised in profit and loss	2,319,116
Impairment losses recognised in profit and loss	(1,175,333)
Adjustments to cost	(9,855)
Exchange movement	(1,930)
At 31 December 2007	3,610,033
Additions at cost	27,858
Revaluation uplift recognised in profit and loss	350,432
Impairment losses recognised in profit and loss	(16,715)
Disposals at carrying amount	(1,823,447)
Exchange movements	22,999
At 30 June 2009	2,171,160

Investments are categorised as at fair value through profit or loss. Where the fair value can be reliably measured the fair value of the asset is reflected in the balance sheet and any changes are reported in profit or loss. Investments whose fair value cannot be reliably measured are held at cost less any impairment.

The investments comprise strategic investments which have been made in line with the Group's business strategy of focusing on the energy efficiency and alternative fuels/renewable energy sectors, with some being obtained in return for providing advisory services.

The investments include both investments in shares and convertible loans. The terms on which some investments are made include the right for the Group to participate in future projects. All investments are unlisted.

All the investments are stated at amounts which the directors consider to be a reasonable assessment of their fair value, having regard to the requirement to apply a degree of caution in making the necessary estimates. The assessments have been made using one of the following bases:

- Price of Recent Investment
- Discounted cash flows from the investment

The basis considered most appropriate in light of the nature, facts and circumstances of each investment has been used.

The fair value of the Group's investment in HT Blade, held through its investment in the TWELP partnership, and the related investment in the TWELP 2 partnership have been assessed at £2,026,985 at 30 June 2009. This value includes a revaluation uplift of £350,432 recognised in the income statement which has been applied to the carrying amount of £1,676,553 that remains after adjusting for the disposal of 25 per cent. of the investment in the TWELP partnership and the receipt of a distribution in April 2008. As with the valuation of the original investment in 2007 (£3,500,000), the fair value has been based on the price at which a third party acquired an interest in the partnership in 2008, discounted to reflect the inherent uncertainties in realising future value. A provision of £405,452 (2007 – £389,000) is carried in the accounts for the amount that would be payable under incentive arrangements if the investment were realised at this value, so that the total net unrealised gain recognised through profit and loss for this investment is £735,870 (2007 – £1,930,116 for the original investment).

The remaining investments have been fair valued, largely on the basis of the estimated discounted cash flows from the investments. The impairment loss recognised through profit and loss of £16,715 relates wholly to investment in shares (2007 – £840,237 relating to investment in shares and £335,096 to investments in convertible loans).

11. INVENTORIES

The inventories principally comprise raw materials and bought-in parts. During the period, a total of £626,889 of inventories was included in profit and loss as an expense (2007 – £700,705).

12. TRADE AND OTHER RECEIVABLES

	2009	*2007*
	£	*£*
Trade receivables	260,294	365,124
Accrued income	–	30,741
Prepayments and other debtors	29,359	43,617
	289,653	439,482

The carrying value of trade receivables is considered a reasonable approximation of fair value.

All of the receivables have been reviewed for indicators of impairment and a provision of £7,009 (2007 – £95,912) made.

The age of the trade receivables past due but not impaired is as follows:

	2009	*2007*
	£	*£*
Not more than 3 months	62,939	46,103
More than 3 months but not more than 6 months	36,117	33,139
More than 6 months but not more than 1 year	23,569	1,736
More than 1 year	–	120,620
	122,625	201,598

13. TRADE AND OTHER PAYABLES

	2009	*2007*
	£	*£*
Trade payables	147,606	367,327
Other payables	–	29,318
Other taxation and social security	752	11,407
Accruals and deferred income	542,671	921,304
	691,029	1,329,356

All amounts are short-term. The carrying values are considered to be a reasonable approximation of fair value.

14. SHORT TERM BORROWINGS

	2009	*2007*
	£	*£*
Bank loans and overdrafts	104,702	177,393
Short term loan from shareholder (a)	–	500,000
Short term loan from director (b)	10,000	–
	114,702	677,393

(a) This loan, details of which are given in note 24, was repaid in full on 2 May 2008.

(b) This loan was repaid in full on 10 November 2009.

The short-term borrowings carry interest at market rate and hence they are considered to be carried at fair value.

15. DEFERRED TAX

The movement in the period in the net deferred tax position for the Group was as follows:

	2009	*2007*
	18 months	*12 months*
	£	*£*
At 1 January 2008/ 1 January 2007	117,338	132,918
Released to income in the period	(22,754)	(13,008)
Exchange movements	23,636	(2,572)
At 30 June 2009/ 31 December 2007	118,220	117,338

The major deferred tax liabilities recognised by the Group and the movements thereon during the period are:

	Intangible assets recognised at acquisition	*Net unrealised gains on financial investments*	*Effects of tax losses*	*Total*
	£	*£*	*£*	*£*
At 31 December 2006	132,918	–	–	132,918
Charge in year	(13,008)	211,500	(211,500)	(13,008)
Exchange movements	(2,572)	–	–	(2,572)
At 31 December 2007	117,338	211,500	(211,500)	117,338
Charge in period	(22,754)	(211,500)	211,500	(22,754)
Exchange movements	23,636	–	–	23,636
At 30 June 2009	118,220	–	–	118,220

See note 6 for information on the Group's tax expense.

16. SHARE CAPITAL

	2009	*2007*
	£	*£*
Authorised		
200,000,000 ordinary shares of 0.5p each	1,000,000	1,000,000
Issued and fully paid		
At 30 June 2009 and 1 January 2008	190,231	190,231
	Ordinary shares	*Ordinary shares*
At 30 June 2009 and 1 January 2008	38,046,376	38,046,376

No shares have been issued in the period since 1 January 2007.

In connection with the short-term loan of £500,000 made to the Company by Bronsstadet AB on 17 December 2007 (see note 24), the Company issued 6 million warrants that are exercisable over 6 million ordinary shares at £0.01 each at any time before 31 December 2010. The fair value of the warrants at their date of issue on 17 December 2006 was assessed to be not material and continues to be so.

The various share option plans are described in note 22. The total number of share options outstanding at 30 June 2009, the periods in which they were granted and the periods in which they may be exercised are given below:

Date of grant	*Type of scheme*	*Note*	*Ordinary shares under option*	*Exercise price (£)*	*From*	*To*
1/05/2002	Rollover	(i)	1,114,813	0.134	Vested	30/04/2012
30/08/2004	Rollover	(ii)	359,158	0.134	Vested	29/08/2009
31/08/2004	Rollover	(ii)	22,296	0.134	Vested	30/08/2009
4/02/2005	Stand-alone		200,000	0.500	Vested	3/02/2010
15/10/2005	New Plan		250,000	0.500	Vested	14/10/2015
31/05/2006	New Plan		791,667	0.500	Vested	28/05/2016
23/03/2007	New Plan		400,000	0.150	Vested	23/03/2012
26/02/2008	New Plan	(iii)	1,000,000	0.0275	Vested	26/02/2013
			4,137,934			

(i) The final exercise date has been extended to 30 April 2012.

(ii) The dates of grant shown for Rollover options are the original option grant dates under the MCC Energy Group, Inc. share option scheme.

(iii) The share options were issued at an exercise price of £0.025, which increases by 10 per cent. on each anniversary of the date of grant if the options have not been exercised by that date. The current exercise price is £0.0275.

Movements in the number of share options outstanding and the weighted average exercise price are as follows:

	2009		*2007*	
	Number	*Weighted average exercise price (£)*	*Number*	*Weighted average exercise price (£)*
Outstanding at 1 January 2008/ 1 January 2007	10,172,973	0.286	9,329,483	0.302
Granted	1,000,000	0.025	3,000,000	0.150
Expired	(2,035,039)	0.147	(1,330,094)	0.134
Lapsed	(400,000)	0.150	(826,416)	0.223
Surrendered and cancelled	(4,600,000)	0.363	–	–
Outstanding at 30 June 2009/ 31 December 2007	4,137,934	0.220	10,172,973	0.286
Thereof exercisable	4,137,934	0.220	8,959,084	0.274

17. EQUITY

	Share premium account £	*Merger reserve* £	*Share option reserve* £	*Foreign currency translation reserve* £	*Profit and loss account* £
At 31 December 2006	6,417,112	1,499,766	134,210	(127,633)	(3,006,499)
Loss for the year	–	–	–	–	(702,344)
Share option expense	–	–	146,545	–	–
Exchange movements	–	–	–	39,320	–
At 31 December 2007	6,417,112	1,499,766	280,755	(88,313)	(3,708,843)
Loss for the period	–	–	–	–	(2,040,280)
Share option expense	–	–	16,937	–	–
Exchange movements	–	–	–	131,349	–
At 30 June 2009	6,417,112	1,499,766	297,692	43,036	(5,749,123)

The balances at 31 December 2006 were restated in 2007 following the adoption of IFRS for the first time in that year.

The Merger reserve arose on the group reconstruction on 21 January 2005 when Tersus Energy Services Inc. was acquired by the Company. This has been accounted for using merger accounting rules as explained in the section on the Basis of Consolidation on page 14 and the consolidated accounts have been prepared as if the Company had always been in existence.

The Foreign currency translation reserve comprises the cumulative exchange differences arising after 1 January 2006 on the translation of foreign operations.

18. CAPITAL COMMITMENTS

There were no capital commitments at 30 June 2009 or 31 December 2007.

19. CONTINGENT LIABILITIES

There were no contingent liabilities at 30 June 2009 or 31 December 2007.

20. OPERATING LEASE COMMITMENTS

At 30 June 2009, the Group had commitments to make future minimum payments under non-cancellable operating leases as follows:

	2009	*2007*
	£	*£*
Within 1 year	101,028	92,585
Within 1 – 5 years	63,608	204,649
	164,636	297,234

21. FINANCIAL INSTRUMENTS

The disclosures below are as required by IFRS 7 "Financial Instruments: Disclosures".

The Group manages its treasury function in accordance with policies that are reviewed and agreed by the Board. The objective is to reduce financial risk by ensuring that sufficient liquidity is available to meet the Group's foreseeable needs.

The Group's financial instruments comprise cash and short-term deposits, bank overdrafts and short-term borrowings as well as trade receivables, trade payables and accruals that arise directly from its operations.

The major financial risks for the Group are interest rate risks and liquidity risks. The policies for managing each of the risks are summarised below.

Liquidity and funding risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs.

Interest rate risk

Group funds are invested in deposit accounts with the objective of maintaining a balance between accessibility of funds and competitive rates of return.

Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables and investments.

The credit risk from bank balances and cash is negligible because the counter-parties are banks with high credit ratings.

The Group has no significant concentration of credit risk, as exposure is spread over a number of counter-parties and customers. The directors monitor the Group's credit risk by actively reviewing and approving the terms of, and parties to, significant commercial contracts where payment is not anticipated in advance.

Foreign currency risks

The Group carries out operations through a number of foreign subsidiaries. The day to day transactions of overseas subsidiaries are carried out in local currencies. The Group's exposure to currency risk at a transactional level is monitored and reviewed regularly. The Group does not have a hedging programme in place at this time.

The Group will use forward currency contracts where appropriate to mitigate its exposure to exchange risk fluctuations. No forward currency contracts existed at either 30 June 2009 or 31 December 2007.

Information on the various financial risks identified above is given below.

Liquidity and funding risk analysis

At 30 June 2009, the Group had short term borrowings totalling £114,702 (2007 – £677,393). These included a loan from a director, which was repaid in full on 10 November 2009.

Interest rate risk

The Group is exposed to interest rate risk in respect of the cash balances held with banks. If the interest rate has increased/decreased by half a percent during the period, the net result for the period would have been increased/reduced by £3,600 (2007 – £1,350).

Credit risk analysis

The Group's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date, as summarised below:

	2009	*2007*
	£	*£*
Classes of financial assets – carrying amounts		
Trade and other receivables	260,294	365,124
Cash and cash equivalents	155,749	483,151
	416,043	848,275

The Group's credit risk relating to its investments in convertible loans was eliminated in 2007, following the exercise of conversion rights and recognition of impairment losses during the year.

Foreign currency risk analysis

The table below shows the Group's exposure to foreign currency denominated financial assets and liabilities at the year end, translated at the closing rate:

	2009	*2009*	*2007*	*2007*
	£	*£*	*£*	*£*
	US	*Canadian*	*US*	*Canadian*
Foreign currency	*Dollars*	*Dollars*	*Dollars*	*Dollars*
Financial assets	180,811	135,419	188,277	234,030
Financial liabilities	(37,621)	(197,801)	(116,304)	(307,190)
Short-term exposure	143,190	(62,382)	71,973	(73,160)

The following table illustrates the sensitivity of the net result for the period and equity in regards to the Group's financial assets and financial liabilities and the US Dollar-Sterling and the Canadian Dollar – Sterling.

It assumes a +/-10 per cent. change of the US Dollar-Sterling and Canadian Dollar – Sterling exchange rate for the period ended 30 June 2009 (2007 +/– 10 per cent. change). These percentages have been determined based on the approximate average market volatility in exchange rates in the period. The sensitivity analysis is based on the Group's foreign currency financial instruments held at each balance sheet date.

If sterling had weakened against the US Dollar and Canadian Dollar by 10 per cent., this would have had the following impact:

	2009	*2009*	*2007*	*2007*
	£	*£*	*£*	*£*
	US	*Canadian*	*US*	*Canadian*
Foreign currency	*Dollars*	*Dollars*	*Dollars*	*Dollars*
Net result for the period	13,113	(121,538)	(21,179)	(33,969)
Equity	12,523	(121,534)	(21,227)	(37,204)

If sterling had strengthened against the US Dollar and Canadian Dollar by 10 per cent., this would have had the following impact:

	2009	*2009*	*2007*	*2007*
	£	*£*	*£*	*£*
	US	*Canadian*	*US*	*Canadian*
Foreign currency	*Dollars*	*Dollars*	*Dollars*	*Dollars*
Net result for the period	(10,729)	99,440	17,329	27,793
Equity	(10,246)	99,437	17,368	30,440

Exposures to foreign exchange rates vary during the period depending on the volume of overseas transactions. The analysis is considered to be broadly representative of the Group's exposure to currency risk.

22. LONG TERM INCENTIVES

A number of arrangements are in place to provide long term incentives. The arrangements under which long term incentives have already been granted or under which the Group intends to grant such incentives in the foreseeable future are summarised below.

Share options

New Share Option Plan

The Company has established a New Share Option Plan to facilitate the provision of equity incentives to employees and directors.

The New Share Option Plan is divided into two parts, one which is approved by HM Revenue & Customs (the "Approved Part") and one which offers awards in excess of HM Revenue & Customs limits (the "Non-approved Part"). The Company may also grant "Incentive Stock Options" in the USA on terms no more favourable than under the Non-approved Part. It is intended that options will only be granted under this plan in future.

Under this scheme, the total acquisition price of the ordinary shares under option to an individual will ordinarily be no more than twice their remuneration with a provision to grant options worth up to four times their remuneration in certain circumstances. The basis on which the options can be exercised will be set at the time they are granted, including both the price and a vesting schedule. The exercise price for options may be lower than the market price of an ordinary share at the date the option is granted, but no less than the nominal value. The Company's current policy is that one third of options granted will vest and become exercisable immediately with the remainder vesting in equal tranches on the anniversary of the date of the grant in each of the following two years. No option can be exercised more than ten years after its date of grant.

When an option holder ceases to work for the Group, unvested options lapse but, under certain circumstances, vested options may be exercised for a period after cessation of employment.

In the period ended 30 June 2009, 1,000,000 options that vested on issue were granted under the Share Option Plan. The exercise price, which was set at £0.025 on the issue date, increases by 10 per cent. on each anniversary of the date of grant (year ended 31 December 2007 – 3,000,000 issued at a price of £0.15).

Rollover Options

The Company has Rollover Options in place as a result of arrangements whereby options granted prior to the group reorganisation to the then employees and management of MCC Energy Group, Inc. were rolled over under the terms of the existing MCC Energy Group, Inc. share option scheme into options over ordinary shares of the Company, exercisable at £0.134 per ordinary share. At 30 June 2009, there were 381,454 options exercisable in the period up to 30 August 2009 and 1,114,813 options exercisable in the period up to 30 April 2012.

Stand-alone Options

Stand-alone Options granted to N N Trulsvik pursuant to an agreement dated 1 February 2005 at an exercise price of £0.50 were in place at 30 June 2009. The options, which are exercisable within 5 years, provide that if the holder leaves the Company in certain circumstances, he is permitted to retain vested options and exercise the same within three months of the date of departure. The Stand-alone Options granted on the same date to J F Devaney and D T Wilson were surrendered to the Company during the period, and subsequently cancelled.

Advisory Income Participation Arrangement

The Company has established an Advisory Income Participation Arrangement whose objective is to reward and incentivise those employees and contract personnel who assist the Group in consummating cash-generative transactions with advisory clients. Under this arrangement, an amount of up to 30 per cent of the net cash received by the Group on a transaction (after taking account of the payment of various related expenses to third parties and basic remuneration) may be paid in compensation to employees who had an active role in the transaction, provided that those employees have met certain minimum criteria. In relation to one assignment, the maximum participation has been increased to 50 per cent., of which 45 per cent. is to a director.

In the period to 30 June 2009, one payment of £11,416 (2007 – £11,379) was made under this arrangement which related to the disposal in previous periods of shares in Dynamotive Energy Systems Corporation that had been received as consideration for advisory work.

Investment Gain Participation Arrangement

The Company has established an Investment Gain Participation Arrangement whose objective is to reward and incentivise those employees and contract personnel who assist the Group in acquiring, managing or realising an investment. Under this arrangement, an amount of up to 20 per cent. of the net realised gain made by the Group on an investment may be made available and allocated amongst the members of the investment management team from time to time. The net gain is calculated after a first return to the Group the amount of which will reflect the amount and type of capital invested and the expected return at the time of investment. Non-refundable advances may be paid where an investment is judged to have secured an increase in value giving rise to an unrealised gain and/or is operating profitably. No such advances have been made to date. Participations granted under this arrangement will normally vest over a period of up to 3 years.

In the period to 30 June 2009, payments amounting to £33,860 were made (2007 – £50,425) in relation to the disposal of shares in Dynamotive Energy Systems Corporation in previous periods. Payments totalling £53,491 were also made (2007 – nil) in relation to income generated from the Company's investment in TWELP.

23. EQUITY SETTLED SHARE OPTION PLAN

The Group provides for a grant price equal to the average quoted market price of the Group shares on the date of grant.

Details of the share options in issue are provided in note 16. The fair values of share options were calculated using the Black-Scholes Pricing Model. The inputs into the model are outlined below.

	New share option plan	*Rollover options*	*Stand alone options*
Fair value	£0.00 – £0.06	£0.02 – £0.26(1)	£0.06
Share price	£0.02 – £0.41	£0.134 – £0.50	£0.50
Exercise price	£0.025 – £0.50	£0.134 – £0.50	£0.50
Expected volatility	30.0% – 27.0%	27.0%	27.0%
Expected life	5	3	3
Risk free rate	4.4%	4.4%	4.4%
Expected dividends yield	Nil	nil	nil

(1) 426,349 options were issued when mid market price was £0.50.

The Group recognised a total expense of £16,937 relating to equity settled share option scheme transactions in the period ended 30 June 2009 (2007 – £146,545).

Expected volatility was determined by calculating the historical volatility of the Group's share price over the period from flotation on the Alternative Investment Market in February 2005 through to February 2008. The expected useful life used in the model equals the life of the options.

24. RELATED PARTY TRANSACTIONS

Moore, Clayton & Co., Inc. ('MCCI'), now part of MCC Global NV., was a related party until December 2008, when it sold its significant shareholding in Tersus Energy Plc. Until that date, it was a related party by virtue of its shareholding and the fact that one of its directors and controlling shareholders, S J Clayton, was a director of the Company until her resignation on 31 October 2008. In December 2008, an agreement was made between the Company and MCCI under which both parties released each other and their subsidiaries from all obligations and liabilities to each other. As part of these arrangements the Group received cash of £80,022 and shares in an AIM-listed company with a market value of £27,858. Included in the amount due from MCCI was £46,541 of interest charged on the outstanding balance at a rate of 1 per cent. cumulative per month. The net accounting effect of the agreement was that £20,571 of the interest accrued to the date of the transaction was not recovered.

Bronsstadet AB is a related party, by virtue of the fact that it has a significant shareholding in Tersus Energy Plc. On 17 December 2007, Bronsstadet AB made a short-term loan to the Company of £500,000 at an annual interest rate of 9 per cent.. The loan, which was repayable within 15 months and was secured by a floating charge over the assets of the Company, was repaid in full on 2 May 2008, together with interest. Attached to the loan were 6.0 million warrants exercisable over 6.0 million ordinary shares at £0.01 each at any time before 31 December 2010. As at 25 November 2009, none of the warrants has been exercised.

25. POST BALANCE SHEET EVENTS

On 31 August 2009, the business of Navitas was sold to a Canadian company for a total consideration of C$500,000, of which C$330,000 was paid in cash on completion, with the balance payable in instalments on the following four anniversaries of the completion date. The development of the Navitas business was adversely affected by the general world economic downturn, and the decision to sell the business was taken after the Board decided it was no longer appropriate for the Group to continue funding Navitas' cash flow shortfall. The Company has entered into a consultancy agreement with the purchaser through which it will provide support to the purchaser and will receive a consultancy fee linked to the level of sales over the coming five years.

On 10 November 2009, the short-term loan of £10,000 from a director was repaid in full.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF TERSUS ENERGY PLC

We have audited the parent company financial statements of Tersus Energy Plc for the period ended 30 June 2009 which comprise the principal accounting policies, the company balance sheet and notes 1 to 13. These parent company financial statements have been prepared under the accounting policies set out therein.

We have reported separately on the group financial statements of Tersus Energy Plc for the period ended 30 June 2009. That report is modified by the inclusion of an emphasis of matter.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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

The directors' responsibilities for preparing the Annual Report, and the parent company financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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

We report to you our opinion as to whether the parent company financial statements give a true and fair view and whether the parent company financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Chairman's Statement that is cross referred from the Business Review section of the Directors' Report.

In addition we 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.

We read other information contained in the Annual Report and consider whether it is consistent with the audited parent company financial statements. The other information comprises only the Directors' Report and the Chairman's Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the parent company financial statements. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the parent company financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the parent company 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 parent company 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 parent company financial statements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF TERSUS ENERGY PLC

OPINION

In our opinion:

- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2009;
- the parent company financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

EMPHASIS OF MATTER – GOING CONCERN

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosure made in the Principal Accounting Policies – Going Concern concerning the Company's ability to continue as a going concern. This disclosure indicates the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result in the Company was unable to continue as a going concern.

GRANT THORNTON UK LLP
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS

London
25 November 2009

TERSUS ENERGY PLC

COMPANY BALANCE SHEET

As at 30 June 2009

	Note	*2009*	*2007*
		£	*£*
FIXED ASSETS			
Intangible assets	3	–	–
Investments	4	1,862,511	3,097,824
		1,862,511	3,097,824
Current assets			
Debtors – amounts due within one year	5	88,984	182,834
Debtors – amounts due after more than one year	5	6,567	865,567
Cash at bank and in hand		98,119	295,044
		193,670	1,343,445
Creditors: amounts falling due within one year	6	(115,208)	(1,050,010)
Net current assets		78,462	293,435
Total assets less current liabilities		1,940,973	3,391,259
Capital and reserves			
Called up share capital	7	190,231	190,231
Share premium account	8	6,417,112	6,417,112
Share option reserve	8	297,692	280,755
Profit and loss account	8	(4,964,062)	(3,496,839)
Shareholders' funds		1,940,973	3,391,259

The financial statements were approved by the Board of directors on 25 November 2009.

S P Levine
Director

D T Wilson
Director

The accompanying accounting policies and notes form an integral part of these statements.

1. SIGNIFICANT ACCOUNTING POLICIES

The separate financial statements of the Company are presented as required by the Companies Act 1985. As permitted by that Act, the separate financial statements have been prepared in accordance with all applicable UK accounting standards. The principal accounting policies which differ from those set out in the Principal Accounting Policies for the consolidated financial statements on pages 13 to 19 are noted below.

The financial statements have been prepared on the historical cost basis.

Fixed Asset Investments

Fixed asset investments, including subsidiaries, are shown at cost, less provision for any permanent impairment of value. Cost includes the associated costs of acquisition. Where equity or rights to equity are obtained in consideration of providing advisory services, no value is attributed to such equity or rights until this is independently verifiable.

Deferred Taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the Group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Share Based Payments

The requirements of FRS 20 Share based payments are the same as those set out in the Principal Accounting Policies for the consolidated financial statements.

Going Concern

The Company meets its working capital and operating costs requirements from its cash balances. The nature of the Company's business is such that there is considerable uncertainty in the amounts and timing of cash flows. For example, remittances of surplus funds from Envinta, further receipts from the new owners of the Navitas business, any further distributions from TWELP and proceeds of sales of investments are all uncertain as to amount and timing.

Bearing this in mind the directors have prepared cash flow forecasts for the period to 31 December 2010. The forecasts show the Company will have adequate resources for this period. In the past six months, where the timing of cash receipts has resulted in temporarily inadequate cash balances, directors have provided loans to enable payments to third parties to be made on a timely basis. Certain directors have indicated their willingness to make further advances if necessary.

The financial statements do not include any adjustments or disclosures that would be required if the Company was not a going concern.

2. LOSS FOR THE FINANCIAL YEAR

The Company has taken advantage of section 230(2) of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The loss of the Company for the period ended 30 June 2009 was £1,467,223 (2007 – loss of £3,446,806).

The average monthly number of employees of the Company (including directors) during the period was 5 (2007 – 7) and their aggregate remuneration comprised:

	2009	*2007*
	18 months	*12 months*
	£	*£*
Wages and salaries	335,354	433,333
Social security costs	18,167	31,937
	353,521	465,270

The auditors' remuneration for audit services to the Company was £3,000 (2007 – £10,000).

3. INTANGIBLE ASSETS

At both 30 June 2009 and 31 December 2007, the Company held a Software licence with a net book amount of nil. Full provision in respect of the cost of the Software licence, acquired in 2006 for £26,292, was made during 2007.

4. INVESTMENTS

	Shares in group companies (a)	*Loans to group companies*	*Investments (b)*	*Total*
Cost	*£*	*£*	*£*	*£*
At 31 December 2007	1,180,824	736,116	2,356,217	4,273,157
Additions at cost	–	–	27,858	27,858
Transfers from group companies	300	–	133,331	133,631
Disposals	(300)	–	(295,521)	(295,821)
At 30 June 2009	1,180,824	736,116	2,221,885	4,138,825
Provision for impairment in value				
At 31 December 2007	–	–	(1,175,333)	(1,175,333)
Additions in period	(625,981)	(475,000)	–	(1,100,981)
At 30 June 2009	(625,981)	(475,000)	(1,175,333)	(2,276,314)
Net book amount				
At 30 June 2009	554,843	261,116	1,046,552	1,862,511
At 31 December 2007	1,180,824	736,116	1,180,884	3,097,824

(a) A review of the group structure was undertaken during the period with the objective of minimising on-going costs. Following this review, several subsidiaries were dissolved after completion of a minor group re-structuring. It is intended to dissolve other subsidiaries in due course. Provisions for impairment have been made on the basis of the assessed long-term value of these subsidiaries.

(b) The fixed asset investments comprise strategic investments which have been made in line with the Company's business strategy of focusing on the energy efficiency and alternative fuels/renewable energy sectors, with some being obtained in return for providing advisory services.

(c) As explained in note 13, the business of Navitas Technologies Limited was sold after the year-end. The company will be dissolved after its affairs have been wound up. The total provisions for impairment made during the period include an amount of £500,981 (2007 – nil) in respect of the investment in and loans made to the company. Further provisions have been made in respect of loans for working capital which are included in Current assets.

(d) Provisions for impairment in value amounting to £600,000 (2007 – nil) have been made in respect of the investments in Envinta Corporation Inc and Tersus Energy Services Inc.

The fixed asset investments include investments in both shares and convertible loans. The terms on which some investments are made include the right for the Company to participate in future projects. All investments are unlisted.

The subsidiary companies affecting the results of the Group and their activities during the period were:

Subsidiary	*Country of registration and operation*	*Class of share*	*Percentage held*	*Activities*
Tersus Energy Services Inc.	Delaware, USA	Ordinary	100%	Strategic advisor in energy sector
Envinta Corporation Inc	Delaware, USA	Ordinary	100%	Developer of energy and environmental information software
Navitas Technologies Limited	Ontario, Canada	Ordinary	100%	Supply of battery control products to battery powered vehicles
Tersus Energy Services Limited	England & Wales	Ordinary	100%	Strategic advisor in energy sector

All the above subsidiaries are held directly by Tersus Energy Plc.

5. DEBTORS

	2009	*2007*
	£	*£*
Amounts falling due within one year		
Trade debtors	1,695	12,229
Amounts owed by subsidiary companies	73,440	153,234
Prepayments and other debtors	13,849	17,371
	88,984	182,834
Amounts falling due after more than one year		
Amounts owed by subsidiary companies	6,567	865,567
	6,567	865,567
	95,551	1,048,401

6. CREDITORS

	2009	*2007*
	£	*£*
Short term loan from shareholder (a)	–	500,000
Short term loan from director (b)	10,000	–
Trade creditors	16,886	121,225
Amounts owed to subsidiary companies	–	100
Other taxation and social security	518	4,693
Accruals and deferred income	87,804	423,992
	115,208	1,050,010

(a) This loan, details of which are given in note 12, was repaid in full on 2 May 2008.

(b) This loan was repaid in full on 10 November 2009.

7. CALLED UP SHARE CAPITAL

	2009	*2007*
	£	*£*
Authorised		
200,000,000 ordinary shares of 0.5p each	1,000,000	1,000,000
Issued and fully paid		
At 30 June 2009 and 31 December 2007	190,231	190,231

At 30 June 2009 and 31 December 2007 38,046,376 ordinary shares of 0.5p each were issued and fully paid.

In connection with the short-term loan of £500,000 made to the Company by Bronsstadet AB (see note 12) on 17 December 2007, the Company issued 6 million warrants that are exercisable over 6 million ordinary shares at £0.01 each at any time before 31 December 2010. The fair value of the warrants at their date of issue on 17 December 2006 was assessed to be not material and continues to be so.

At 30 June 2009 there were share options outstanding over 4,137,934 ordinary shares. Details of the share options, including the periods in which they were granted and the periods in which they may be exercised, are given in note 16 of the consolidated financial statements. The various share option plans are described in note 22 of the consolidated financial statements.

During the period ended 30 June 2009, 1,000,000 share options were granted. The initial exercise price of these options, which vested on issue, was set at £0.025 and increases by 10 per cent. on each anniversary of the date of grant. Of the share options outstanding at 31 December 2007, 400,000 lapsed, 2,035,039 expired, and 4,600,000 were surrendered and subsequently cancelled during the period.

8. SHARE PREMIUM ACCOUNT AND RESERVES

	Share premium account	*Share option reserve*	*Profit and loss account*
	£	*£*	*£*
At 31 December 2007	6,417,112	280,755	(3,496,839)
Loss for the period	–	–	(1,467,223)
Share option expense	–	16,937	–
At 30 June 2009	6,417,112	297,692	(4,964,062)

9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Company	
	2009	*2007*
	18 months	*12 months*
	£	*£*
Loss for the period	(1,467,223)	(3,446,806)
Share option expense	16,937	146,545
Issue of shares	–	–
Net movement in shareholders' funds	(1,450,286)	(3,300,261)
Opening equity shareholders' funds	3,391,259	6,691,520
Closing equity shareholders' funds	1,940,973	3,391,259

10. CAPITAL COMMITMENTS

There were no capital commitments at 30 June 2009 or 31 December 2007.

11. CONTINGENT LIABILITIES

There were no contingent liabilities at 30 June 2009 or 31 December 2007.

12. RELATED PARTY TRANSACTIONS

Moore, Clayton & Co., Inc. ('MCCI'), now part of MCC Global NV., was a related party until December 2008, when it sold its significant shareholding in Tersus Energy Plc. Until that date, it was a related party by virtue of its shareholding and the fact that one of its directors and controlling shareholders, S J Clayton, was a director of the Company until her resignation on 31 October 2008. In December 2008, an agreement was made between the Company and MCCI under which both parties released each other and their subsidiaries from all obligations and liabilities to each other. As part of these arrangements the Group received cash of £80,022 and shares in an AIM-listed company with a market value of £27,858. Included in the amount due from MCCI was £46,541 of interest charged on the outstanding balance at a rate of 1 per cent. cumulative per month. The net accounting effect of the agreement was that £20,571 of the interest accrued to the date of the transaction was not recovered.

Bronsstadet AB is a related party, by virtue of the fact that it has a significant shareholding in Tersus Energy Plc. On 17 December 2007, Bronsstadet AB made a short-term loan to the Company of £500,000 at an annual interest rate of 9 per cent.. The loan, which was repayable within 15 months and was secured by a floating charge over the assets of the Company, was repaid in full on 2 May 2008, together with interest. Attached to the loan were 6.0 million warrants exercisable over 6.0 million ordinary shares at £0.01 each at any time before 31 December 2010. As at 25 November 2009, none of the warrants has been exercised.

13. POST BALANCE SHEET EVENTS

On 31 August 2009, the business of Navitas was sold to a Canadian company for a total consideration of C$500,000, of which C$330,000 was paid in cash on completion, with the balance payable in instalments on the following four anniversaries of the completion date. The development of the Navitas business was adversely affected by the general world economic downturn, and the decision to sell the business was taken after the Board decided it was no longer appropriate for the Group to continue funding Navitas' cash flow shortfall. The Company has entered into a consultancy agreement with the purchaser through which it will provide support to the purchaser and will receive a consultancy fee linked to the level of sales over the coming five years.

On 10 November 2009, the short-term loan of £10,000 from a director was repaid in full.

TERSUS ENERGY PLC

NOTICE OF ANNUAL GENERAL MEETING 2009 OF TERSUS ENERGY PLC

NOTICE IS HEREBY GIVEN that the 2009 Annual General Meeting of Tersus Energy Plc (the "**Company**") (incorporated in England and Wales with registered number 5314207) will be held at the offices of Rosenblatt, 9-13 St. Andrew Street, London EC4A 3AF on Monday 21 December 2009 at 4:30 pm to consider, and if thought fit, to pass the following resolutions which, in the case of resolutions 1, 2, 3, 4 and 5 will be proposed as ordinary resolutions and, in the case of resolution 6, will be proposed as a special resolution:

ORDINARY RESOLUTIONS

1. **TO** receive and adopt the audited accounts of the Company for the period ended 30 June 2009 and the reports of the Directors and Auditors thereon.

2. **TO** receive and adopt the Directors' remuneration report for the period ended 30 June 2009.

3. **TO** re-appoint Grant Thornton UK LLP as auditors of the Company until the conclusion of the next annual general meeting at which accounts are laid before the Company and to authorise the Directors to fix their remuneration.

4. **TO** re-elect John Devaney who retires in accordance with Article 92 of the Company's articles of association and who, being eligible, offers himself for re-election, as a Director.

5. **THAT**, in substitution for any existing authorities, the Directors be and are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the "**Act**"), to allot shares in the Company and grant rights to subscribe for or to convert any security into shares in the Company ("**Rights**") up to an aggregate nominal amount of £63,410 provided that this authority shall, unless renewed, varied or revoked by the Company, expire 15 months after the date of passing this resolution or at the conclusion of the next annual general meeting of the Company whichever first occurs save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or Rights to be granted and the Directors may allot shares or grant Rights in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

SPECIAL RESOLUTION

6. THAT, conditional on the passing of resolution 5, in substitution for any existing authorities, the Directors be and are generally empowered pursuant to section 570 of the Companies Act 2006 (the "**Act**") to allot equity securities (as defined in section 560 of the Act) pursuant to the authority conferred by resolution 5, as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:

   (a) the grant of options to subscribe for shares in the Company, and the allotment of such shares pursuant to the exercise of options granted, under the terms of any share option scheme adopted or granted by the Company;

   (b) the allotment of equity securities in connection with or pursuant to an offer to the holders of shares in the Company and other persons entitled to participate therein, in the proportion (as nearly as may be) to such holders' holding of such shares (or, as appropriate, to the number of shares which such other persons are for these purposes deemed to hold) subject only to such exclusions or other arrangements as the Directors may feel necessary or expedient to deal with fractional entitlements or any legal or practical problems under the laws of any territory or the regulations entitlements or any legal or practical problems under the laws of any territory or the regulations or requirements of any regulatory body or stock exchange in any territory; and

(c) the allotment otherwise than pursuant to sub-paragraphs (a) and (b) above of equity securities up to an aggregate nominal value of £9,511 (representing approximately 5 per cent. of the Company's issued share capital),

and shall (unless previously renewed, varied or revoked by the Company) expire 15 months after the date of passing of this resolution or at the conclusion of the next annual general meeting of the Company whichever first occurs, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

By order of the Board

David T Wilson
Company Secretary

Registered office
344 Linen Hall,
162-168 Regent Street,
London W1B 5DT

25 November 2009

Notes

1. Members entitled to attend and vote at the Annual General Meeting are entitled to appoint one or more proxies to exercise all or any of their rights, to attend speak and vote at the Annual General Meeting. A proxy need not be a member of the Company but must attend the meeting to represent you.

2. A form of proxy is provided with this notice. To be effective, the form of proxy and any power of attorney or other authority under which it is signed (or a notarially certified copy of such authority) must be deposited at the office of the Company's registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6ZL no later than 4:30 pm on 19 December 2009 or forty-eight hours before the time fixed for any adjournment of the meeting.

3. Appointment of a proxy will not preclude a member from attending and voting in person at the meeting.

4. Pursuant to regulation 41(1) of the Uncertificated Securities Regulations 2001 (SI. 2001/3755), the Company has specified that only those members registered on the register of members of the Company at 6:00 pm on 19 December 2009 or, in the event that the meeting is adjourned, on the register of members 48 hours before the time of any adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of ordinary shares registered in their name at that time. Changes to the register of members after 6:00 pm on 19 December 2009 or, in the event that the meeting is adjourned, 48 hours before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend and vote at the meeting.

5. There will be available for inspection at the registered office of the Company during normal business hours on any weekday (Saturdays, Sundays and public holidays excluded) from the date of this notice to the date of the Annual General Meeting and at the place of the meeting for 15 minutes prior to and during the meeting the Register of Directors' Interests and copies of the Directors' service contracts and letters of appointment.

TERSUS ENERGY PLC

NOTICE OF GENERAL MEETING OF TERSUS ENERGY PLC

NOTICE IS HEREBY GIVEN that a general meeting of Tersus Energy Plc (the "**Company**") (incorporated in England and Wales with registered number 5314207) will be held at the offices of Rosenblatt, 9-13 St. Andrew Street, London EC4A 3AF on 21 December 2009 at 5:00 pm to consider, and if thought fit, to pass the following resolution which will be proposed as an ordinary resolution:

ORDINARY RESOLUTION

THAT a general meeting of the Company having been called by reason of section 656 of the Companies Act 2006 due to the net assets of the Company at 30 June 2009 being less than half of its called-up share capital, the Directors are authorised to continue the strategy for the Company and Group set out in the Chairman's Statement, namely to focus on supporting the investments made by the Company with a view to realising them in due course and making distributions to shareholders in the future.

By order of the Board

David T Wilson
Company Secretary

Registered office

344 Linen Hall,
162-168 Regent Street,
London W1B 5DT

25 November 2009

Notes

1. Members entitled to attend and vote at the General Meeting are entitled to appoint one or more proxies to exercise all or any of their rights, to attend speak and vote at the General Meeting. A proxy need not be a member of the Company but must attend the meeting to represent you.

2. A form of proxy is provided with this notice. To be effective, the form of proxy and any power of attorney or other authority under which it is signed (or a notarially certified copy of such authority) must be deposited at the office of the Company's registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6ZL no later than 5:00 pm on 19 December 2009 or forty-eight hours before the time fixed for any adjournment of the meeting.

3. Appointment of a proxy will not preclude a member from attending and voting in person at the meeting.

4. Pursuant to regulation 41(1) of the Uncertificated Securities Regulations 2001 (SI. 2001/3755), the Company has specified that only those members registered on the register of members of the Company at 6:00 pm on 19 December 2009 or, in the event that the meeting is adjourned, on the register of members 48 hours before the time of any adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of ordinary shares registered in their name at that time. Changes to the register of members after 6:00 pm on 19 December 2009 or, in the event that the meeting is adjourned, 48 hours before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend and vote at the meeting.

5. There will be available for inspection at the registered office of the Company during normal business hours on any weekday (Saturdays, Sundays and public holidays excluded) from the date of this notice to the date of the General Meeting and at the place of the meeting for 15 minutes prior to and during the meeting the Register of Directors' Interests and copies of the Directors' service contracts and letters of appointment.

SHAREHOLDER INFORMATION

Company registration number	5314207
Registered office	344 Linen Hall 162 – 168 Regent Street London W1B 5TD
Directors	J F Devaney *(Non-executive Chairman)* N N Trulsvik S P Levine *(Chief Executive Officer)* D T Wilson *(Chief Operating Officer and Finance Director)*
Secretary	D T Wilson
Bankers	Lloyds TSB City Office London
Registrars	Equiniti Aspect House Spencer Road Lancing West Sussex BN99 6DA
Solicitors	Rosenblatt Solicitors 9 – 13 St Andrew Street London EC4A 3AF
Auditors	Grant Thornton UK LLP Melton Street Euston Square London NW1 2EP

United Kingdom office	344 Linen Hall 162 – 168 Regent Street London W1B 5TD	Enquiries: slevine@tersusenergy.com dwilson@tersusenergy.com