COOL CHIPS PUBLIC LIMITED COMPANY

Financial Statements

for the year ended 31 March 2001

COOL CHIPS PUBLIC LIMITED COMPANY

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COOL CHIPS PUBLIC LIMITED COMPANY

Registered No (Gibraltar) 57885

DIRECTORS AND OFFICERS

Directors

Rodney T Cox	
Benjamin J Cox	(appointed 6th September 2000)
Jean Francois Edelstein	(appointed 6th September 2000)
Peter Vanderwicken	(appointed 6th September 2000)
Isaiah W Cox	(appointed 20th July 2001)
Wayne S Marshall	(appointed 20th July 2001)
Nechama C Cox	(appointed 1st August 2001)
Iris O Cox	(appointed 24th July 2001)
Joseph J Cox	(appointed 1st August 2001)

Secretary

Grays Services Limited	(resigned 28th July 2000)
Abraham Cohen	(appointed 28th July 2000, resigned 21st May 2001)
BDO Fidecs Management Limited	(appointed 21st May 2001)

Registered Office

Suite 3G, Eurolife Building (date of effect 21st May 2001)
1 Corral Road
Gibraltar

Previous Registered Office

Suite 3C, Centre Plaza
Horse Barrack Lane
Gibraltar

Auditors

Moore Stephens
Suite 5 Watergardens 4
Waterport
Gibraltar

COOL CHIPS PUBLIC LIMITED COMPANY

DIRECTORS' REPORT

The directors submit their report and the audited financial statements for the year ended 31 March 2001.

Corporate Profile

The Company was incorporated on 23rd April 1996 in Gibraltar as Borealis Cool Manufacturing Limited. The Company changed its name to Cool Chips Limited on 1st June 2000 and further changed its name as noted upon re-registration in Gibraltar as a public limited company on 27th July 2000.

Activities

The principal activity of the Company is that of researching and developing the "Cool Chips" technology.

Results and Review of Business

The results for the year are shown in the profit and loss account on page 6.

Borealis Technical Limited ("Technical"), the parent company, has conducted basic industrial research on its "Cool Chips" technology since 1996 for which it has patents issued and pending. All of the research expenditures to date have been undertaken by Technical and funded by Borealis Exploration Limited, the ultimate parent of the Company. Technical had received deposits in the current and prior years on behalf of the Company towards the issue of shares in the Company.

An Intellectual Property Agreement was signed effective 1st January 1999, whereby Technical has granted the Company the exclusive worldwide rights for sublicensing the "Cool Chips" technology. In consideration for the rights granted to the Company, the Company shall pay Technical an 8% royalty based on net sales of licensed products and services sold by the Company and 50% of all sublicence income. To date the "Cool Chips" technology is still under development such that the Company has not made any related sublicence sales.

DIRECTORS' REPORT (Continued)

Results and Review of Business (Continued)
The Company has been in the development stage since its inception. The Company intends to retain its sublicence rights granted by Technical. These financial statements have been prepared in accordance with generally accepted accounting principles with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. From inception to 31st March, 2001, the Company has lent money raised on its behalf to Technical and Borealis Exploration Limited, who are also in a development stage and have conditions subject to raising substantial doubt about their ability to continue as a going concern. These conditions also raise substantial doubt about the ability of the Company to continue as a going concern. Management of the Company has indicated they have no intention to demand repayment of the amounts owing from Technical until the "Cool Chips" technology is being licensed in the marketplace. The Company and Technical are actively working together to negotiate sales or further sublicensing of its technology to various parties, which is expected to generate profitable operations in the future. To the extent additional funds are required, the Company will attempt to raise these funds through future sales of its own shares. However, there can be no assurance that the Company will be successful in its actions. The financial statements do not contain any adjustments which might be necessary if the Company is unable to continue as a going concern.

Dividends
There were no dividends declared during the year.

Directors and their Interests
The directors who served during the year were as stated on page 1.

The interest of the directors in the shares of the Company and movements in their share options in the year were as follows.

	Shares held at 31 March 2001	Options held at 31 March 2001
Rodney T Cox	258,280	110,000
Benjamin J Cox	13,250	500
Jean Francois Edelstein	3,000	7,000
Peter Vanderwicken	4,322	7,701
Isaiah W Cox	21,750	–
Wayne S Marshall	56,505	2,395
Neckama C Cox	14,600	5,225
Iris O Cox	–	5,000
Joseph J Cox	12,890	–

COOL CHIPS PUBLIC LIMITED COMPANY

DIRECTORS' REPORT (Continued)

Share Options

The company issued 875,000 options on 3rd March, 1998. The exercise price of those options is US $ 5.238 per share. The options are for a five year term, and are subject to terms and conditions on the part of the option holder. At the year ended 31st March, 2001, 725,557 options were outstanding.

Directors' Responsibilities

The directors are responsible for preparing financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss for that year and which comply with the Gibraltar Companies Ordinance 1930, the Gibraltar Companies (Accounts) Ordinance 1999 and the Gibraltar Companies (Consolidated Accounts) Ordinance 1999. In preparing the financial statements, appropriate accounting policies have been used and applied consistently, reasonable and prudent judgements and estimates have been made, and applicable accounting standards have been followed. The directors are responsible for maintaining adequate accounting records, for safeguarding the assets of the company, and for preventing and detecting fraud and other irregularities.

Auditor

A resolution to reappoint Moore Stephens will be proposed at the Annual General Meeting.

By order of the Board

…….

Isaiah W Cox
Director

…….

Rodney T Cox
Director

23 January 2002

COOL CHIPS PUBLIC LIMITED COMPANY

REPORT OF THE AUDITORS
To the members of Chorus Motors Public Limited Company

We have audited the financial statements on pages 6 to 7 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described in the report of the Directors, the company's Directors and management are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you. We have not audited the comparative figures, which were audited by other auditors, who expressed an unqualified opinion on the statements on which these are based.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the accounts and disclosure in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

In forming our opinion, we have considered the disclosures made in note 2 of the financial statements in connection with the application of the going concern basis and the uncertainty with regards to securing continued financial support. In view of the significance of these matters we consider they should be drawn to your attention but our opinion is not qualified in these respects.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and group as at 31st March 2001 and of the loss and cash flows of the group for the year then ended in accordance with Gibraltar Accounting Standards and have been properly prepared in accordance with the Gibraltar Ordinance 1930 and the Gibraltar Companies (Accounts) Ordinance 1999.

Moore Stephens

Moore Stephens
CHARTERED ACCOUNTANTS

Gibraltar

23 January 2002

PROFIT AND LOSS ACCOUNT
For the year ended 31 March 2001

	Note	2001 $	2000 $
Expenditure			
Administration fees	5	43,200	43,200
Retained loss for the year		(43,200)	(43,200)
Retained losses brought forward		(169,200)	(126,000)
Retained losses carried forward		$ (212,400)	$ (169,200)

The company has had no discontinued activities during the year, accordingly, the above result for the company relates solely to continuing activities.

No statement of recognised gains and losses has been produced as the only recognised gains and losses occurring in the year are those disclosed in the Profit and Loss Account.

The notes on pages 8 to 10 form part of these Financial Statements.

COOL CHIPS PUBLIC LIMITED COMPANY

BALANCE SHEET
as at 31 March 2001

	Notes	2001 $	2000 $
Current Assets			
Debtors	2	1,307,386	1,034,546
Total Net Assets		$ 1,307,386	$ 1,034,546
Capital and Reserves			
Called up Share Capital	3,4	115,535	114,691
Share Premium Account	3,4	1,404,251	1,089,055
Profit and Loss account	4	(212,400)	(169,200)
Total Shareholders' Funds		$ 1,307,386	$ 1,034,546

Signed on behalf of the Board on 2002

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Isaiah W Cox
Director

Rodney T Cox
Director

The notes on pages 8 to 10 form part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2001

1 Principal accounting policies

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

a. Basis of accounting
The financial statements are prepared in accordance with the historical cost convention.

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

c. Foreign currency translation
Transactions in foreign currency are recorded at the rate at the date of the transaction. Any monetary assets or liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

d. Going Concern
These financial statements have been prepared under the going concern concept which assumes that the Company will continue in operational existence for the foreseeable future having adequate funds to meet their obligations as they fall due. Further information is set out in the Directors' Report on pages 2 to 4.

e. Cash Flow Statements
The company meets the size criteria for a small company set by the Companies Act 1985 and therefore, in accordance with FRS1: Cash Flow Statements, it has not prepared a cash flow statement.

f. Taxation
The company is an exempt company as classified under the Companies (Taxation and Concessions) Ordinance 1993 of Gibraltar. As a result the company pays a fixed sum of £225 no matter whether the company makes a profit or loss, this amount was paid by Technical and is included within the administration fee per note 5.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2001

2. DEBTORS

	2001 $	2000 $
Loan to related party	$ 1,307,386	$ 1,034,546

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

3. CALLED UP SHARE CAPITAL

	2001 $	2000 $
Authorised share capital 10,000,000 ordinary shares @ £0.01 each	$ 160,000	$ 160,000

	Number of Shares	Share Capital $	Share Premium Account $	Total $
Issued share capital At 31 March 1999	5,200,000	83,200	–	83,200
Shares issued during the year	1,968,209	31,491	1,089,055	1,120,546
At 31 March 2000	7,168,209	114,691	1,089,055	1,203,746
Shares issued during the year	52,773	844	315,196	316,040
At 31 March 2001	7,220,982	$ 115,535	$ 1,404,251	$ 1,519,786

The shares issued were partly to raise additional finance (cash received in Technical) and partly to settle amounts owing to creditors by Technical.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2001

4. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	Share Capital $	Share Premium Account $	Profit & Loss Account $	Total $
At 31 March 1999	83,200	–	(126,000)	(42,800)
Shares issued during the year	31,491	1,089,055	–	1,120,546
Loss for the year	–	–	(43,200)	(43,200)
At 31 March 2000	114,691	1,089,055	(169,200)	1,034,546
Shares issued during the year	844	315,196	–	316,040
Loss for the year	–	–	(43,200)	(43,200)
At 31 March 2001	$ 115,535	$ 1,404,251	$ (212,400)	$ 1,307,386

5. RELATED PARTY TRANSACTIONS

In addition to related party transactions disclosed elsewhere in these financial statements, during the year ended 31 March 2001, the Company was charged $43,200 (2000 - $43,200) in fees for administrative services provided by Technical.

6. ULTIMATE PARENT COMPANY

The ultimate parent company is Borealis Exploration Limited, a company incorporated in Gibraltar whose registered office is at Suite 3G, Eurolife Building, 1 Corral Road, Gibraltar.

7. POST BALANCE SHEET EVENTS

On November 30, 2001 The Boeing Company issued a press release concerning the Cool Chips Evaluation that was conducted by the Boeing Phantom Works, the advanced Research & Development unit of Boeing. Under the terms of the agreement with Cool Chips Plc Boeing has the right of the first refusal on this technology for aerospace applications.