TERSUS ENERGY LIMITED

(formerly TERSUS ENERGY Plc)

FINANCIAL STATEMENTS

30 JUNE 2011

Company no 5314207

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Introduction

These financial statements relate to the year ended 30 June 2011, with comparative figures being for the year ended 30 June 2010.

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 ("Envinta")

These are described in more detail after the Financial Highlights.

Financial Highlights

The consolidated accounts show:

- Revenue of continuing operations of £455,000 (2010 £770,000)
- Pre tax loss on continuing operations of £1,137,000 (2010 pre tax profit of £146,000)
- The pre-tax loss is stated after recognising net unrealised losses of £998,000 in relation to Tersus' investments (2010 net write-up of £160,000)
- Net assets of £1,766,000 (2010 £2,853,000)
- Net increase in cash held over the year of £217,000 (2010 net reduction of £27,000) of which £186,000 (2010 £62,000) arises from continuing operations.

Comparative figures are for the year ended 30 June 2010.

Statutory Matters

On 4 November 2011, following the passing of a special resolution at the recent general meeting of the Company on 4 October 2011, the Company was re-registered as a private limited company under the Companies Act 2006 by the name of Tersus Energy Limited.

The main advantage to the Company of re-registering as a private limited company is that it will now be possible for the Company, without incurring substantial costs, to effect a capital reduction. Through this capital reduction procedure, the current balance on the share premium account will, in essence, be transferred to the profit and loss account so eliminating the negative balance that has accumulated on the Company's profit and loss account. This is helpful since it would enable the Company, should financial circumstances ever permit, to pay a dividend, without first having to make good the cumulative negative balance on the Company's profit and loss account.

A resolution to approve the proposed capital reduction will be put to shareholders at the forthcoming Annual General Meeting as explained in the Circular which is being sent to shareholders with these Financial Statements.

At the recent general meeting, shareholders also resolved to permit the Company to communicate by email and/or website communication. The Company will be able to place its accounts on the Company website rather than, as a matter of default, sending hard copy accounts by post. This is a relatively small matter but will assist in reducing postage and printing costs.

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 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 was being retained to meet its future potential funding needs.

Also in April 2008, certain limited partners of TWELP sold a 9 per cent interest in TWELP to an international venture capital firm. Included in this transaction 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 is 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 or trade sale. 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.

Your Board does not have direct access to HT Blade and is dependent on TWELP's general partner for information on developments affecting HT Blade. Your Board continues to find it difficult to obtain up to date information from TWELP's general partner and is considering ways in which pressure can be brought to improve the flow of communications. In the meantime, your Board understands HT Blade operated profitably in 2010 but at a level which was below both previous performance and expectation, and which was not sufficient to support serious consideration of an IPO. The Board understands HT Blade was loss making in the first half of 2011. This deterioration in performance is not altogether surprising given the over-supply which has come about in the Chinese wind turbine and blade manufacturing sector. As far as the Board is aware, HT Blade is as well placed as any participant in that sector to recover as activity levels improve and development in China continues.

As regards a possible IPO of HT Blade, the Board understands this has been postponed, as might be expected given the current trading performance, and that no revised timetable for an IPO has been established. The Board understands consideration was given by the Chinese State Owned Enterprises which own 75% of HT Blade to the possibility of reversing HT Blade into a Chinese listed company. However, it appears this proposal has also been deferred.

At the beginning of the year, the Group's investment in TWELP and TWELP 2 was carried at its estimated fair value of £2,222,000 (US$3.349 million). In view of the increased uncertainties attaching to the value of this investment, the fair value has been assessed at its original cost of US$1.575 million and the investment is stated at £983,000.

The Board believes the majority of the funds held in TWELP 2 have been lent to another Texan partnership connected to the general partner. Your Board has not been able to establish the use to which these funds have been put, although the general partner has said the funds have been used to promote the value of the investment in HT Blade, consistent with the partnership's objectives and its responsibilities as general partner. Your Board has instructed a Texan firm of lawyers to seek further clarification from the general partner of the use to which these funds have been put and to confirm or otherwise that the general partner has acted properly. As permitted in the partnership agreements, your Board has requested audits of TWELP and TWELP 2, at the expense of the partnerships, in order to facilitate its understanding of the position in these partnerships.

Envinta

Envinta has the North American and European rights to energy and environmental information software. It licenses this software, together with selling training and marketing advisory services, to utilities and to major multi-location businesses. Revenue in 2011 was US$696,000 (2010 US$1,190,000). Earnings before interest, tax and depreciation (EBITDA) were US$17,000 (2010 US$309,000). Two projects on which Envinta had been working were not completed until after the year end: this affected both the revenue and earnings for the year. Envinta's products and services are well received by its customers and Envinta continues to explore ways of expanding the customer base.

Other business activities

- During the year, an opportunity arose to sell shares and options in a private company, which had been received some years ago as part of the remuneration for a consulting assignment, and these were sold for £35,500.
- Tersus has an investment in a company called Proteus Energy Corporation ("Proteus"). This is a US company engaged in recovery of oil from depleted oil fields. Proteus is currently in the process of completing a reverse takeover of a company listed in Canada, contingent on its raising a minimum amount of new capital. Subject to completion of this transaction, Tersus will be able to realise 15% of its investment and intends to do so. The remaining 85% of our investment would be locked in for a further year at which time the Board would consider whether and when to realise the remaining investment. On completion of the reverse takeover of the listed Canadian company, a price will be attributed to the shares in Proteus. Our small minority interest in Proteus is carried in the accounts at £137,000, ie US$220,000, which was assessed as the fair value at 30 June 2011.
- Tersus is continuing to receive payments from the purchaser of the assets and undertaking of Navitas Technologies Limited ("Navitas"), its wholly owned developer and manufacturer of electronic control equipment, in accordance with the arrangements agreed at the time of the sale, in August 2009. The amounts received are in line with the estimates made at that time.
- 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. Due diligence is underway on behalf of a potential buyer and we are hopeful that, if the due diligence is completed satisfactorily and the acquisition goes ahead, this will result in Tersus receiving a fee, probably in 2012.

- 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. We do, however, continue to invest time and effort and there are a number of projects under discussion for development. Should any of these projects go ahead ECL and Tersus will receive advisory fees for their work done.

uSwitch Limited ("uSwitch")

During the year a legal claim was made against a wholly-owned subsidiary, Tersus Energy Services Inc., in relation to that company's alleged involvement in a sale of uSwitch shares in 2004. Management was required to commit substantial amounts of time and effort to deal with the claim, which was subsequently withdrawn. Gross costs of approximately £90,000 were incurred in this process and the recovery of the greater part of those costs is being sought from the claimants of this abortive action.

Directors' remuneration

The executive directors have not taken any salaries from the Company since 31 May 2009 but have continued to commit time and effort to protecting the value of Tersus' investments and maximising the value of Tersus shares.

The work involved in defending the action relating to uSwitch and in seeking to protect Tersus' position in TWELP and TWELP 2 has resulted in considerably more time being expended on the affairs of the Company than would otherwise have been the case. In order to reflect this time commitment, I propose that, with effect from 1 January 2012, the Executive Directors' gross emoluments should be increased to £54,000 per annum. We propose to review this arrangement at the end of 2012 and I will indicate in next year's Chairman's Statement whether we wish to continue this arrangement. I will continue as Chairman and, as before, will continue taking no remuneration from Tersus.

Nils Trulsvik resigned from the Board with effect from 4 October 2011, the date of the general meeting at which it was resolved to re-register the Company as a private limited company. I would like to take this opportunity to thank Nils for his interest and commitment to the Company over the last 7 years.

Conclusion

- The Board continues to focus on achieving value for shareholders primarily through the Company's investments and by keeping running costs to a minimum. The Board believes that its current and future cash resources will be sufficient to cover future operating costs, including the proposed executive director remuneration.
- The Board considers there is value in the investment portfolio, but is not able to say with certainty when such value may be realised.

John Devaney

Chairman

14 November 2011

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 year ended 30 June 2011.

PRINCIPAL ACTIVITIES

The principal activities of the Group continue to be to invest in, operate and advise businesses in the renewable energy sector.

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.

RE-REGISTRATION AS A PRIVATE LIMITED COMPANY

Following the passing of a special resolution at the general meeting of the Company on 4 October 2011, the Company was re-registered on 4 November 2011 as a private limited company under the Companies Act 2006 by the name of Tersus Energy Limited. The directors considered there was little benefit to maintaining the Company's status as a public limited company. The main advantage to the Company of re-registering as a private limited company is that it is now possible to effect a capital reduction using a procedure that is simpler and more cost effective than is required for a public limited company, where a court process is involved. A resolution to approve the proposed capital reduction is to be considered at the forthcoming annual general meeting. If the resolution is approved, the capital reduction will create distributable reserves in the Company and hence enable value to be returned to shareholders by way of a dividend payment should funds be available in the future and should the directors so elect.

RESULTS AND DIVIDENDS

The results for the year ended 30 June 2011 are shown in the Consolidated Income Statement on page 20. The Group loss for the year after tax amounted to £1,120,597 (2010 – profit of £164,204), with £990,974 of the loss for the year being attributable to the reduction in the fair value attributable to the investment in HT Blade, net of the resulting adjustment in the provision for amounts payable under incentive arrangements on its realisation at that fair value. The directors are not proposing the payment of a dividend for the year (2010 – nil).

DIRECTORS

J F Devaney (Non-executive chairman)
N N Trulsvik (Non-executive director) – resigned as director on 4 October 2011
S P Levine (Chief Executive Officer)
D T Wilson (Chief Operating Officer and Finance Director)
S K West (Investment Director)

John Devaney (65) (Non-executive Chairman)

John Devaney is chairman of Cobham plc, National Express Group PLC and NATS. John 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 (60) (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 (63) (Chief Operating Officer and Finance Director)

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

Stephen West (48) (Investment Director)

Stephen West has extensive investment experience in emerging markets, principal investing and the energy sector. He has worked for CDC Group plc (the UK Government's development finance institution for investing in emerging markets) and was a Founding Partner of Actis Capital, a management led spin-out from CDC. Subsequently he has developed a business advising other private equity fund managers, principal investors and fund boards operating in emerging markets or in the energy sector.

Directors and their shareholdings

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

	As at 30 June 2011		**As at 30 June 2010**	
	Number of ordinary shares	**Percentage of issued share capital**	**Number of ordinary shares**	**Percentage of issued share capital**
J F Devaney (a)	11,690,363	26.54	7,690,363	20.21
N N Trulsvik	-	-	-	-
S P Levine	1,793,102	4.07	1,793,102	4.71
D T Wilson (a)	12,398,033	28.15	10,398,033	27.33
S K West	3,118,657	7.08	2,285,549	6.01

(a) At 30 June 2010, J F Devaney held 4 million and D T Wilson 2 million warrants, which were exercisable over 6 million ordinary shares at £0.01 each at any time before 31 December 2010. The Company received a total of £60,000 in cash from J F Devaney and D T Wilson when they exercised these warrants in December 2010.

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

No changes in the directors' share interests have taken place between 30 June 2011 and 14 November 2011.

Under the provisions of the Company's 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 letters of appointment. The Company has the power to determine the service agreements on six or twelve months' notice and the letters of appointment on three months' notice without payment of compensation (other than statutory compensation).

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 consolidated financial statements.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs) and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practices. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the directors is 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 financial statements may differ from legislation in other jurisdictions.

EMPLOYEES

During the year, 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. Investments are generally valued on one of the following bases:

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

The fair value of the investment in HT Blade which the Group holds through its investment in the TWELP partnership at 30 June 2011 has been assessed at its original cost and has not, as in 2010, been assessed using the Price of Recent Investment method, when it was 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. This reduction in the fair value reflects the increased uncertainty regarding the timing and pricing of a possible future IPO of HT Blade, following the postponement of IPO plans in early 2011. The reduction in the fair value 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 review undertaken in respect of the subsidiary company

The Earnings multiple methodology was used to review the investment in the Company's wholly-owned subsidiary, Envinta Corporation, 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 2011 and forecast for 2012. The valuation was determined after applying an appropriate and reasonable price/earnings ratio and, following completion of the review, it was decided there had been no change in the level of impairment assessed in 2009, when an impairment of £500,000 in the goodwill was recognised.

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. There are some 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 consolidated financial statements.

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 offer themselves for reappointment as auditors in accordance with section 489(4) of the Companies Act 2006.

BY ORDER OF THE BOARD

D T Wilson
Director and Company Secretary
14 November 2011

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TERSUS ENERGY LIMITED

We have audited the Group financial statements of Tersus Energy Limited for the year ended 30 June 2011 which comprise the principal accounting policies, the consolidated balance sheet, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 8, the directors are responsible for the preparation of the Group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

OPINION ON FINANCIAL STATEMENTS

In our opinion the Group financial statements:

- give a true and fair view of the state of the Group's affairs as at 30 June 2011 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

OTHER MATTER

We have reported separately on the parent company financial statements of Tersus Energy Limited for the year ended 30 June 2011. That report includes an emphasis of matter.

MARK CARDIFF
SENIOR STATUTORY AUDITOR
FOR AND ON BEHALF OF GRANT THORNTON UK LLP
STATUTORY AUDITOR, CHARTERED ACCOUNTANTS

London
14 November 2011

BASIS OF PREPARATION

The financial statements relate to the year ended 30 June 2011, with comparative figures, where appropriate, being shown for the year ended 30 June 2010 and the 18 months ended 30 June 2009.

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 2006, 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 ended 30 June 2011.

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

- IFRS 9 Financial Instruments (effective 1 January 2013)
- IFRS 10 Consolidated Financial Statements (effective 1 January 2013)
- IFRS 12 Disclosure of Interests in Other Entities (effective 1 January 2013)
- IFRS 13 Fair Value Measurement (effective 1 January 2013)
- IAS 24 (Revised 2009) Related Party Disclosures (effective 1 January 2011)
- IAS 27 (Revised), Separate Financial Statements (effective 1 January 2013)
- IAS 28 (Revised), Investments in Associates and Joint Ventures (effective 1 January 2013)
- Disclosures - Transfers of Financial Assets - Amendments to IFRS 7 (effective 1 July 2011)
- Deferred Tax: Recovery of Underlying Assets - Amendments to IAS 12 Income Taxes (effective 1 January 2012)
- Presentation of Items of Other Comprehensive Income - Amendments to IAS 1 (effective 1 July 2012)

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.

Following the cancellation of the Company's admission to AIM, the requirements of IFRS 8 Operating Segments, which became effective on 1 January 2009, are not applicable to the Group and hence the directors decided not to adopt this standard.

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 2012. The forecasts show that the Group will have adequate resources for this period. In the past, 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 a 12 month period (2010 – made up to 30 June for a 12 month period and 2009 – made up to 30 June for an 18 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 and development was undertaken solely by one subsidiary, Navitas Technologies, Limited (“Navitas”) and, following the sale of the business of Navitas in August 2009, the Group no longer has any Development costs.

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

Development costs, comprising labour and materials incurred on specific projects, were capitalised only when certain specified criteria were satisfied. Development costs not meeting the criteria for capitalisation were expensed as incurred. The directors applied careful judgement when deciding whether the recognition requirements for development costs had been met, as the economic success of any product development was uncertain and might be subject to future technical problems at the time of recognition. Judgements were based on the information available at each balance sheet date and, as with other assets, the carrying amount was subject to review as part of impairment testing.

PROPERTY, PLANT AND 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 were amortised against unit sales achieved, with the amount charged on each sale determined on the basis that total costs would be fully amortised over the product life cycle, which for this purpose was generally taken to be 3 years. The carrying amount was subject to review as part of impairment testing and, where appropriate, impairment losses were 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 and other debtors

Trade receivables and other debtors 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.

INVENTORIES

Inventories were held only by Navitas and hence, following the disposal of the Navitas business in August 2009, none are now held. Inventories were stated at the lower of cost and net realisable value. Costs of ordinarily interchangeable items were assigned using the first in, first out cost basis. Cost included 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 other comprehensive income or equity, in which case the related deferred tax is also charged or credited directly to other comprehensive income or 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" as part of Other comprehensive income.

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 (see also page 30 in respect of the investment in HT Blade)
- 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 LIMITED

CONSOLIDATED BALANCE SHEET

As at 30 June 2011

	Note	30 June 2011 £	30 June 2010 £	30 June 2009 £
ASSETS				
Non – current assets				
Goodwill	9	251,723	251,723	251,723
Other intangible assets	9	353,620	444,230	467,615
Property, plant and equipment	10	1,044	1,309	26,287
Financial assets	11	1,124,646	2,370,268	2,171,160
		1,731,033	3,067,530	2,916,785
Current assets				
Inventories	12	-	-	260,478
Trade and other receivables	13	259,292	423,642	289,653
Cash and cash equivalents		346,922	135,599	155,749
		606,214	559,241	705,880
Total assets		2,337,247	3,626,771	3,622,665
LIABILITIES				
Current liabilities				
Trade and other payables	14	482,337	631,764	691,029
Short-term borrowings	15	-	30,000	114,702
		482,337	661,764	805,731
Non – current liabilities				
Deferred tax	16	89,401	112,308	118,220
		89,401	112,308	118,220
Total liabilities		571,738	774,072	923,951
Net assets		1,765,509	2,852,699	2,698,714
EQUITY				
Equity attributable to equity holders of the parent				
Share capital	17	220,231	190,231	190,231
Share premium account		6,447,112	6,417,112	6,417,112
Merger reserve		1,499,766	1,499,766	1,499,766
Share option reserve		297,692	297,692	297,692
Foreign currency translation reserve		6,224	32,817	43,036
Profit and loss account		(6,705,516)	(5,584,919)	(5,749,123)
Total equity		1,765,509	2,852,699	2,698,714

The financial statements were approved by the Board of directors on 14 November 2011.

S P Levine
Director

D T Wilson
Director

Company no 5314207

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

CONSOLIDATED INCOME STATEMENT
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2011

	Note	2011 12 months £	2010 12 months £
Revenue	2	454,960	769,750
Cost of sales		(85,252)	(105,344)
Gross profit		369,708	664,406
Administrative expenses		(542,555)	(675,927)
Finance cost	4	(1,428)	(2,796)
Gains and losses on financial investments at fair value through profit and loss:			
Gains		37,240	168,692
Losses		(999,614)	(8,566)
(Loss)/ profit before tax	3	(1,136,649)	145,809
Taxation credit	6	16,052	12,309
(Loss)/ profit for the period from continuing operations		(1,120,597)	158,118
(Loss)/ profit for the period from discontinued operations	8	-	6,086
(Loss)/ profit for the period attributable to equity shareholders of the parent		(1,120,597)	164,204
Earnings per share			
Basic earnings per share			
(Loss)/ profit from continuing operations		(2.7)p	0.4p
Loss from discontinued operations		-	-
Total	7	(2.7)p	0.4p
Diluted earnings per share			
(Loss)/ profit from continuing operations		(2.7)p	0.4p
Loss from discontinued operations		-	-
Total	7	(2.7)p	0.4p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2011 12 months £	2010 12 months £
(Loss)/ profit for the period	(1,120,597)	164,204
Other comprehensive income:		
Exchange differences on translation of foreign operations	(26,593)	(10,219)
Other comprehensive income for the period, net of tax	(26,593)	(10,219)
Total comprehensive income for the period attributable to the equity shareholders of Tersus Energy Limited	(1,147,190)	153,985

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

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TERSUS ENERGY LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2011

	Share capital	Share premium account	Merger reserve	Share option reserve	Foreign currency translation reserve	Profit and loss account	Total equity attributable to owners of parent
	£	£	£	£	£	£	£
At 30 June 2009	190,231	6,417,112	1,499,766	297,692	43,036	(5,749,123)	2,698,714
Profit for the year	-	-	-	-	-	164,204	164,204
Other comprehensive income							
Exchange movements	-	-	-	-	(10,219)	-	(10,219)
Total comprehensive income for the year	-	-	-		(10,219)	164,204	153,985
At 30 June 2010	190,231	6,417,112	1,499,766	297,692	32,817	(5,584,919)	2,852,699
Issue of shares following exercise of warrants	30,000	30,000	-	-	-	-	60,000
Transactions with owners	30,000	30,000	-	-	-	-	60,000
Loss for the year	-	-	-	-	-	(1,120,597)	(1,120,597)
Other comprehensive income							
Exchange movements	-	-	-	-	(26,593)	-	(26,593)
Total comprehensive income for the period	-	-	-	-	(26,593)	(1,120,597)	(1,147,190)
At 30 June 2011	220,231	6,447,112	1,499,766	297,692	6,224	(6,705,516)	1,765,509

6 million ordinary shares were issued for cash in December 2010 (see note 17). There were no transactions with owners during the year to 30 June 2010.

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.

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

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 June 2011

	2011 12 months £	2010 12 months £
Cash flow from operating activities		
(Loss) / profit before taxation	(1,136,649)	145,809
Adjustments for:		
Depreciation and amortisation	64,940	65,285
Gains on financial investments	(37,240)	(168,692)
Losses on financial investments	999,614	8,566
Foreign exchange	4,297	47,560
Finance cost	1,428	2,796
Change in trade and other receivables	114,181	(56,564)
Change in trade and other payables	111,377	1,338
Cash outflow from operations	121,948	46,098
Taxation refund	7,987	-
Taxation paid	(5,127)	(3,960)
Net cash flow from operating activities	124,808	42,138
Cash flows from investing activities		
Proceeds from the sale of investment	35,500	-
Net cash from investing activities	35,500	-
Cash flows from financing activities		
Exercise of warrants	60,000	-
Proceeds of short-term loan from director	-	30,000
Repayment of short-term loan from director	(30,000)	(10,000)
Interest paid	(4,190)	(33)
Net cash generated from financing activities	25,810	19,967
Net change in cash and cash equivalents from continuing activities	186,118	62,105
Net change in cash and cash equivalents from discontinued operations	31,238	(88,988)
Net change in cash and cash equivalents	217,356	(26,883)
Cash and cash equivalents at beginning of period	135,599	155,749
Exchange differences on cash and cash equivalents	(6,033)	6,733
Cash and cash equivalents at end of period	346,922	135,599
Cash and cash equivalents comprise:		
Cash at bank and in hand	346,922	135,599

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

1 RE-REGISTRATION AS A PRIVATE LIMITED COMPANY

On 4 November 2011, the Company was re-registered as a private limited company under the Companies Act 2006 by the name of Tersus Energy Limited, following the passing of a special resolution at a general meeting of the Company on 4 October 2011. Prior to this, the Company was registered as a public limited company under the name of Tersus Energy Plc.

2 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.

3 (LOSS)/ PROFIT BEFORE TAX

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

	2011 12 months £	**2010 12 months £**
Auditors' remuneration – fees payable to the Company's auditors:		
for the audit of the Group accounts	14,865	14,500
for the audit of the Company's accounts	3,500	3,000
under accrued in prior year	-	4,500
other services	8,000	13,750
Depreciation and amortisation:		
Continuing operations		
Intangible assets	64,751	65,095
Property, plant and equipment	189	190
Discontinued operations		
Property, plant and equipment	-	1,781
Operating leases		
Continuing operations	14,570	17,026
Discontinued operations	-	28,899
Net exchange gains and losses		
Continuing operations	(12,400)	(4,496)
Discontinued operations	-	(78,533)

4 FINANCE COST

Finance cost for continuing operations:

	2011 12 months £	**2010 12 months £**
Interest payable and similar charges		
On bank overdrafts and other short term loans	(27)	(34)
Short term loan from shareholder	(1,401)	(2,762)
	(1,428)	(2,796)

There was no finance income during the year (2010 – nil).

5 DIRECTORS AND EMPLOYEES

The average number of employees:

	2011	2010
Sales	2	4
Production	-	2
Others	6	5
	8	11

Staff costs during the period were as follows:

	2011 12 months £	2010 12 months £
Wages and salaries	215,764	436,070
Social security costs	12,430	29,784
	228,194	465,854

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":

	2011 12 months £	2010 12 months £
Short-term employee benefits	37,614	18,000
	37,614	18,000

Directors' emoluments

For the year ended 30 June 2011

	Salary £	Fees £	Benefits in kind £	Total £
Executive Directors				
S P Levine	-	-	19,614	19,614
D T Wilson	-	-	-	-
S K West	-	-	-	-
Non-Executive Directors				
J F Devaney	-	-	-	-
N N Trulsvik		18,000		18,000
		18,000	19,614	37,614

The benefits in kind for S P Levine comprise healthcare costs relating to the two year period ending 30 June 2011.

No payments were made to directors under participation arrangements during the year (2010 – none).

Directors' share options

A summary of the share option schemes is given in note 22. At 30 June 2011, the following options to subscribe for ordinary shares were held by directors:

	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
S K West	New Plan	26/03/2008	1,000,000	0.033275 (a)	Vested	26/02/2013
			2,114,813			

(a) The share options were issued at an exercise price of £0.025, which increases by 10% on each anniversary of the date of grant if the options have not been exercised by that date. The current exercise price is £0.033275.

6 TAXATION CREDIT

The tax credit is based on the (loss)/ profit for the period and represents:

	2011 12 months £	2010 12 months £
Overseas taxation refund - prior periods	(487)	(6,400)
Total tax receivable	(487)	(6,400)
Overseas taxation paid - prior periods	547	792
Overseas taxation	258	9,756
Deferred taxation	(16,370)	(16,457)
Total tax credit	(15,565)	(5,909)
Total tax credit	(16,052)	(12,309)

The tax assessed for the period can be reconciled to the accounting (loss)/ profit as follows:

	2011 12 months £	2010 12 months £
(Loss)/ profit on ordinary activities before tax	(1,136,649)	145,809
(Loss)/ profit on ordinary activities at the standard rate of corporation tax in the UK of 27.5% (2010 – 28%)	(312,578)	40,827
Effects of:		
Higher effective tax rates on overseas (losses)/ profits	(5,035)	17,426
Items not deductible for tax purposes/ subject to tax	279,046	(40,037)
Prior-year gains now realised for tax purposes	39,325	-
Tax losses utilised	(16,870)	(24,917)
	(16,112)	(6,701)
Taxation – prior periods	60	(5,608)
Total tax credit for the period	(16,052)	(12,309)

The Group has tax losses at 30 June 2011 of approximately £1,968,000 in the UK and £2,072,000 in the USA (2010 - £2,176,000 in the UK and £2,174,000 in the USA). These tax losses will be available to reduce the tax due on future profits in the UK and USA, subject to, for the USA, an annual limit on the amount of losses so utilised. The tax losses at both 30 June 2011 and 30 June 2010 exclude the tax losses of Navitas as these will not be utilised following the disposal of the Navitas business in August 2009 (see note 8).

The credit of £16,370 (2010 - £16,457) 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.

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 of £1,267,000 (2010 - £1,343,000) relates to tax losses carried forward.

7 EARNINGS PER ORDINARY SHARE

The calculation of the basic earnings per share is based on a loss of £1,120,957 (2010 – profit of £164,204) and the weighted average number of shares in issue used for the basic earnings per share was 41,301,171 (2010 – 38,046,376).

At the year end, there were 3,556,480 share options (2010 – 3,556,480 share options and 6,000,000 warrants) 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 for the year as the loss per share would be reduced, but were included in the calculation of diluted earnings per share in 2010 when the weighted average number of shares used for the calculation was 42,824,616 and the adjusted profit was £172,414.

8 DISCONTINUED OPERATIONS

The business and undertaking of Navitas Technologies Limited ("Navitas"), together with its fixed assets, inventory and intellectual property, were sold to a Canadian company on 31 August 2009. Subsequent to that date, the activities of Navitas were limited to winding up the affairs of the company.

There were no expenses, gains or losses relating to the discontinuation of Navitas' activities during the year. In 2010, these were eliminated from the Group's continuing operations and shown as a single line item on the face of the income statement (see "(Loss)/ profit for the period from discontinued operations").

The profit or loss from re-measurement and disposal of the assets and liabilities relating to Navitas were summarised as follows:

	2011 12 months £	2010 12 months £
Revenue	-	34,590
Cost of sales	-	(45,593)
Gross loss	-	(11,003)
Administrative expenses	-	(3,722)
Finance income	-	286
Finance cost	-	(1,009)
Loss from discontinued operations before tax	-	(15,448)
Taxation	-	-
Loss for the period	-	(15,448)
Gain on re-measurement and disposal		
Net gain on disposal of business	-	21,534
Total gain	-	21,534
Profit for period from discontinued operations	-	6,086

The amount realised on the sale of the business and undertaking of Navitas was C$500,000 (£316,436) which comprised C$330,000 (£208,848) on completion plus a further C$170,000 (£107,588) to be paid in four annual instalments. A net profit of £21,534 arose in 2010 after taking account of net costs incurred in winding up the affairs of the business.

The carrying amounts of assets and liabilities relating to the discontinued operations of Navitas may be summarised as follows:

	2011 £	2010 £	2009 £
Non – current assets			
Property, plant and equipment	-	-	24,911
Current assets			
Inventories	-	-	260,478
Trade and other receivables	-	-	137,115
Cash and cash equivalents	-	-	10,606
	-	-	433,110
Current liabilities			
Trade and other payables	-	-	170,203
Short-term borrowings	-	-	104,702
	-	-	274,905

The carrying amounts of trade and other payables are considered to be a reasonable approximation of fair value as all amounts are short-term.

Cash flows generated by Navitas for the reporting periods under review can be summarised as follows:

	2011 12 months £	2010 12 months £
Cash flows from operating activities	-	(185,483)
Cash flows from investing activities	31,238	223,760
Cash flows from financing activities	-	(127,265)
	31,238	(88,988)

Cash flows from investing activities in 2011 relate solely to the amount received during the year in relation to the sale of the business and undertaking. Cash flow shortfalls in 2010 were funded by the Company.

In addition, the Company has an agreement with the purchaser of the Navitas business through which it is receiving over the 5 year period from August 2009 a further amount linked to the level of sales. An estimate of this further amount was included in calculating the gain on disposal in 2010.

9 INTANGIBLE ASSETS

	Goodwill £	Development £	Software licences £	Total £
Cost	751,723	-	683,431	1,435,154
Amortisation	(500,000)	-	(239,201)	(739,201)
Carrying amount at 30 June 2010	251,723	-	444,230	695,953
Cost	751,723	-	642,946	1,394,669
Amortisation	(500,000)	-	(289,326)	(789,326)
Carrying amount at 30 June 2011	251,723	-	353,620	605,343

	Goodwill £	Development £	Software licences £	Total £
Cost				
At 30 June 2009	1,060,338	364,389	649,778	2,074,505
Disposals/ write-off	(343,685)	(415,745)	(26,292)	(785,722)
Exchange movements	35,070	51,356	59,945	146,371
At 30 June 2010	751,723	-	683,431	1,435,154
Exchange movements	-	-	(40,485)	(40,485)
At 30 June 2011	751,723	-	642,946	1,394,669
Amortisation				
At 30 June 2009	808,615	364,389	182,163	1,355,167
Additions	-	-	65,095	65,095
Disposals	(343,685)	(415,745)	(26,292)	(785,722)
Exchange movements	35,070	51,356	18,235	104,661
At 30 June 2010	500,000	-	239,201	739,201
Additions	-	-	64,751	64,751
Exchange movements	-	-	(14,626)	(14,626)
At 30 June 2011	500,000	-	289,326	789,326

The goodwill at 30 June 2011 relates to the acquisition by the Group of Envinta Corporation ("Envinta") in 2006. The carrying amount attributable to Envinta is £251,723 (2010 - £251,723).

The cash-generating unit (CGU) used for the purpose of testing for impairment at 30 June 2011 is the business of Envinta. The recoverable amount of the CGU was determined at its fair value less costs to sell, using the earnings multiple methodology based on the profits before interest and tax achieved in 2011 and forecast for 2012, and applying an appropriate and reasonable price/earnings multiple. The impairment review concluded that the level of impairment was unchanged over the year and, accordingly, no adjustment to the impairment loss in the goodwill was required (2010 – adjustment to impairment loss of nil).

As explained in note 8 the business and undertaking of Navitas, together with its intellectual property, was sold during the year ended 30 June 2010. The disposals of intangible assets during that year largely related to Navitas: the fair value of these was established to be nil as at 30 June 2009.

10 PROPERTY, PLANT & EQUIPMENT

	Furniture & fixtures £	Tools & equipment £	Leasehold £	Total £
Cost	1,991	-	-	1,991
Depreciation	(682)	-	-	(682)
Carrying amount at 30 June 2010	1,309	-	-	1,309
Cost	1,873	-	-	1,873
Depreciation	(829)	-	-	(829)
Carrying amount at 30 June 2011	1,044	-	-	1,044
Cost				
At 30 June 2009	6,636	64,800	11,865	83,301
Disposals	(5,499)	(73,933)	(13,537)	(92,969)
Exchange movements	854	9,133	1,672	11,659
At 30 June 2010	1,991	-	-	1,991
Exchange movements	(118)	-	-	(118)
At 30 June 2011	1,873	-	-	1,873
Depreciation				
At 30 June 2009	2,963	46,141	7,910	57,014
Additions	287	1,233	451	1,971
Disposals	(2,976)	(53,876)	(9,477)	(66,329)
Exchange movements	408	6,502	1,116	8,026
At 30 June 2010	682	-	-	682
Additions	189	-	-	189
Exchange movements	(42)	-	-	(42)
At 30 June 2011	829	-	-	829

As explained in note 8 the business and undertaking of Navitas, together with its intellectual property, was sold during the year ended 30 June 2010. The disposals of tangible assets during that year related to Navitas.

11 FINANCIAL ASSETS

	Investments
	£
Carrying amount	
At 30 June 2009	2,171,160
Revaluation uplift recognised in profit and loss	207,674
Impairment losses recognised in profit and loss	(8,566)
Disposals at carrying amount	-
At 30 June 2010	2,370,268
Revaluation uplift recognised in profit and loss	37,240
Impairment losses recognised in profit and loss	(1,247,362)
Disposals at carrying amount	(35,500)
At 30 June 2011	1,124,646

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 generally 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 has been assessed at £983,146 at 30 June 2011 (2010 - £2,221,869), which gives rise to a revaluation deficit of £1,238,723 in the income statement (2010 – revaluation uplift of £194,884). The value in 2011 is based on an assessed value of US$1,575,000 (2010 - US$3,348,000) which is the original cost. This reduction in the fair value reflects the uncertainty regarding the timing and pricing of a possible future IPO of HT Blade. The value of HT Blade could be substantially higher than the current carrying value if an IPO or equivalent successful exit were achieved or, conversely, in the absence of this, significantly lower (see pages 3 and 4). The fair value in 2010 was 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 £196,685 (2010 - £444,434) is carried in the accounts for the amount that would be payable under incentive arrangements if the investment were realised at this value.

The remaining investments have been fair valued, largely on the basis of the estimated discounted cash flows from the investments. The revaluation uplift recognised through profit and loss of £37,240 relates principally to an investment that was sold during the year (2010 - £8,566 to an investment in shares).

12 INVENTORIES

No inventories were held at the year-end (2010 – nil). The inventories held in 2009, which principally comprised raw materials and bought-in parts, related to Navitas. No inventories were included in profit and loss as an expense during the year (2010 - £38,617 in addition to the inventory sold on the disposal of the Navitas business (see note 8)).

13 TRADE AND OTHER RECEIVABLES

	2011	2010	2009
	£	£	£
Trade receivables	74,601	208,910	260,294
Prepayments and other debtors (a)	184,691	214,732	29,359
	259,292	423,642	289,653

(a) Includes future receipts arising from the disposal of the Navitas business in August 2009 at their estimated fair value of £129,447 (2010 - £191,078).

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. No provision has been made (2010 – nil and 2009 - £7,009).

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

	2011	2010	2009
	£	£	£
Not more than 3 months	4,207	-	62,939
More than 3 months but not more than 6 months	-	1,161	36,117
More than 6 months but not more than 1 year	7,584	9,450	23,569
More than 1 year	169	-	-
	11,960	10,611	122,625

14 TRADE AND OTHER PAYABLES

	2011	2010	2009
	£	£	£
Trade payables	32,579	39,174	147,606
Other taxation and social security	5,001	7,690	752
Accruals and deferred income (a)	444,757	584,900	542,671
	482,337	631,764	691,029

(a) Includes £196,685 (2010 - £444,434 and 2009 - £405,452) as a provision for the amount payable if the investment in HT Blade were realised at its fair value (see note 11).

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

15 SHORT TERM BORROWINGS

	2011	2010	2009
	£	£	£
Bank loans and overdrafts	-	-	104,702
Short term loan from director (a)	-	30,000	10,000
	-	30,000	114,702

(a) The loan of £30,000 was repaid in full on 19 November 2010 and the loan of £10,000 was repaid in full on 10 November 2009.

The short-term borrowings are considered to be carried at fair value.

16 DEFERRED TAX

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

	2011 12 months	2010 12 months
	£	£
At 30 June 2010/ 30 June 2009	112,308	118,220
Released to income in the period	(16,370)	(16,457)
Exchange movements	(6,537)	10,545
At 30 June 2011/ 30 June 2010	89,401	112,308

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 30 June 2009	118,220	-	-	118,220
Charge in period	(16,457)	119,400	(119,400)	(16,457)
Exchange movements	10,545	-	-	10,545
At 30 June 2010	112,308	119,400	(119,400)	112,308
Charge in period	(16,370)	(119,400)	119,400	(16,370)
Exchange movements	(6,537)	-	-	(6,537)
At 30 June 2011	89,401	-	-	89,401

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

17 SHARE CAPITAL

	2011 £	2010 £	2009 £
Authorised			
200,000,000 ordinary shares of 0.5p each	1,000,000	1,000,000	1,000,000
Issued and fully paid			
At 1 July	190,231	190,231	190,231
Issued on exercise of warrants	30,000	-	-
At 30 June	220,231	190,231	190,231

	Ordinary shares	Ordinary shares	Ordinary shares
At 1 July	38,046,376	38,046,376	38,046,376
Additions	6,000,000	-	-
At 30 June	44,046,376	38,046,376	38,046,376

On 15 December 2010, 6,000,000 shares representing £30,000 of share capital at nominal value were issued for cash at 1p each, following the exercise of warrants.

The various share option plans are described in note 22. The total number of share options outstanding at 30 June 2011, 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
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	(ii)	1,000,000	0.033275	Vested	26/02/2013
			3,556,480			

(i) The final exercise date has been extended to 30 April 2012.
(ii) The share options were issued at an exercise price of £0.025, which increases by 10% on each anniversary of the date of grant if the options have not been exercised by that date. The current exercise price is £0.033275.

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

	2011		2010	
	Number	Weighted average exercise price (£)	Number	Weighted average exercise price (£)
Outstanding at 1 July 2010/ 1 July 2009	3,556,480	0.214	4,137,934	0.220
Expired	-		(581,454)	0.260
Outstanding at 30 June 2011/ 30 June 2010	3,556,480	0.215	3,556,480	0.214
Thereof exercisable	3,556,480	0.215	3,556,480	0.214

18 CAPITAL COMMITMENTS

There were no capital commitments at 30 June 2011, 30 June 2010 or 30 June 2009.

19 CONTINGENT LIABILITIES

There were no contingent liabilities at 30 June 2011, 30 June 2010 or 30 June 2009.

20 OPERATING LEASE COMMITMENTS

At 30 June 2011, the Group had commitments to make future minimum payments under non-cancellable operating leases as follows:

	2011	2010
	£	£
Within 1 year	5,684	8,341
	5,684	8,341

No operating lease commitments existed in respect of discontinued operations at 30 June 2011 (2010 – nil).

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, 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 liquidity and foreign currency 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.

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 foreign subsidiary. The day to day transactions of the overseas subsidiary is 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 any of 30 June 2011, 30 June 2010 or 30 June 2009.

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

Liquidity and funding risk analysis
At 30 June 2011, the Group had no short term borrowings (2010 - £30,000 and 2009 - £114,702).

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:

	2011	2010	2009
	£	£	£
Classes of financial assets – carrying amounts			
Trade and other receivables	74,601	208,910	260,294
Cash and cash equivalents	346,922	135,599	155,749
	421,523	344,509	416,043

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:

	2011	2010	2009
	£	£	£
Foreign currency – US Dollars			
Financial assets	362,623	313,095	180,811
Financial liabilities	(149,932)	(35,139)	(37,621)
Short-term exposure	212,691	277,956	143,190
Foreign currency – Canadian Dollars			
Financial assets	186,107	216,656	135,419
Financial liabilities	-	-	(197,801)
Short-term exposure	186,107	216,656	(62,382)

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% change of the US Dollar-Sterling and Canadian Dollar – Sterling exchange rate for the year ended 30 June 2011 (2010 – 10% and 2009 – 10%). 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%, this would have had the following impact:

	2011	2010	2009
	£	£	£
Foreign currency – US Dollars			
Net result for the period	(7,858)	12,174	13,113
Equity	(7,815)	23,363	12,523
Foreign currency – Canadian Dollars			
Net result for the period	(17)	676	(121,538)
Equity	(18)	312	(121,534)

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

	2011 £	2010 £	2009 £
Foreign currency – US Dollars			
Net result for the period	6,429	(9,961)	(10,729)
Equity	6,394	(10,514)	(10,246)
Foreign currency – Canadian Dollars			
Net result for the period	14	(553)	99,440
Equity	14	(256)	99,437

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 the Inland Revenue (the "Approved Part") and one which offers awards in excess of the Inland Revenue 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 year ended 30 June 2011, no options were granted under the Share Option Plan (2010 – none).

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 2011, there were 1,114,813 options exercisable in the period up to 30 April 2012.

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%, of which 45% is to a director.

No payments were made in the year to 30 June 2011 or to 30 June 2010 under this arrangement.

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.

No payments were made in the year to 30 June 2011 or to 30 June 2010 under this arrangement.

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 17. 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**
Fair value	£0.00 - £0.06	£0.02 - £0.26 (1)
Share price	£0.02 - £0.41	£0.134 - £0.50
Exercise price	£0.025 -£0.50	£0.134 - £0.50
Expected volatility	30.0% - 27.0%	27.0%
Expected life	5	3
Risk free rate	4.4%	4.4%
Expected dividends yield	nil	nil

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

The Group did not recognise any expense relating to equity settled share option scheme transactions in the year ended 30 June 2011 (2010 - nil).

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

J F Devaney and D T Wilson exercised the warrants they had acquired during the year ended 30 June 2010 in December 2010, paying a total of £60,000 in cash to the Company. These warrants, which had an expiry date of 31 December 2010, were exercisable over 6.0 million ordinary shares at £0.01 each. On 15 December 2010, the Company issued 6.0 million ordinary shares representing £30,000 of share capital at nominal value to J F Devaney (4.0 million ordinary shares) and D T Wilson (2.0 million ordinary shares).

A short term loan of £30,000 made to the Company by D T Wilson during the year ended 30 June 2010, on which interest was payable at a commercial rate, was repaid in full on 19 November 2010.

25 POST BALANCE SHEET EVENT

On 4 November 2011, the Company was re-registered as a private limited company under the Companies Act 2006 by the name of Tersus Energy Limited (see note 1).

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TERSUS ENERGY LIMITED

We have audited the parent company financial statements of Tersus Energy Limited for the year ended 30 June 2011 which comprise the company balance sheet, the significant accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' Responsibilities Statement set out on page 8, the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion of the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

OPINION ON FINANCIAL STATEMENTS

In our opinion the parent company financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2011;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 if the Company was unable to continue as a going concern.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

OTHER MATTER

We have reported separately on the group financial statements of Tersus Energy Limited for the year ended 30 June 2011. That report includes an emphasis of matter.

MARK CARDIFF
SENIOR STATUTORY AUDITOR
FOR AND ON BEHALF OF GRANT THORNTON UK LLP
STATUTORY AUDITOR, CHARTERED ACCOUNTANTS

London
14 November 2011

COMPANY BALANCE SHEET

As at 30 June 2011

	Note	2011 £	2010 £
FIXED ASSETS			
Investments	4	1,632,954	1,824,425
		1,632,954	1,824,425
Current assets			
Debtors – amounts due within one year	5	88,428	92,904
Debtors – amounts due after more than one year	5	110,702	139,575
Cash at bank and in hand		205,656	30,034
		404,786	262,513
Creditors: amounts falling due within one year	6	(88,012)	(130,946)
Net current assets		316,774	131,567
Total assets less current liabilities		1,949,728	1,955,992
Capital and reserves			
Called up share capital	7	220,231	190,231
Share premium account	8	6,447,112	6,417,112
Share option reserve	8	297,692	297,692
Profit and loss account	8	(5,015,307)	(4,949,043)
Shareholders' funds		1,949,728	1,955,992

The financial statements were approved by the Board of directors on 14 November 2011.

S P Levine
Director

D T Wilson
Director

Company no 5314207

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

1 RE-REGISTRATION AS A PRIVATE LIMITED COMPANY

On 4 November 2011, the Company was re-registered as a private limited company under the Companies Act 2006 by the name of Tersus Energy Limited, following the passing of a special resolution at a general meeting of the Company on 4 October 2011. Prior to this, the Company was registered as a public limited company under the name of Tersus Energy Plc.

2 SIGNIFICANT ACCOUNTING POLICIES

The separate financial statements of the Company are presented as required by the Companies Act 2006. 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 18 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 2012. The forecasts show that the Company will have adequate resources for this period. In the past, 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.

3 LOSS FOR THE FINANCIAL YEAR

The Company has taken advantage of section 408 of The Companies Act 2006 and has not included its own profit and loss account in these financial statements. The loss of the Company for the year ended 30 June 2011 was £66,264 (2010 – profit of £15,019).

The average monthly number of employees of the Company (including directors) during the period was 6 (2010 – 5) and their aggregate remuneration comprised:

	2011 12 months £	**2010 12 months £**
Wages and salaries	38,266	38,267
Social security costs	1,853	1,863
	40,119	40,130

The executive directors and the Chairman have not received any remuneration since 31 May 2009.

The auditors' remuneration for audit services to the Company was £3,500 (2010 - £3,000).

The Company made a profit of £35,500 (2010 – nil) on the sale of shares and share options (see note 4).

4 INVESTMENTS

Cost	**Shares in group companies (a) £**	**Loans to group companies £**	**Investments (b) (c) £**	**Total £**
At 30 June 2010	1,180,824	723,311	1,943,851	3,847,986
Loan repayment	-	(193,111)	-	(193,111)
Disposals	(100)	-	-	(100)
At 30 June 2011	1,180,724	530,200	1,943,851	3,654,775
Provision for impairment in value				
At 30 June 2010	(625,981)	(475,000)	(922,580)	(2,023,561)
Reduction in year	-	-	1,740	1,740
At 30 June 2011	(625,981)	(475,000)	(920,840)	(2,021,821)
Net book amount				
At 30 June 2011	554,743	55,200	1,023,011	1,632,954
At 30 June 2010	554,843	248,311	1,021,271	1,824,425

(a) The provisions for impairment have been made on the basis of the assessed long-term value of the subsidiaries. A dormant subsidiary was dissolved during the year.

(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) The Company realised £35,500 during the year on the sale of shares and share options that had a book value of nil and had been obtained in return for providing advisory services.

(d) Provisions for impairment in value amounting to £600,000 were made in respect of the investments in Envinta Corporation and Tersus Energy Services Inc. in 2009. No change in the provisions for impairment has been made since that date.

(e) Full provision in respect of the investment in and loans made to Navitas Technologies Limited ("Navitas") was made in 2009 in the amount of £500,981: the affairs of this company were wound up in 2010 following the sale of the business to a Canadian company on 31 August 2009. The total consideration payable was C$500,000, of which C$330,000 was paid in cash on completion, with the balance payable in 4 annual instalments. The Company entered into an agreement with the purchaser through which it will receive over a 5 year period from August 2009 a further amount linked to the level of sales. Further provisions were made in respect of loans for working capital included in Current assets in both 2009 and 2010.

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 year 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	Delaware, USA	Ordinary	100%	Developer of energy and environmental information software
Navitas Technologies Limited	Ontario, Canada	Ordinary	100%	No longer trading

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

5 DEBTORS

	2011	**2010**
	£	**£**
Amounts falling due within one year		
Trade debtors	1,772	1,731
Amounts owed by subsidiary companies	21,789	-
Prepayments	7,785	10,777
Other debtors (a)	57,082	80,396
	88,428	92,904
Amounts falling due after more than one year		
Amounts owed by subsidiary companies	17,339	6,672
Other debtors (a)	93,363	132,903
	110,702	139,575
	199,130	232,479

(a) Future receipts arising from the disposal of the Navitas business in August 2009.

6 CREDITORS

	2011 £	2010 £
Short term loan from director (a)	-	30,000
Trade creditors	-	4,035
Other taxation and social security	495	518
Accruals and deferred income	87,517	96,393
	88,012	130,946

(a) The loan of £30,000 was repaid in full on 19 November 2010.

7 CALLED UP SHARE CAPITAL

	2011 £	2010 £
Authorised		
200,000,000 ordinary shares of 0.5p each	1,000,000	1,000,000
Issued and fully paid		
At 1 July	190,231	190,231
Issued on exercise of warrants	30,000	-
At 30 June	220,231	190,231

	Ordinary shares	Ordinary shares
At 1 July	38,046,376	38,046,376
Additions	6,000,000	-
At 30 June	44,046,376	38,046,376

On 15 December 2010, 6,000,000 shares representing £30,000 of share capital at nominal value were issued for cash at 1p each, following the exercise of warrants.

At 30 June 2011 and 30 June 2010 there were share options outstanding over 3,556,480 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 17 of the consolidated financial statements. The various share option plans are described in note 22 of the consolidated financial statements.

No share options were issued during the year ended 30 June 2011.

8 SHARE PREMIUM ACCOUNT AND RESERVES

	Share premium account £	Share option reserve £	Profit and loss account £
At 30 June 2010	6,417,112	297,692	(4,949,043)
Premium on shares issued following exercise of warrants	30,000	-	-
Loss for the year	-	-	(66,264)
At 30 June 2011	6,447,112	297,692	(5,015,307)

9 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Company 2011 12 months £	2010 12 months £
(Loss)/ profit for the year	(66,264)	15,019
Issue of shares	60,000	-
Net movement in shareholders' funds	(6,264)	15,019
Opening equity shareholders' funds	1,955,992	1,940,973
Closing equity shareholders' funds	1,949,728	1,955,992

10 CAPITAL COMMITMENTS

There were no capital commitments at 30 June 2011 or 30 June 2010.

11 CONTINGENT LIABILITIES

There were no contingent liabilities at 30 June 2011 or 30 June 2010.

12 RELATED PARTY TRANSACTIONS

J F Devaney and D T Wilson exercised the warrants they had acquired during the year ended 30 June 2010 in December 2010, paying a total of £60,000 in cash to the Company. These warrants, which had an expiry date of 31 December 2010, were exercisable over 6.0 million ordinary shares at £0.01 each. On 15 December 2010, the Company issued 6.0 million ordinary shares representing £30,000 of share capital at nominal value to J F Devaney (4.0 million ordinary shares) and D T Wilson (2.0 million ordinary shares).

A short term loan of £30,000 made to the Company by D T Wilson during the year ended 30 June 2010, on which interest was payable at a commercial rate, was repaid in full on 19 November 2010.

13 POST BALANCE SHEET EVENT

On 4 November 2011, the Company was re-registered as a private limited company under the Companies Act 2006 by the name of Tersus Energy Limited (see note 1).

Company registration number	5314207
Registered office	344 Linen Hall 162 – 168 Regent Street London W1B 5TD
Directors	J F Devaney *(Non-executive Chairman)* S P Levine *(Chief Executive Officer)* D T Wilson *(Chief Operating Officer and Finance Director)* S K West *(Investment 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

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