

**TERSUS ENERGY LIMITED**

**ANNUAL REPORT AND ACCOUNTS**

**31 DECEMBER 2015**



## **TERSUS ENERGY LIMITED**

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## TERSUS ENERGY LIMITED

### CHAIRMAN'S STATEMENT

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#### Introduction

These financial statements are for the Company and relate to the year ended 31 December 2015, with comparative figures being for the eighteen month period ended 31 December 2014.

The Company's principal investments are:

- Its 100 per cent ownership of Envinta Corp. ("Envinta")
- Its approximately 1.3 per cent investment in Zhong Hang (Baoding) Huiteng Wind Power Equipment Company Ltd ("HT Blade"), which is held through its 9.075 per cent partnership interest in Tang Wind Energy LP ("TWELP"), a Texan limited partnership
- Its 12.1 per cent partnership interest in TWE II LP ("TWELP 2"), a Texan limited partnership

#### Envinta Corp.

Envinta holds exclusive North American and European license rights in perpetuity to certain energy and environmental information and organisation management software products, which include Energy Challenger and Energy Achiever. It also has North American and European rights to the One2Five Version 2 software product of Energetics Pty Ltd. It licenses these software products, together with selling training and marketing advisory services, to utilities and to major multi-location businesses.

Although Envinta's products and services continue to be well received by its customers, the overall market for Envinta's products appears to be decreasing, as evidenced by the progressive reductions in its annual revenues in recent years, although these stabilised in 2015 at US\$559,000 (2014 – US\$544,000). Action, including temporary salary reductions, was taken in the second half of 2015 to ensure that Envinta does not operate at a loss and is able to pay a monthly management fee to the Company to cover the time commitment of Tersus' directors and financial controller.

While efforts have been made during the last two years to seek a buyer for the business consistent with the Company's overall strategy of realising investments and minimising running costs, it has not proved possible to find a buyer. The value of Envinta to the Company accordingly continues to be based on its net assets and some appropriate estimate of the present value of future profits, which will not be a material figure. As a consequence, the assessment of the fair value of Envinta has concluded there has been no change in this fair value and, accordingly, the carrying value in the financial statements remains unchanged at £49,743 (2014 - £49,743).

#### Investment in TWELP

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.

## TERSUS ENERGY LIMITED

### CHAIRMAN'S STATEMENT

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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, 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.

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 continues to seek to improve the flow of communications and is reviewing legal options to assist in obtaining such information. The Board understands HT Blade was loss making in 2011, 2012 and 2013. It seems unlikely that the trading situation will improve and we have no evidence that would lead us to think that HT Blade will return to profit. Your Board believes that a legal action has been taken against the Chinese State Owned Enterprises responsible for HT Blade alleging that its losses have been due to mismanagement but the Board believes this claim has been rejected by the US authorities.

The Board believes 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. Given the trading situation of HT Blade, it is difficult to see how value will be achieved for the investment in HT Blade.

The Board considers there can only be value in TWELP if circumstances change in relation to HT Blade and the Company is able to benefit from this. Consequently, in view of the considerable uncertainties in relation to both the current and future business performance of HT Blade and the future intentions of the majority shareholders, the value of the Company's investment in TWELP continues to be assessed as zero.

#### **Investment in TWELP 2**

Following the sale of the stake in TWELLC in February 2008, TWELP transferred some US\$32 million of cash and receivables in April 2008 into a new partnership TWE II LP ("TWELP 2"), in which Tersus holds 12.1 per cent partnership interest. 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 of approximately US\$21 million remaining in TWELP 2 was retained to meet its future potential funding needs.

Some US\$12 million of these funds were lent to another Texan partnership connected to the general partner. The Board has been told this amount has been invested by this Texan partnership in projects intended to promote the value of the investment in HT Blade. Your Board has not been able to review the value of these projects nor establish the way in which they were intended to promote the value of the investment in HT Blade nor whether it was appropriate for TWELP 2's funds to be used in this way. Your Board took advice from a Texan firm of lawyers in 2011 following which an audit of TWELP 2 was conducted at the expense of the partnership although, unfortunately, as the general partner did not consult with Tersus on the remit of this audit, it provided no comfort on the appropriateness of the project expenditure nor on the amounts that might be recoverable.

## TERSUS ENERGY LIMITED

### CHAIRMAN'S STATEMENT

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Following further pressure from your Board, the general partner of TWELP 2 made a distribution of US\$4 million from its retained profits in June 2012, of which Tersus received US\$484,000. Your Board considers that further funds should have been distributed to the partners and will continue to put this point to the general partner of the Texan partnership. However, it appears that most of the remaining cash funds in TWELP 2 has been extracted by way of management fees so that the cash funds remaining in TWELP 2 are small and its only asset is the approximately US\$12 million loan referred to previously. Your Board is again taking advice from the Texan lawyers but does not wish to incur disproportionate costs.

In view of the uncertainties regarding the recoverability of amounts lent by TWELP 2 to the Texan partnership connected to the general partner, no value has been attributed to them when assessing the value of the Company's investment in TWELP 2. Given that the majority of the remaining cash and cash equivalent assets have been disbursed this means that the value of TWELP 2 must be assessed as zero: this is unchanged from the assessment made last year.

Your Board is clearly disappointed with the way in which TWELP 2 has been managed and the use to which the initial US\$32 million has been put. Your Board has had extensive conversations with the Texan firm of lawyers about the possibility of demonstrating a breach of fiduciary responsibility by the general partner of TWELP 2. Your Board will continue to review this situation and attempt to engage in a productive conversation with TWELP 2's general partner.

#### **Operating costs**

We have stated previously that one of your Board's objectives is to minimise running costs.

The Company's future running costs are now below £30,000 per annum, excluding any remuneration payable to directors. These running costs comprise the cost of the Company's financial controller as well as company secretarial, insurance, sundry professional costs, travel, office and communication costs.

#### **Directors' remuneration**

During the year to 31 December 2015, the two executive directors received emoluments equivalent to £28,000 in aggregate per annum, to reflect their time commitment on matters relating to the Company's affairs and investment portfolio. This remuneration can, of course, be further reduced or stopped at any point where either the time commitment reduces or the funds available make it appropriate to cease these payments. As Chairman, I will continue not to take any remuneration for my time.

#### **Share consolidation**

The Board is asking shareholders to approve the consolidation of the issued share capital on a 1 for 5,000 basis, as set out in the Notice of Meeting on page 27 and, in more detail, in the Directors' Report on page 11. Your Board has concluded that, with the current share structure, the administrative costs associated with any future distributions by the company would be disproportionate for both the Company and shareholders, particularly in relation to bank transaction costs for overseas shareholders. Following the proposed consolidation, the net assets attributable to each new ordinary share would be approximately £50, compared with £0.01 at present. As there is now no effective market in Tersus' shares, the Board is proposing to aggregate fractional entitlements to the new ordinary shares and donate these shares to ShareGift, a registered charity which accepts "orphan shares". If the resolution is approved, as recommended by your Board, the Company would have 8,810 ordinary shares in issue.

## TERSUS ENERGY LIMITED

### CHAIRMAN'S STATEMENT

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#### **Future direction of the business**

The Company balance sheet shows cash at bank of some £336,000 at 31 December 2015, which is more than sufficient to meet the operating costs of the Company for the foreseeable future. In addition, the Company receives management fees from Envinta which substantially offset its operating costs: we hope the future level of activity of Envinta will continue to allow payment of these management fees.

Subsequent to the year end, the final outstanding share options expired in May 2016, and, following this, the balance on the Share option reserve has been transferred to the Profit and loss account.

When Tersus de-listed in September 2008 your directors stated that your Board's strategy was now to realise investments and to minimise running costs in the meantime. This strategy continues to be followed.

#### **Asset disposals**

In connection with the continuing process to simplify the affairs of the Company, two directors have offered to purchase the Company's investments in Thor Power Corporation and Envirocontrols Limited for nominal amounts. The value of each was assessed to be negligible in 2007 and continues to be so assessed. There have been no changes in circumstances since that time which would lead to a material change in the fair values of these investments in the foreseeable future and, accordingly, it is considered appropriate to dispose of these investments.

As previously discussed, the Company's investment in Envinta is carried at £49,743. The Board has made significant efforts during the last two years to sell this business to third parties but without success. Your Board is considering whether it is now appropriate to dispose of this business to directors for its book value.

The disposal of this investment would then leave only the partnership interests in TWELP and TWELP 2 to be resolved, at which point the Company's only remaining asset would be cash. The process of winding up the Company would then be more simple and, hopefully, inexpensive.

**John Devaney**

Chairman

2 September 2016



## **TERSUS ENERGY LIMITED**

### **REPORT OF THE DIRECTORS**

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The directors present their annual report together with the financial statements of the Company for the year ended 31 December 2015.

#### **PRINCIPAL ACTIVITIES**

Historically, the principal activities of the Company were to invest in, operate and advise businesses in the renewable energy sector. The principal activity is now to manage the Company's investments with a view to realising the maximum value for shareholders.

#### **BUSINESS REVIEW**

A review of the Company's performance and the activities of the Group 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 Envinta business, which is US dollar based, together with the need to maintain sufficient funds to provide enough time for the investments to be optimally realised. The greater part of the Company's cash holdings are in US dollars and the Company has benefitted from sterling's recent weakness. Currency fluctuation remains relevant to the future value of the Company's assets.

#### **STATUTORY MATTERS**

As in previous accounting periods, the Company has taken advantage of Companies Act 2006 enabling provisions that allow the Company not to prepare group accounts and to be exempt from the audit of its accounts.

#### **RESULTS AND DIVIDENDS**

The results for the year ended 31 December 2015 are shown in the Profit and Loss Account on page 13. The profit for the year after tax amounted to £20,307 (2014 – loss of £764,666 for the eighteen month period). £694,342 of the loss reported for the previous period was attributable to provisions for impairment in the long-term value of investments: no movements in the existing provisions for impairment were made in respect of the year ended 31 December 2015. The directors are not proposing the payment of a dividend for the year (2014 – nil).

# TERSUS ENERGY LIMITED

## REPORT OF THE DIRECTORS

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### DIRECTORS

The directors during the year to 31 December 2015 were:

J F Devaney (Non-executive chairman)  
S P Levine (Chief Executive Officer)  
D T Wilson (Chief Operating Officer and Finance Director)

#### John Devaney (70) (Non-executive Chairman)

John Devaney is chairman of Cobham plc. John has been chairman of EXEL plc and National Express Group 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 (65) (Chief Executive Officer)

Steve Levine is an energy services executive and attorney with extensive experience developing and financing domestic and international energy projects and managing related businesses. 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 (68) (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.

### Directors and their shareholdings

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

	As at 31 December 2015		As at 31 December 2014	
	Number of ordinary shares	Percentage of issued share capital	Number of ordinary shares	Percentage of issued share capital
J F Devaney	11,690,363	26.54	11,690,363	26.54
S P Levine	1,793,102	4.07	1,793,102	4.07
D T Wilson	12,398,033	28.15	12,398,033	28.15

No changes in the directors' share interests have taken place between 31 December 2015 and 2 September 2016.

Under the provisions of the Company's Articles of Association S P Levine shall retire from office at the annual general meeting of the Company and, being eligible, S P Levine offers himself for re-election.



## **TERSUS ENERGY LIMITED**

### **REPORT OF THE DIRECTORS**

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#### **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 director retires 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 8 to the 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 Company's financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 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 UK 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.

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.

TERSUS ENERGY LIMITED

REPORT OF THE DIRECTORS

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**VALUATION POLICY**

**Investment strategy**

The Company has a documented investments strategy.

**Principles of valuation of fixed asset investments, including subsidiaries**

Fixed asset investments are shown at cost, less provision for any permanent impairment of value, where cost includes the associated costs of acquisition.

When considering if there has been a permanent impairment in an investment's value, the directors assess the value of an investment, having regard to the requirement to apply a degree of caution in making the necessary assessments. In making these assessments, 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. The value of an investment is generally assessed on one of the following bases:

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

***Investment in Envinta Corp. "Envinta"***

The investment in the Company's wholly-owned subsidiary, Envinta, has been assessed having regard to the fact that, although its products and services are well received by its customers, the overall market for its products appears to be diminishing, as evidenced by the progressive reductions in its annual revenues in recent years, although these stabilised in 2015. It is considered appropriate to continue to assess the value of the investment based on the amount of Envinta's net assets currently attributable to the Company together with an estimate of the present value of its future profits, which are not expected to be material. Following completion of this review, it was decided to continue to carry the investment at £49,743, the value assessed as at 31 December 2014. The provision for impairment was accordingly unchanged at £1,005,000.

***Investment in TWELP***

In 2008, the Company received approximately US\$2.19 million when it disposed of 25 per cent of its then 12.1 per cent interest in TWELP, whose main asset is its indirect minority holding in HT Blade. The Board has been unable to obtain up to date information on developments affecting HT Blade from the general partner of TWELP. It understands HT Blade was loss-making in each of 2011, 2012 and 2013. The Board is unaware of any current plans by HT Blade management or the Chinese State Owned Enterprises (the majority shareholders) that would result in any exit opportunities for its minority shareholders. In view of the considerable uncertainties in relation to both the current and future business performance of HT Blade and the future intentions of the majority shareholders, the value of the Company's investment in TWELP has been assessed as zero.

***Investment in TWELP 2***

The Company received distributions of approximately US\$1.45 million in 2008 and a further US\$484,000 in 2012 (made from the profit on the sale by TWELP of part of its interest in HT Blade). At 31 December 2012, TWELP 2 had cash or cash equivalent assets which, if distributed, would result in a further distribution to the Company of approximately US\$500,000. The general partner declined to make such a distribution and, in the two years up to 31 December 2014, being the latest date for which the Company has received information from the general partner, the general partner disbursed US\$3.9 million as management fees, so reducing TWELP 2's cash or cash equivalent assets to US\$741,000 by that date. The Company does not know what the current cash balances are.

## TERSUS ENERGY LIMITED

### REPORT OF THE DIRECTORS

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#### *Investment in TWELP 2 (continued)*

TWELP 2 also continued to have a loan balance of some US\$12.2 million as at 31 December 2014 relating to a loan to a Texan partnership connected with the general partner. The Company has been unable to establish either why this amount was lent to this partnership or what its realisable value might be. In view of the uncertainties regarding the recoverability of this amount, no value has been attributed to it when assessing the value of the Company's investment in TWELP 2. In addition, as the cash and cash equivalent assets have been largely disbursed, no value has been placed on these. Accordingly, as in the previous period, the value of the investment has again been assessed at nil.

#### *Future value in TWELP and TWELP 2*

The Board is aware of a dispute between the general partner of TWELP and the Chinese State Owned Enterprises, which is currently the subject of legal action in the USA courts, and relates, inter alia, to the management of HT Blade as well as other alleged actions by the Chinese State Owned Enterprises. Your Board believes that the claim relating to HT Blade has been rejected. Any future value in TWELP 2 seems likely to be dependent on other aspects of this legal action being resolved in favour of the general partner or related entities and any part of moneys received being applied towards repayment of the loan due to TWELP 2. The Board has a continuing dispute with the general partner of TWELP 2 regarding its management of TWELP 2's funds. The Board believes that neither the legal action against the Chinese State Owned Enterprises, nor any possible discussions or litigation between the Company and the general partner of TWELP 2 are likely to be settled for some time. Given the considerable uncertainty relating to these, your Board considers they provide no justification for attributing a value to its partnership interest in either TWELP or TWELP 2.

A small share-holding in an AIM-listed company has been valued at the closing price on 31 December 2015. The valuations of the remaining investments, all of which are unlisted, have been assessed as nil on the basis of their estimated realisable amounts and the lack of any cash flows from these investments.

#### **Valuation review procedures**

Valuations are prepared by the directors.

#### **GOING CONCERN**

The directors confirm they are satisfied that the Company has 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 note 2 to the financial statements.

#### **ANNUAL GENERAL MEETING**

This year's annual general meeting will be held at noon on 29 September 2016 at the offices of Squire Patton Boggs (UK) LLP, 7 Devonshire Square, London EC2M 4YH. The notice of meeting is set out on pages 27 and 28 of this document.

Details of the business to be considered at the meeting are given below.

#### **Report and accounts (Resolution 1)**

It is a requirement of company law that the annual report and accounts is laid before shareholders in general meeting.

## TERSUS ENERGY LIMITED

### REPORT OF THE DIRECTORS

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#### **Directors' remuneration report (Resolution 2)**

It is a requirement of company law that the directors' remuneration report is laid before shareholders in general meeting.

#### **Re-election of director (Resolution 3)**

In accordance with article 92.1 of the articles of association, one-third of the directors retire from office each year. Accordingly, Steven Levine offers himself for re-election. His biographical details are given on page 7.

#### **Consolidation of share capital (Resolution 4)**

The directors are inviting shareholders to approve the resolution which will authorise the consolidation of share capital pursuant to which every 5,000 Existing Ordinary Shares will be consolidated into one New Ordinary Share. As explained in the Chairman's statement on page 4, the Board considers that, with the current share structure, the administrative costs associated with any future distributions from the Company are disproportionate, for both the Company and shareholders, particularly in relation to bank transaction costs for overseas shareholders.

In anticipation of the resolution being passed by shareholders, the Company will immediately prior to the annual general meeting issue sufficient additional Ordinary Shares at par to procure that the total number of Ordinary Shares in issue will be exactly divisible by 5,000. 3,624 additional Ordinary Shares will be issued and these, together with the 44,046,376 Existing Ordinary Shares, will be consolidated into 8,810 New Ordinary Shares.

These 3,624 additional Ordinary Shares would be issued to the Company Secretary. Since these additional shares would only represent a fraction of a New Ordinary Share, this fraction would be dealt with pursuant to the arrangements for fractional entitlements described below.

As all Existing Ordinary Shares are proposed to be consolidated, the proportion of issued ordinary shareholdings in the Company held by each shareholder immediately before and immediately after the Consolidation will, save for fractional entitlements, remain unchanged.

In the event the number of Existing Ordinary Shares attributed to a shareholder is not exactly divisible by 5,000, the Consolidation will generate an entitlement to a fraction of a New Ordinary Share. These fractions will be aggregated and dealt with as described below.

Article 45 of the Articles provides that the Board may aggregate such fractional entitlements into New Ordinary Shares and sell such shares for the best price reasonably obtainable to any person including the Company on behalf of shareholders who have fractional entitlements.

However, the Board has concluded it would not be possible to find a purchaser for such shares, as there is now no market in the Ordinary Shares of the Company. Accordingly, your Board has determined that the number of New Ordinary Shares representing the aggregate of the fractional entitlements should be registered in the name of ShareGift, a registered charity that accepts "orphan shares". It is estimated that 61 New Ordinary Shares, representing 0.69% of the issued share capital, would be given to charity. The net asset value at 31 December 2015 attributable to these shares is approximately £2,800.

## TERSUS ENERGY LIMITED

### REPORT OF THE DIRECTORS

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#### **Authority of directors to allot shares (Resolutions 5 and 6)**

Resolution 5 asks shareholders, by ordinary resolution, to authorise the directors under section 551 of the Act to allot unissued shares and to grant rights to subscribe for, or to convert any security into, shares in the Company. This authority will, if granted, expire, unless previously revoked, renewed or varied, 15 months after the date of passing the resolution or, if earlier, at the conclusion of next year's annual general meeting, although offers or agreements can be made before the expiry of that period, which might require shares to be allotted or rights granted after the expiry of that period. This authority, if approved, will be limited to shares up to an aggregate nominal amount of £60,000. The directors believe that it is appropriate for them to have the authority proposed in the resolution to enable such allotments to take place if required.

Resolution 6 – disapplication of pre-emption rights for the issue of new shares. If the directors wish to allot new shares and other equity securities for cash, the Act requires that any such shares are offered first to existing shareholders in proportion to their holdings. This is known as shareholders' pre-emption rights. There may be occasions, however, when the directors need the flexibility to finance business opportunities as they arise without offering securities on a pre-emptive basis. The Act allows a limited disapplication of these pre-emption rights in certain circumstances. Therefore, this resolution, which will be proposed as a special resolution, authorises the directors to issue, for cash, up to an aggregate nominal amount of £11,000 in ordinary shares, equivalent to approximately 5 per cent of the issued share capital of the Company. This resolution will be proposed subject to resolution 6 (referred to above) first being carried at the meeting and the authority sought, if granted will be for the same period as that granted under resolution 5.

#### **Voting**

A form of proxy is being sent to shareholders for use at the annual general meeting. This should be completed, signed and returned as soon as possible in accordance with the instructions on it, whether or not you intend to come to the annual general meeting. Returning a form of proxy will not prevent you from attending the meeting and voting in person if you wish. A form of proxy should be returned so that it is received not less than 48 hours (excluding non-working days) before the time of the annual general meeting.

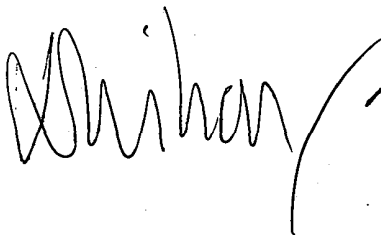
The directors consider that all the resolutions to be put to the meeting are in the best interests of the Company and its shareholders as a whole. The directors will be voting in favour of them and unanimously recommend that shareholders do so as well.

BY ORDER OF THE BOARD

**D T Wilson**

Director and Company Secretary

2 September 2016



TERSUS ENERGY LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2015

	Note	2015 12 months £	2014 18 months £
<b>Turnover</b>	5	37,296	75,979
Administrative expenses	6	(19,326)	(150,092)
Other interest receivable and similar income	7	2,533	3,932
Provision for impairment of value in investments	11	(196)	(694,342)
Provision against amounts due from subsidiaries		-	(143)
<b>Profit/ (loss) on ordinary activities before taxation</b>	6	20,307	(764,666)
Taxation	9	-	-
<b>Profit/ (loss) for the period</b>		<u>20,307</u>	<u>(764,666)</u>
<b>Earnings per share</b>			
Basic earnings per share - profit/ (loss)	10	<u>0.05p</u>	<u>(1.7)p</u>
Diluted earnings per share - profit/ (loss)	10	<u>0.05p</u>	<u>(1.7)p</u>

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

**TERSUS ENERGY LIMITED**

**COMPANY BALANCE SHEET**

As at 31 December 2015

	Note	31 December 2015 £	31 December 2014 £
<b>FIXED ASSETS</b>			
Investments	11	51,010	51,206
		<u>51,010</u>	<u>51,206</u>
<b>Current assets</b>			
Debtors – amounts due within one year	12	63,602	32,010
Cash at bank and in hand		335,785	340,766
		<u>399,387</u>	<u>372,776</u>
<b>Creditors: amounts falling due within one year</b>	13	(44,839)	(38,731)
<b>Net current assets</b>		<u>354,548</u>	<u>334,045</u>
<b>Total assets less current liabilities</b>		<u>405,558</u>	<u>385,251</u>
<b>Capital and reserves</b>			
Called up share capital	14	220,231	220,231
Share option reserve	15	297,692	297,692
Profit and loss account	15	(112,365)	(132,672)
<b>Shareholders' funds</b>		<u>405,558</u>	<u>385,251</u>

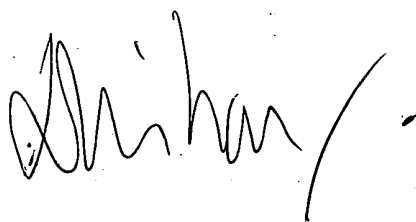
For the year ending 31 December 2015 the Company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

**Directors' responsibilities:**

- the members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476
- the directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts
- these accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime

The financial statements were approved by the Board of directors on 2 September 2016.

**D T Wilson**  
**Director**



Company no 5314207

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

TERSUS ENERGY LIMITED

CASH FLOW STATEMENT

As at 31 December 2015

	2015 12 months £	2014 18 months £
<b>Cash flow from operating activities</b>		
Profit/ (loss) before taxation	20,307	(764,666)
Adjustments for:		
Provision for impairment of value in investments	196	694,342
Provisions against amounts due from subsidiaries	-	143
Foreign exchange	(17,891)	21,976
Interest receivable	(2,533)	(3,932)
Change in trade and other receivables	(26,653)	(19,543)
Change in trade and other payables	6,108	(60,117)
<b>Cash outflow from operations</b>	<u>(20,466)</u>	<u>(131,797)</u>
Taxation	-	-
<b>Net cash flow from operating activities</b>	<u>(20,466)</u>	<u>(131,797)</u>
<b>Cash flows from investing activities</b>		
Repayment by subsidiary of loan to group company	-	12,806
<b>Net cash from investing activities</b>	<u>-</u>	<u>12,806</u>
<b>Cash flows from financing activities</b>		
Interest received	-	4,566
<b>Net cash generated from financing activities</b>	<u>-</u>	<u>4,566</u>
<b>Net change in cash and cash equivalents</b>	(20,466)	(114,425)
Cash and cash equivalents at beginning of period	340,766	478,001
Exchange differences on cash and cash equivalents	15,485	(22,810)
<b>Cash and cash equivalents at end of period</b>	<u>335,785</u>	<u>340,766</u>
Cash and cash equivalents comprise:		
Cash at bank and in hand	<u>335,785</u>	<u>340,766</u>

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



**TERSUS ENERGY LIMITED**

**STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2015

	<b>Called-up share capital</b>	<b>Share option reserve</b>	<b>Profit and loss account</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>At 1 July 2013</b>	220,231	297,692	631,994	1,149,917
Loss and total comprehensive income for the period			(764,666)	(764,666)
<b>At 31 December 2014</b>	220,231	297,692	(132,672)	385,251
Profit and total comprehensive income for the year			20,307	20,307
<b>At 31 December 2015</b>	220,231	297,692	(112,365)	405,558

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

# TERSUS ENERGY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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### 1 COMPANY INFORMATION

The Company is a private limited company, which is incorporated in England and Wales with company registration number 5314207. The business address of the Company is 44 Kensington Park Gardens, London W11 2QT.

### 2 BASIS OF PREPARATION

The financial statements relate to the year ended 31 December 2015. The comparative figures relate to the eighteen month period ended 31 December 2014, as a result of the change in the Company's accounting reference date from 30 June to 31 December on 13 July 2014.

As in the previous two accounting periods, the Company has taken advantage of Companies Act 2006 enabling provisions that allow the Company not to prepare group accounts and to be exempt from the audit of its accounts. The Company continues to obtain advice on taxation from Grant Thornton UK LLP.

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102") and with the Companies Act 2006. The financial statements have been prepared on the historical costs basis.

This is the first year in which the financial statements have been prepared under FRS 102. In the prior period the Company complied with the United Kingdom Accounting Standards applicable before the introduction of FRS 102. The adoption of FRS 102 is not deemed to have a significant effect on the balance sheet of the Company nor on the profit reported for the year. The transition to FRS 102 has not resulted in any change in respect of the loss previously reported for the period ended 31 December 2014 nor of shareholders' funds at either 31 December 2014 or 30 June 2013.

The financial statements are presented in sterling, which is the functional currency.

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

### 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 and any further distributions from TWELP or TWELP 2 are all uncertain as to amount and timing.

Bearing this in mind, the directors have prepared cash flow forecasts for the period to 30 June 2018. The forecasts show that the Company will have adequate resources for this period. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

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

# **TERSUS ENERGY LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2015

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### **3 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 assessment of whether there has been any impairment in respect of unlisted investments, which are valued on the bases set out in the Report of the directors
- the assessment of whether there has been any impairment in respect of subsidiaries
- the timing and amount of cash flows.

### **4 PRINCIPAL ACCOUNTING POLICIES**

#### **REVENUE**

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

#### **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.

#### **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.

#### **TAXATION**

Current tax is the tax currently payable based on taxable profits for the period using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised on all timing differences where the transactions or events that give the Company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the reporting 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 reporting date.

Tax expense or income is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense or income.

#### **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.

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.

# TERSUS ENERGY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

### 4 PRINCIPAL ACCOUNTING POLICIES (continued)

#### 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 Company 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. No share-based payments or share options have been issued by the Company since 2008.

Fair value is measured by use of the Black Scholes Pricing Model.

### 5 TURNOVER

Turnover, which excludes value added tax and other sales taxes, represents the invoiced value of services supplied to third parties, including group companies.

### 6 PROFIT/ (LOSS) BEFORE TAX

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

	2015 12 months £	2014 18 months £
Net exchange (gains)/ losses	(17,891)	19,727

In addition to net exchange losses of £19,727 shown above, the prior period administrative expenses of £150,092 included salary costs of directors and staff of £80,037 and fees for accountancy and other administrative services of £36,000.

### 7 INTEREST RECEIVABLE

	2015 12 months £	2014 18 months £
Interest receivable		
On loan to subsidiary	2,533	3,932
	<u>2,533</u>	<u>3,932</u>

TERSUS ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

**8 DIRECTORS AND EMPLOYEES**

The average monthly number of employees of the Company (including directors) during the period was 3 (2014 – 4) and their aggregate remuneration comprised:

	2015 12 months £	2014 18 months £
Wages and salaries	13,500	78,736
Social security costs	-	1,301
	<u>13,500</u>	<u>80,037</u>

**Directors' emoluments**

For the year ended 31 December 2015

	Fees £	Benefits in kind £	Total £
<b>Executive Directors</b>			
S P Levine	-	14,720	14,720
D T Wilson	13,500	-	13,500
<b>Non-Executive Director</b>			
J F Devaney	-	-	-
	<u>13,500</u>	<u>14,720</u>	<u>28,220</u>

For the eighteen months ended 31 December 2014

	Fees £	Benefits in kind £	Total £
<b>Executive Directors</b>			
S P Levine	-	22,145	22,145
D T Wilson	27,000	-	27,000
S K West	24,000	-	24,000
<b>Non-Executive Director</b>			
J F Devaney	-	-	-
	<u>51,000</u>	<u>22,145</u>	<u>73,145</u>

The benefits in kind for S P Levine, which comprise healthcare costs, were provided by a subsidiary in both periods.

The Chairman has not received any remuneration since 31 May 2009.

**TERSUS ENERGY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2015

**9 TAXATION**

	<b>2015</b>	<b>2014</b>
	<b>12 months</b>	<b>18 months</b>
	<b>£</b>	<b>£</b>
Tax charge	<u>-</u>	<u>-</u>

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

	<b>2015</b>	<b>2014</b>
	<b>12 months</b>	<b>18 months</b>
	<b>£</b>	<b>£</b>
Profit/ (loss) on ordinary activities before tax	<u>20,307</u>	<u>(764,666)</u>
Profit/ (loss) on ordinary activities at the effective standard rate of corporation tax in the UK of 20.25% (2014 – 22.0%)	4,112	(168,227)
Effects of:		
Items not deductible for tax purposes/ subject to tax	40	152,787
Items brought into tax in a prior period	(10,247)	(16,184)
Tax losses carried forward	<u>6,095</u>	<u>31,624</u>
Total tax charge for the period	<u>-</u>	<u>-</u>

The Company has tax losses at 31 December 2015 of approximately £2,560,000 (2014 - £2,420,000). These tax losses will be available to reduce any tax due on future profits.

No deferred tax asset has been recognised due to the uncertainty of the recoverability of the asset and its timing. The asset will be recovered in line with future profits. The unrecognised deferred tax asset of £512,000 (2014 - £508,000) relates to tax losses carried forward.

**10 EARNINGS PER ORDINARY SHARE**

The calculation of the basic earnings per share is based on a profit of £20,307 (2014 – loss of £764,666) and the weighted average number of shares in issue used for the basic earnings per share was 44,046,376 (2014 – 44,046,376).

At the year end, there were 791,667 share options (2014 – 1,041,667 share options) outstanding which, if exercised, would 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 profit per share would increase (2014 - loss per share would be reduced).

**TERSUS ENERGY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2015

**11 INVESTMENTS**

	<b>Shares in group companies (a) (b)</b>	<b>Investments (c) (d)</b>	<b>Total</b>
<b>Cost</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>At 31 December 2014</b>	1,154,743	1,943,851	3,098,594
Disposal	(100,000)	-	(100,000)
<b>At 31 December 2015</b>	<u>1,054,743</u>	<u>1,943,851</u>	<u>2,998,594</u>
<b>Provision for impairment in value</b>			
<b>At 31 December 2014</b>	(1,105,000)	(1,942,388)	(3,047,388)
Additions in period	-	(196)	(196)
Disposal	100,000	-	100,000
<b>At 31 December 2015</b>	<u>(1,005,000)</u>	<u>(1,942,582)</u>	<u>(2,947,582)</u>
<b>Net book amount</b>			
<b>At 31 December 2015</b>	<u>49,743</u>	<u>1,267</u>	<u>51,010</u>
<b>At 31 December 2014</b>	<u>49,743</u>	<u>1,463</u>	<u>51,206</u>

- (a) Tersus Energy Services Inc., a wholly-owned subsidiary of the Company, was dissolved on 12 May 2015. Full provision had previously been made in respect of the investment in and loans made to Tersus Energy Services Inc.
- (b) The provision for impairment in the value of the remaining subsidiary of the Company is made on the basis of its assessed long-term value. No change in the provision has been made in respect of the investment in Envinta Corp. (2014 – increase in provision of £430,000), which is carried at a net book amount of £49,743. The total provision made in respect of this investment is £1,005,000 (2014 - £1,005,000). Information on Envinta Corp. is given below.
- (c) The fixed asset investments comprise strategic investments which were 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.
- (d) The value of the investment in TWELP has been assessed as nil (2014 – nil) in view of the uncertainty regarding the current and future business performance of HT Blade and the future intentions of the majority shareholders. The value of the investment in TWELP 2 has continued to be assessed as nil (2014 – nil) as there is no indication of the amount, if any, that will be realised for the loan asset in TWELP 2 or of the timing of such realisation. The investment could have a substantial value if the realisable value of the loan asset in TWELP 2 of some US\$12 million were substantial (see page 3), as the Company holds a 12.1% partnership interest in TWELP 2.

# TERSUS ENERGY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

The Company had one directly-held subsidiary at the end of the year:

Subsidiary	Country of registration and operation	Class of share	Percentage held	Activities
Envinta Corp.	Delaware, USA	Ordinary	100%	Developer of energy and environmental information software

Envinta Corp. has a financial year end of 31 December. The information below is extracted from its accounts for the years ended 31 December 2015, 31 December 2014 and 31 December 2013:

	2015 US\$	2014 US\$	2013 US\$
Capital and reserves at the financial year end	<u>103,494</u>	<u>119,486</u>	<u>144,466</u>
Revenue for the year	<u>559,535</u>	<u>544,487</u>	<u>778,938</u>
(Loss)/ profit after taxation for the year	<u>(15,992)</u>	<u>(24,979)</u>	<u>56,188</u>

### 12 DEBTORS

	2015 £	2014 £
<b>Amounts falling due within one year</b>		
Amounts owed by subsidiary companies	61,297	29,279
Prepayments	1,682	1,807
Other debtors	623	924
	<u>63,602</u>	<u>32,010</u>



TERSUS ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

**13 CREDITORS**

	2015 £	2014 £
Accruals	44,839	38,731
	<u>44,839</u>	<u>38,731</u>

**14 CALLED UP SHARE CAPITAL**

	2015 £	2014 £
<b>Authorised</b>		
200,000,000 ordinary shares of 0.5p each	<u>1,000,000</u>	<u>1,000,000</u>
<b>Issued and fully paid</b>		
At 31 December 2015 and 31 December 2014	<u>220,231</u>	<u>220,231</u>

At 31 December 2015 and 31 December 2014 44,046,376 ordinary shares of 0.5p each were issued and fully paid.

**Share options**

The various share option plans are described in note 18. The total number of share options outstanding at 31 December 2015, the date on which they were granted and the period during which they were exercisable are given below. All these share options have expired since 31 December 2015 and no share options were issued during the year ended 31 December 2015.

Date of grant	Type of scheme	Ordinary shares under option	Exercise price (£)	From	To
31/05/2006	New Plan	791,667	0.500	Vested	28/05/2016
		<u>791,667</u>			

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

	2015		2014	
	Number	Weighted average exercise price (£)	Number	Weighted average exercise price (£)
Outstanding at 31 December 2014/ 30 June 2013	1,041,667	0.500	1,041,667	0.500
Expired	(250,000)	0.500	-	-
Outstanding at 31 December 2015/ 31 December 2014	<u>791,667</u>	<u>0.500</u>	<u>1,041,667</u>	<u>0.500</u>
Thereof exercisable	<u>791,667</u>	<u>0.500</u>	<u>1,041,667</u>	<u>0.500</u>

# TERSUS ENERGY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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### 15 RESERVES

Called-up share capital: represents the nominal value of shares that have been issued.

Share option reserve: is the cumulative expense charged to the profit and loss account in relation to equity settled share option scheme transactions

Profit and loss account: includes all current and prior period retained profits and losses.

### 16 CAPITAL COMMITMENTS

There were no capital commitments at 31 December 2015 or 31 December 2014.

### 17 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 2015 or 31 December 2014.

### 18 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 are summarised below. All existing share options have expired since 31 December 2015 and it is not anticipated that further options will be granted.

#### Share options

##### *New Share Option Plan*

The Company has a New Share Option Plan that was established to facilitate the provision of equity incentives to employees and directors. No options were granted under the New Share Option Plan in the year to 31 December 2015 or the period to 31 December 2014.

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.

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 not less than the nominal value. The Company's 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.

## **TERSUS ENERGY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2015

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#### **Advisory Income Participation Arrangement**

The Company has 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 31 December 2015 or the period to 31 December 2014 under this arrangement.

#### **Investment Gain Participation Arrangement**

The Company has 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 participation rights were granted during the year or in the previous year.

No amounts were earned in the year to 31 December 2015 or the period to 31 December 2014 under this arrangement.

## **19 RELATED PARTY TRANSACTIONS**

The Company provides back office services on a commercial basis to its wholly-owned subsidiary, Envinta Corp.. The amount charged for the year to 31 December 2015 was US\$57,000 (£37,296) (2014 – US\$90,000 (£55,363)).

The Company received no payments of loan principal or interest from Envinta Corp. during the year (2014 - loan principal of £12,806 and interest of £4,566 paid).

## **20 POST BALANCE SHEET EVENTS**

Following the expiry of the balance of the final outstanding share options in May 2016 (see note 14), the balance on the Share option reserve of £297,692 was transferred to the Profit and loss account. The transfer eliminated the negative balance on the Profit and loss account so that the Company now has distributable reserves.

The majority of the Company's cash at bank at both 31 December 2015 and 2 September 2016 is held in a US\$ denominated bank account. As at 2 September 2016, the sterling value of the US\$ balance held at the year-end increased by approximately £34,000, due to the increase in the value of the US\$ relative to sterling. The sterling value will, of course, continue to fluctuate in line with fluctuations in the exchange rate between the US\$ and sterling.

## TERSUS ENERGY LIMITED

### NOTICE OF 2016 ANNUAL GENERAL MEETING OF TERSUS ENERGY LIMITED

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Notice is hereby given that the 2016 Annual General Meeting ("AGM") of Tersus Energy Limited (the "Company") will be held in Meeting Room 6.4 at Squire Patton Boggs (UK) LLP, 7 Devonshire Square, London EC2M 4YH at noon on Thursday 29 September 2016 to consider and, if thought fit, to pass the following resolutions ("Resolutions") of which Resolutions 1, 2, 3, 4 and 5 will be proposed as ordinary resolutions and Resolution 6 will be proposed as a special resolution:

#### ORDINARY RESOLUTIONS

1. **TO** receive and adopt the accounts of the Company for the year ended 31 December 2015 and the report of the directors thereon.
2. **TO** receive and adopt the directors' remuneration report for the year ended 31 December 2015.
3. **TO** re-elect Steven P Levine who retires from office in accordance with article 92.1 of the Company's articles of association and who, being eligible, offers himself for re-election, as a Director.
4. **TO** approve the consolidation of ordinary shares whereby every 5,000 ordinary shares of 0.5 pence each in the capital of the Company in issue at 5.00 p.m. on 29 September 2016 ("Existing Ordinary Shares") be consolidated into one ordinary share of £25.00 each ("New Ordinary Share"), provided that, where such consolidation results in any shareholder being entitled to a fraction of a New Ordinary Share, such fraction shall be dealt with by the directors as they see fit pursuant to their powers available to them under article 45 of the Company's articles of association (the "Articles"); and that the New Ordinary Shares shall have the same rights and be subject to the same restrictions as the Existing Ordinary Shares that are currently in issue and as set out in the Articles.
5. **THAT** in substitution for any existing authorities, the directors be and are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the "Act"), to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company ("Rights") up to an aggregate nominal amount of £60,000 provided that this authority shall, unless renewed, varied or revoked by the Company, expire 15 months after the date of passing this resolution or at the conclusion of the next annual general meeting of the Company whichever first occurs save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or Rights to be granted and the directors may allot shares or grant Rights in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

#### SPECIAL RESOLUTION

6. **THAT**, subject to the passing of resolution 5, in substitution for any existing authorities, the directors be and are generally empowered pursuant to section 570 of the Companies Act 2006 (the "Act") to allot equity securities (as defined in section 560 of the Act) pursuant to the authority conferred by resolution 5, as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall:
  - (a) be limited to the allotment of equity securities up to an aggregate nominal amount of £11,000 (representing approximately 5 per cent. of the Company's issued share capital); and

## TERSUS ENERGY LIMITED

### NOTICE OF 2016 ANNUAL GENERAL MEETING OF TERSUS ENERGY LIMITED

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

Dated 2 September 2016

Registered office:

9 - 13 St Andrew Street  
London  
EC4A 3AF

  
BY ORDER OF THE BOARD

David Wilson  
Company Secretary

#### Notes:

##### *Right to Appoint a Proxy*

1. Members entitled to attend and vote at the AGM are entitled to appoint some other person(s) of their choice as their proxy to exercise all or any of their rights to attend, speak and vote (on a show of hands and on a poll) on their behalf at the AGM. A proxy need not be a member of the Company, but must attend the meeting to represent you.
2. A member may appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to the same shares.
3. A proxy form, which may be used to make such appointment and give proxy instructions, accompanies this notice. If you do not receive a proxy form and believe that you should have one, please contact the Company on + (44) (0)7957 209700 between 9.00 a.m. and 5.30 p.m., Monday to Friday. The cost of calls to this mobile number will depend on your telephone provider.

##### *Procedure for Appointing a Proxy*

4. If you wish to appoint multiple proxies, please contact the Company using the contact details in note 3 to request additional proxy forms. Alternatively, the proxy form may be photocopied before completion.
5. To be effective, any proxy form must be completed, signed and received by the Company at Tersus Energy Limited, 44 Kensington Park Gardens, London W11 2QT by post or (during normal business hours only) by hand no later than noon on 27 September 2016. It should be accompanied by any power of attorney or other authority under which it is signed (or a copy of such power or authority notarially certified or certified in some other way approved by the Company's board of directors).
6. Proxy forms may not be submitted via the Company's website or via any e-mail address set out on the Company's website.
7. The return of a completed proxy form will not prevent a member from attending the AGM and voting in person.
8. In the case of joint holders, the signature of only one of the joint holders is required on the proxy form, but the names of all joint holders should be stated. The vote (whether in person or by proxy) of the first named on the register of members of the Company will be accepted to the exclusion of the other joint holders.
9. In the case of a corporation, the proxy form must be given under its common seal or signed on its behalf by a duly authorised officer or an attorney.

##### *Corporate Representatives*

10. A member which is a corporation is entitled to appoint one or more persons to act as the corporate representative or representatives at the meeting and to exercise the same powers on behalf of the corporation as the corporation could exercise if it were an individual member.

##### *Communication*

11. You may not use any electronic address provided either in this notice or any related documents (including the Chairman's letter and proxy form) to communicate with the Company for any purposes other than those expressly stated.

## TERSUS ENERGY LIMITED

### SHAREHOLDER INFORMATION

**Company registration number** 5314207

**Registered office** 9-13 St Andrew Street  
London  
EC4A 3AF

**Directors** J F Devaney  
(*Non-executive Chairman*)  
S P Levine  
(*Chief Executive Officer*)  
D T Wilson  
(*Chief Operating Officer and Finance Director*)

**Secretary** D T Wilson

**Bankers** Lloyds Bank  
City Office  
London

**Solicitors** Rosenblatt Solicitors  
9 - 13 St Andrew Street  
London  
EC4A 3AF

<b>United Kingdom office</b>	44 Kensington Park Gardens London W11 2QT	Enquiries: <a href="mailto:power@tersusenergy.com">power@tersusenergy.com</a>
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<b>Notification of changes to the Company's Share Register:</b>	All correspondence, including share transfer documents where appropriate, should be sent to the Company at: Tersus Energy Limited, 44 Kensington Park Gardens, London W11 2QT.
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