



OPEL
TECHNOLOGIES INC.

(Formerly OPEL Solar International Inc.)

Unaudited Consolidated
Financial Statements
9-months ended September 30, 2011

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**NOTICE TO SHAREHOLDERS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011**
(Unaudited and Expressed in US Dollars)

OPEL TECHNOLOGIES INC.

Auditors' involvement

The auditors of Opel Technologies Inc. have not performed a review of the unaudited consolidated financial statements for the three and nine months ended September 30, 2011 and September 30, 2010.

OPEL TECHNOLOGIES INC.
(Formerly Opel Solar International Inc.)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in US Dollars)

	September 30, 2011	December 31, 2010	January 1, 2010
Assets			
Current			
Cash	\$ 2,250,996	\$ 6,629,958	\$ 5,027,892
Short-term investments (Note 3)	102,942	304,149	1,971,422
Accounts receivable	1,525,457	312,043	332,985
Prepays and other current assets	342,142	507,635	793,842
Inventories (Note 4)	5,069,933	5,608,647	7,462,464
Marketable securities (Note 5)	409	423	403
	9,291,879	13,362,855	15,589,008
Property and equipment (Note 6)	3,320,636	3,315,081	1,627,077
Patents and licenses (Note 7)	175,720	192,968	225,475
	\$ 12,788,235	\$ 16,870,904	\$ 17,441,560
Liabilities			
Current			
Accounts payable and accrued liabilities (Note 24)	\$ 1,592,530	\$ 771,938	\$ 1,856,026
Product warranty	17,315	-	-
Customer deposits (Note 16)	-	1,347,825	-
	1,609,845	2,119,763	1,856,026
Deferred energy credit (Note 8)	623,183	649,642	684,921
Asset retirement obligation (Note 9)	72,938	69,062	64,214
	2,305,966	2,838,467	2,605,161
Shareholders' Equity			
Share capital (Note 10(b))	38,456,173	34,330,441	29,939,171
Special voting share (Note 11)	100	100	100
Shares to be issued (Note 12)	78,484	276,833	648,861
Warrants (Note 13)	5,474,314	6,025,715	6,842,556
Contributed surplus (Note 14)	9,063,661	8,497,812	4,723,982
Accumulated other comprehensive income (loss)	280,789	233,495	(1,609)
Deficit	(42,822,292)	(35,309,009)	(27,316,662)
Non controlling interest	(48,960)	(22,950)	-
	10,482,269	14,032,437	14,836,399
	\$ 12,788,235	\$ 16,870,904	\$ 17,441,560

Commitments and contingencies (Note 17)

On behalf of the Board of Directors


Director


Director

OPEL TECHNOLOGIES INC.
(Formerly Opel Solar International Inc.)

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
(Expressed in US Dollars)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Revenue	\$ 2,170,804	\$ 479,141	\$ 4,823,376	\$ 1,271,891
Costs and expenses				
Cost of goods sold (Note 4)	2,626,545	125,474	4,218,881	256,569
General and administration	1,898,996	1,214,197	5,237,463	4,127,823
Research and development	1,067,601	1,261,464	2,934,875	2,721,333
Investment income, including interest	(4,242)	(6,772)	(13,425)	(28,471)
Other income	(5,117)	-	(15,350)	-
Foreign currency translation loss	-	-	-	10,231
Loss on divestiture of ASM	-	-	-	40,572
	5,583,783	2,594,363	12,362,444	7,128,057
Net loss	(3,412,979)	(2,115,222)	(7,539,068)	(5,856,166)
Net loss:				
Attributable to non-controlling interest	(23,616)	(1,198)	(25,785)	(8,264)
Attributable to equity shareholders	(3,389,363)	(2,114,024)	(7,513,283)	(5,847,902)
Net loss	(3,412,979)	(2,115,222)	(7,539,068)	(5,856,166)
Deficit, beginning of year	(39,432,929)	(31,050,540)	(35,309,009)	(27,316,662)
Net loss attributable to equity shareholders	(3,389,363)	(2,114,024)	(7,513,283)	(5,847,902)
Deficit, end of period	\$(42,822,292)	\$(33,164,564)	\$(42,822,292)	\$(33,164,564)
Basic and diluted loss per share (Note 15)	\$ (0.04)	\$ (0.03)	\$ (0.08)	\$ (0.09)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in US Dollars)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Net loss	\$ (3,412,979)	\$ (2,115,222)	\$ (7,539,068)	\$ (5,856,166)
Other comprehensive income - net of income taxes				
Exchange differences on translating foreign operations	(49,222)	241,358	47,069	178,257
Comprehensive loss	\$ (3,412,979)	\$ (1,873,864)	\$ (7,491,999)	\$ (5,677,909)
Comprehensive loss:				
Attributable to non-controlling interest	\$ (20,175)	\$ 1,764	\$ (26,010)	\$ (7,331)
Attributable to equity shareholders	\$ (3,392,804)	\$ (1,875,628)	\$ (7,465,989)	\$ (5,670,578)

OPEL TECHNOLOGIES INC.
(Formerly Opel Solar International Inc.)

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

	2011	2010
Share Capital		
Beginning balance	\$ 34,330,441	\$ 29,939,171
Opel Inc. Exchangeable Shares, exchanged into common shares	198,349	372,029
Funds from the exercise of warrants	1,411,780	-
Funds from the exercise of stock options	1,166,039	-
Value assigned to stock options	798,163	-
Funds from private placements	-	7,178,965
Share issue costs	-	(794,593)
Fair value of warrants and compensation warrants exercised	551,401	-
Value assigned to warrants and compensation warrants	-	(2,365,130)
September 30,	38,456,173	34,330,442
Special Voting Share		
September 30,	100	100
Shares to be Issued		
Deferred share issue costs	276,833	648,861
Exchangeable Shares exchanged into common shares	(198,349)	(372,029)
September 30,	78,484	276,832
Warrants		
Beginning balance	6,025,715	6,842,556
Fair value of warrants and compensation warrants issued	-	2,365,130
Fair value of warrants and compensation warrants exercised	(551,401)	-
Fair value of expired warrants	-	(3,181,971)
September 30,	5,474,314	6,025,715
Contributed Surplus		
Beginning balance	8,497,812	4,723,982
Stock-based compensation	1,364,012	435,752
Fair value of stock options exercised	(798,163)	-
Fair value of expired warrants	-	3,182,026
September 30,	9,063,661	8,341,760
Accumulated Other Comprehensive Income (Loss)		
Beginning balance	233,495	(1,609)
Other comprehensive loss attributable to common shareholders	47,294	179,190
September 30,	280,789	177,581
Deficit		
Beginning balance	(35,309,009)	(27,316,662)
Net loss attributable to common shareholders	(7,513,283)	(5,847,902)
September 30,	(42,822,292)	(33,164,564)
Total shareholders' equity	\$ 10,531,229	\$ 15,987,866
Non-controlling interest		
Beginning balance	\$ (22,950)	\$ -
Net loss attributable to non-controlling interest	(25,785)	(8,264)
Other comprehensive income (loss) attributable to non-controlling interest	(225)	933
Ending balance	\$ (48,960)	\$ (7,331)
Total equity	\$ 10,482,269	\$ 15,980,535

OPEL TECHNOLOGIES INC.
(Formerly Opel Solar International Inc.)

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in US Dollars)

For The Nine Months Ended September 30,	2011	2010
CASH (USED IN) PROVIDED BY:		
OPERATING ACTIVITIES		
Net loss	\$ (7,539,068)	\$ (5,856,166)
Adjustments for:		
Amortization of property and equipment	165,624	150,967
Amortization of patents and licenses	17,248	24,381
Amortization of deferred energy credit	(26,459)	(26,460)
Accretion of asset retirement obligation	3,876	3,669
Stock-based compensation (Note 14)	1,364,012	435,807
Loss on divestiture of ASM	-	40,572
	(6,014,767)	(5,227,230)
Changes in operating assets and liabilities:		
Accounts receivable	(1,213,414)	35,993
Prepaid and other current assets	165,507	175,204
Inventories	538,714	129,634
Accounts payable and accrued liabilities	820,592	(589,621)
Product warranty	17,315	-
Customer deposits	(1,347,825)	-
	(7,033,878)	(5,476,020)
INVESTING ACTIVITIES		
Sale of short-term investments	201,207	1,870,433
Loan receivable	-	(435,093)
Purchase of property and equipment	(171,179)	(391,559)
	30,028	1,043,781
FINANCING ACTIVITIES		
Issue of common shares for cash, net of issue costs	2,577,819	6,384,372
EFFECT OF EXCHANGE RATE CHANGES ON CASH	47,069	178,257
NET CHANGE IN CASH	(4,378,962)	2,130,390
CASH, beginning of period	6,629,958	5,027,892
CASH, end of period	\$ 2,250,996	\$ 7,158,282

OPEL TECHNOLOGIES INC.
(Formerly Opel Solar International Inc.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in US Dollars)

1. DESCRIPTION OF BUSINESS

Opel Technologies Inc. is incorporated in the Province of Ontario. Opel Technologies Inc. and its subsidiary, Opel Inc. (collectively, the "Company") principally develop and market concentrating solar panels and solar tracking systems for commercial applications. Additionally, the Company continues to develop a gallium arsenide microchip and the process to produce it. The Company's research and development ("R&D") efforts relate to the commercialization of CPV solar panels, solar trackers; and optical laser and infrared detection using planar "opto" electronic technology ("POET"). The Company also provides services under "fixed price" and "cost plus" R&D contracts exclusively with the Department of Defense of the United States of America. Such services are provided to the U.S. Department of Defense through Opel Defense Integrated Systems Inc. ("ODIS"), a subsidiary of Opel Inc.

Additionally, the Company formed OPL Solar Europe, SPRL ("OSE"), a Belgian company, to construct solar grid fields for sale to independent third parties in various parts of Europe, the Mediterranean and Northern Africa.

The Company has working capital of \$7,682,034 as of September 30, 2011 compared to \$11,243,092 as of December 31, 2010 and \$13,732,982 as of January 1, 2010. The Company is in a position to cover its liabilities as they come due. However, the Company has had a history of losses and should such losses continue the Company will need to seek debt or equity financing to fund its operations. Although the Company has been successful in obtaining such financings in the past, there is no assurance that it will be able to do so in the future. If the Company is unable to obtain such financing, it may not be in a position to continue as a going concern.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These condensed unaudited interim consolidated financial statements of the Company and its subsidiaries were prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB") and have been prepared in accordance with IAS 34, *Interim Financial Reporting* and IFRS 1, *First-time Adoption of IFRS*. These condensed unaudited interim consolidated financial statements have been prepared in accordance with the accounting policies the Company expects to adopt in its December 31, 2011 audited consolidated financial statements. Those accounting policies are based on the IFRS standards and International Financial Reporting Interpretations Committee ("IFRIC") interpretations that the Company expects to be applicable at that time. The policies set out below were consistently applied to all the periods presented.

An explanation of how the transition from Canadian GAAP ("GAAP") to IFRS has affected the reported condensed unaudited interim; statements of financial position, statements of operations, comprehensive loss, and cash flows of the Company is provided in note 20. This note includes information on the provisions of IFRS 1 and the exemptions that the Company elected to apply, reconciliations of equity, net loss and comprehensive loss for comparable periods and equity at the date of transition to IFRS, January 1, 2010.

These condensed unaudited interim consolidated financial statements do not include all of the information required for full annual financial statement.

Prior to January 1, 2011, the Company's consolidated financial statements were prepared in accordance with GAAP, which differ in certain respects from IFRS. Accordingly, the Company has commenced reporting on an IFRS basis in these condensed unaudited interim consolidated financial statements.

The preparation of financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below:

OPEL TECHNOLOGIES INC.
(Formerly Opel International Inc)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in US Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of presentation

These condensed unaudited interim consolidated financial statements are expressed in US dollars ("USD"). They include the accounts of Opel Solar International Inc and its subsidiaries. Betasol Energias Alternativas, S.L. ("Betasol") is considered a variable interest entities with either Opel Inc. or OSE as the primary beneficiary. As such, its accounts are consolidated with those of the Company. All intercompany balances and transactions have been eliminated on consolidation.

Foreign currency translation

The consolidated financial statements are presented in U.S. dollars, which is the Company's presentation currency.

Items included in the financial statements of each of the Company's subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities not denominated in the functional currency of an entity are recognized in the income statement.

Assets and liabilities of entities with functional currencies other than U.S. dollars are translated into the presentation currency at the period end rates of exchange, and the results of their operations are translated at average rates of exchange for the period. The resulting translation adjustments are included in accumulated other comprehensive income in shareholders' equity. Additionally, foreign exchange gains and losses related to certain intercompany loans that are permanent in nature are included in accumulated other comprehensive income.

Financial Instruments

Financial instruments are required to be classified as one of the following: held-to-maturity; loans and receivables, fair value through profit or loss; available-for-sale or other financial liabilities.

The Company's financial instruments include cash, accounts receivable, short-term investments, marketable securities, and accounts payable and accrued liabilities and customer deposits. The Company designated its cash and short-term investments as fair value through profit or loss, its marketable securities as available-for-sale, its accounts receivable as loans and receivables, and its account payable and accrued liabilities and customer deposits as other financial liabilities.

Fair value through profit or loss financial assets are measured at fair value with gains and losses recognized in operations. Financial assets held-to-maturity, loans and receivables and other financial liabilities are measured at amortized cost. Available-for-sale financial assets are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss).

Fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. The fair value of a financial instrument on initial recognition is the transaction price, which is the fair value of the consideration given or received. Subsequent to initial recognition, the fair value of a financial instrument that is quoted in active markets is based on the bid price for a financial asset held and the offer price for a financial liability. When an independent price is not available, fair value is determined by using a valuation which refers to observable market data. Such a valuation technique includes comparisons with a similar financial instrument where an observable market price, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants exist. If no reliable estimate can be made, and the Company is permitted to measure the financial instrument at cost less impairment as a last resort.

OPEL TECHNOLOGIES INC.
(Formerly Opel International Inc)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in US Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Short-term investments

Short-term investments are classified as fair value through profit or loss and are stated at fair value. Unrealized holding gains or losses are recognized in operations.

Marketable securities

Marketable securities are classified as available for sale and are carried at fair value. Unrealized holding gains and losses are recognized in other comprehensive income (loss).

Inventories

Inventories are valued at the lower of cost or net realizable value, with cost determined on a first in, first-out basis. Inventories comprise raw materials; work in process and finished goods. Inventories comprising finished goods relate to solar panels produced to the Company's specifications. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. Inventories include the cost of materials purchased and the cost of conversion, as well as other costs required to bring the inventories to their present location and condition.

Property and equipment

Property and equipment are recorded at cost. Amortization is calculated based on the estimated useful life of the asset using the following rates and methods for old assets (2006 and prior) and new assets (2007 and after):

<u>New</u>	
Machinery and equipment	Straight Line, 5 years
Furniture and fixtures	Straight Line, 5 years
Office equipment	Straight Line, 5 years
Leasehold improvements	Straight Line Over The Remaining Term of the Lease
Solar systems for demonstrations	Straight Line, 5 years
Solar installation	Straight Line, 20 years

<u>Old</u>	
Machinery and equipment	28.6% to 40%, Declining Balance
Furniture and fixtures	28.6% to 40%, Declining Balance
Office equipment	28.6% to 40%, Declining Balance
Leasehold improvements	Straight Line Over The Remaining Term of the Lease

Patents and licenses

Patents and licenses are recorded at cost and amortized on a straight line basis over their estimated useful lives. Ongoing maintenance costs are expensed as incurred. The expiry of the patents and licenses range from 6 - 12 years.

OPEL TECHNOLOGIES INC.
(Formerly Opel Solar International Inc.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in US Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of long-lived assets

The Company's tangible and intangible assets are reviewed for indications of impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. An assessment is made at each reporting date whether there is any indication that an asset may be impaired.

An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss for the period. The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. There were no significant indicators of impairment of the carrying values of long-lived assets at September 30, 2011, December 31, 2010 or January 1, 2010.

Deferred energy credit

The Company received in cash, an energy credit on its solar installation used in operations. The credit was deferred and is being amortized over the estimated useful life of the asset and is included in the amortization of property and equipment.

Asset Retirement Obligation

Asset retirement obligation ("ARO") represents liabilities to the Company for which the amount or timing is uncertain. ARO is recognized when the Company has a constructive or legal obligation to decommission an asset, it is probable that such decommissioning will result in an outflow of resources and the amount can be reliably estimated. ARO is measured at the present value of the expected outflows to settle the obligation using a discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. The accretion in the obligation due to the passage of time is recognized as an expense.

Income taxes

The Company follows the liability method of accounting for income taxes. Under this method, deferred income taxes are provided on differences between the financial reporting and income tax bases of assets and liabilities and on income tax losses available to be carried forward to future years for tax purposes. Deferred income taxes are measured using the substantively enacted tax rates and laws which are expected to be in effect when the differences are expected to reverse. Valuation allowances are provided to reduce deferred income tax assets to the amount expected to be realized.

Revenue recognition

Revenue is comprised of research and development (R&D) service revenue and product sales. Revenue under R&D contracts is recognized as services are provided. R&D costs are recognized as incurred; any unbilled revenue is recognized as services are provided under the terms of the contract. Revenue from product sales is recognized when ownership is transferred to customers for orders with the selling price both fixed and determinable and for which collectability is reasonably assured.

OPEL TECHNOLOGIES INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in US Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interest income

Interest income on cash and short-term investments classified as fair value through profit or loss is recognized as earned using the effective interest method.

Research and development costs

Research costs are expensed in the period incurred. Development costs are also expensed in the period incurred unless the Company believes a development project meets IFRS criteria as set out in IAS 38, *Intangible Assets*, for deferral and amortization.

Stock-based compensation

Stock options and warrants awarded to non employees are accounted for using the fair value of the instrument awarded or service provided whichever is considered more reliable. Stock options and warrants awarded to employees are accounted for using the fair value method. The fair value of such stock options and warrants granted is recognized as an expense on a proportionate basis consistent with the vesting features of each tranche of the grant. The fair value is calculated using the Black-Scholes option pricing model with assumptions applicable at the date of grant.

Loss per share

Basic loss per share is calculated by dividing net loss by the weighted average number of common shares outstanding during the year. Diluted loss per share is calculated by dividing net loss by the weighted average number of common shares outstanding during the year after giving effect to potentially dilutive financial instruments. The dilutive effect of stock options and warrants is determined using the treasury stock method.

Recent accounting pronouncements

In November 2009, the IASB issued IFRS 9, Financial Instruments ("IFRS 9"), which represents the completion of the first part of a three-part project to replace IAS 39, Financial Instruments: Recognition and Measurement, with a new standard. Per recent updates to IFRS 9, an entity choosing to measure a liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in the other comprehensive income or loss section of the entity's statement of comprehensive loss, rather than within profit or loss. Additionally, IFRS 9 includes revised guidance related to the derecognition of financial instruments. IFRS 9 applies to financial statements for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Company currently is evaluating any impact that this new guidance may have on the Company's consolidated financial statements.

3. SHORT-TERM INVESTMENTS

	September 30, 2011	December 31, 2010	January 1, 2010
European bank guarantee	\$ -	\$ -	\$ 510,828
Corporate bonds (Coupon rate - 0.67%)	-	-	98,946
Canadian government bonds (Coupon rate - 3.375%)	-	203,000	256,410
US certificate of deposit (Coupon rates between 0.625% and 1.25%)	102,942	101,149	1,105,238
Balance	\$ 102,942	\$ 304,149	\$ 1,971,422

OPEL TECHNOLOGIES INC.
(Formerly Opel Solar International Inc.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in US Dollars)

4. INVENTORIES

	September 30, 2011	December 31, 2010	January 1, 2010
Raw materials	\$ 4,291,753	\$ 4,926,278	\$ 4,644,513
Work in process	165,216	16,184	585,489
Finished goods	612,964	666,185	2,232,462
Balance	\$ 5,069,933	\$ 5,608,647	\$ 7,462,464

During the three and nine months period ended September 30, 2011, the Company had inventory write off of \$303,226 (\$nil in 2010). Cost of goods sold includes inventory write off of \$303,226.

5. MARKETABLE SECURITIES

Marketable securities consist of small investments in three companies carrying a market value of \$409 as of September 30, 2011 and \$423 as of December 31, 2010 and \$403 as of January 1, 2010.

6. PROPERTY AND EQUIPMENT

	Machinery and equipment	Furniture and fixture	Office equipment	Leasehold improvements	Solar installations	Construction in progress	Total
Cost							
Balance, January 1, 2010	\$ 755,388	\$ 137,254	\$ 77,279	\$ 44,761	\$ 1,327,791	-	\$ 2,342,473
Additions	416,548	-	6,878	-	-	1,501,692	1,925,118
Balance, December 31, 2010	1,171,936	137,254	84,157	44,761	1,327,791	1,501,692	4,267,591
Additions	-	1,662	-	-	181,249	-	182,911
Disposals	-	-	(11,732)	-	-	-	(11,732)
Balance, September 30, 2011	1,171,936	138,916	72,425	44,761	1,509,040	1,501,692	4,438,770
Accumulated Depreciation							
Balance, January 1, 2010	511,539	64,264	46,345	2,918	90,330	-	715,396
Depreciation for the year	118,554	16,424	10,593	1,239	90,304	-	237,114
Balance, December 31, 2010	630,093	80,688	56,938	4,157	180,634	-	952,510
Depreciation for the period	130,833	11,132	7,534	886	26,971	-	177,356
Disposals	-	-	(11,732)	-	-	-	(11,732)
Balance, September 30, 2011	760,926	91,820	52,740	5,043	207,605	-	1,118,134
Carrying Amounts							
At January 1, 2010	\$ 243,849	\$ 72,990	\$ 30,934	\$ 41,843	\$ 1,237,461	-	\$ 1,627,077
At December 31, 2010	\$ 541,843	\$ 56,566	\$ 27,219	\$ 40,604	\$ 1,147,157	\$ 1,501,692	\$ 3,315,081
At September 30, 2011	\$ 411,010	\$ 47,096	\$ 19,685	\$ 39,718	\$ 1,301,435	\$ 1,501,692	\$ 3,320,636

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7. PATENTS AND LICENSES

	Patents	Licenses	Total
Cost			
Balance, January 1, 2010	\$ 224,444	\$ 137,475	\$ 361,919
Disposals	-	(750)	(750)
Balance, December 31, 2010	224,444	136,725	361,169
Balance, September 30, 2011	224,444	136,725	361,169
Accumulated Depreciation			
Balance, January 1, 2010	94,610	41,834	136,444
Depreciation for the year	14,964	16,793	31,757
Balance, December 31, 2010	109,574	58,627	168,201
Depreciation for the period	11,223	6,025	17,248
Balance, September 30, 2011	120,797	64,652	185,449
Carrying Amounts			
At January 1, 2010	\$ 129,834	\$ 95,641	\$ 225,475
At December 31, 2010	\$ 114,870	\$ 78,098	\$ 192,968
At September 30, 2011	\$ 103,647	\$ 72,073	\$ 175,720

8. DEFERRED ENERGY CREDIT

In 2008, the Connecticut Clean Energy Fund, ("CCEF") provided \$526,518 in funding cash credits to the Company for its solar energy installation on Linden School, in Plainville, CT. This funding credit was provided to the Company as an incentive for creating a clean energy alternative, it was based on the size and performance of the system after it was installed and operational for a period of nine months. In 2009, the Company was awarded \$179,070 on the same project as a part of the United States Department of the Treasury's grant of cash in lieu of tax credits, on qualified alternative energy projects. This cash payment was a part of the American Recovery and Reinvestment Act of 2009.

Changes to deferred energy credit were as follows:

	Cost	Accumulated Amortization	Balance
Balance, January 1, 2010	\$ 705,588	\$ (20,667)	\$ 684,921
Amortization for the year	-	(35,279)	(35,279)
Balance, December 31, 2010	705,588	(55,946)	649,642
Amortization for the period	-	(26,459)	(26,459)
Balance, September 30, 2011	\$ 705,588	\$ (82,405)	\$ 623,183

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9. ASSET RETIREMENT OBLIGATION

The Company has a solar installation currently used in operations. In 2030, the Company is obligated to remove the installation and restore the underlying real estate to its original state. The asset retirement obligation ("ARO") is accreted using the credit-adjusted risk free rate when the liability was initially measured. There are no assets legally restricted for settling the aforementioned asset retirement obligation.

Changes in the asset retirement obligation are as follows:

	Cost	Accumulated Accretion	Balance
Balance, January 1, 2010	\$ 60,410	\$ 3,804	\$ 64,214
Amortization for the year	-	4,848	4,848
Balance, December 31, 2010	60,410	8,652	69,062
Amortization for the period	-	3,876	3,876
Balance, September 30, 2011	\$ 60,410	\$ 12,528	\$ 72,938

The initial measurement of the ARO has been added to the cost of equipment.

10. SHARE CAPITAL

(a) AUTHORIZED

Unlimited number of common shares
1 Special voting share, carrying 385,000 votes

(b) COMMON SHARES ISSUED

	Number of Shares	Amount
Balance, January 1, 2010	58,302,862	\$ 29,939,171
Opel Inc. Exchangeable Shares, exchanged into common shares	1,824,987	372,029
Shares issued on private placements	25,164,665	7,178,965
Share issue costs	-	(794,593)
Value assigned to warrants and compensation warrants	-	(2,365,131)
Balance, December 31, 2010	85,292,514	34,330,441
Opel Inc. Exchangeable Shares, exchanged into common shares	973,000	198,349
Shares issued on the exercise of stock options	3,289,000	1,166,039
Fair value of stock options exercised	-	798,163
Shares issued on the exercise of warrants and compensation warrants	3,218,907	1,411,780
Fair value of warrants and compensation warrants exercised	-	551,401
Balance, September 30, 2011	92,773,421	\$ 38,456,173

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11. SPECIAL VOTING SHARE

On June 5, 2007, one (1) special voting share was issued in conjunction with a Support and Trust Agreement entered into amongst Opel Solar International Inc, OPEL Inc. and Equity Transfer & Trust Company. The special voting share carried 385,000, 1,358,000 and 3,182,97 votes as at September 30, 2011, December 31, 2010 and January 1, 2010 respectively.

12. SHARES TO BE ISSUED

Pursuant to a RTO agreement, the Company was obligated to issue 5,972,000 shares to common shareholders of Opel Inc. in exchange for their 5,972,000 Exchangeable Shares of Opel Inc. The value ascribed to the 5,972,000 shares to be issued was \$1,217,408. Fair value of the remaining 385,000 outstanding Exchangeable Shares at September 30, 2011 was \$74,484. (December 31, 2010 - \$276,833, January 1, 2010 - \$648,861)

13. WARRANTS

The following table reflects the continuity of warrants:

	Average Exercise Price	Number of Warrants	Historical Fair value
Balance, January 1, 2010	\$ 1.31	18,022,582	\$ 6,842,556
Issued	0.48	12,582,333	1,830,631
Compensation warrants issued	0.29	2,476,134	534,500
Expired	0.90	(10,522,582)	(3,181,972)
Balance, December 31, 2010	0.92	22,558,467	6,025,715
Exercised	0.41	(3,218,907)	(551,401)
Balance, September 30, 2011	\$ 1.01	19,339,560	\$ 5,474,314

As at September 30, 2011 the following warrants were outstanding:

Number of Warrants	Historical Fair Value (\$)	Exercise Price (\$)	Expiry Date
7,500,000	3,660,584 (1)	1.88	December 13, 2011 (2)
10,544,002	1,534,070 (1)	0.48	July 21, 2012
1,295,558	279,660 (1)	0.29	July 21, 2014
19,339,560	5,474,314	1.01	

(1) These warrants were issued in Canadian dollars and are exercisable at \$1.90 CAD, \$0.50 CAD and 0.30 CAD.

(2) The expiry of these warrants was extended to December 13, 2011 from December 13, 2009.

14. STOCK OPTIONS AND CONTRIBUTED SURPLUS

Stock Options

On June 21, 2011, shareholders of the Company approved amendments to the Company's fixed 20% stock option plan (as amended, referred to as the "2011 Plan"). Under the 2011 Plan, the board of directors may grant options to acquire common shares of the Company to qualified directors, officers, employees and consultants. The 2011 Plan provides that the number of common shares issuable pursuant to options granted under the 2011 Plan and pursuant to other previously granted options is limited to 18,472,000 (the "Number Reserved"). Any subsequent increase in the Number Reserved must be approved by shareholders of the Company and cannot exceed 20% of the number of issued and outstanding shares. Options granted under the 2011 Plan generally vest 25% immediately and 25% every nine months from the date of issue, however, the directors may, at their discretion, specify a different vesting period.

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14. STOCK OPTIONS AND CONTRIBUTED SURPLUS (Continued)

Stock option transactions and the number of stock options outstanding were as follows:

	Number of Options	Weighted average Exercise Price
Balance, January 1, 2010	7,596,000	\$ 0.69
Expired/cancelled	(127,500)	0.32
Granted	3,634,000	0.31
Balance, December 31, 2010	11,102,500	0.58
Expired/cancelled	(1,829,250)	0.94
Exercised	(3,289,000)	0.38
Granted	3,608,000	0.69
Balance, September 30, 2011	9,592,250	\$ 0.62

During the period, the Company granted 3,608,000 (2010 - 3,634,000) stock options to officers, employees and consultants of the Company to purchase common shares at a weighted average exercise price of \$0.69 (2010 - \$0.31) per share. The fair value assigned to the stock options granted during the period was \$2,327,944 (2010 - \$1,053,726).

During the period, the Company recorded stock-based compensation of \$1,364,012 (2010 - \$435,807) relating to vested stock options.

The stock options granted during 2011 and 2010 were valued using the Black-Scholes option pricing model using the following assumptions;

	<u>2011</u>	<u>2010</u>
Weighted average risk-free interest rate	2.59%	3.11%
Weighted average dividend yield	0%	0%
Weighted average volatility	115%	114%
Weighted average estimated life	10 years	10 years

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14. STOCK OPTIONS AND CONTRIBUTED SURPLUS (Continued)

The weighted average remaining contractual life and weighted average exercise price of options outstanding and of options exercisable as at September 30, 2011 are as follows:

Options Outstanding				Options Exercisable		
Exercise Range	Number Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)	Number Exercisable	Weighted Average Exercise Price	
\$0.11 - \$0.25	453,250	\$ 0.16	2.38	453,250	\$ 0.16	
\$0.29 - \$0.31	860,250	\$ 0.28	8.16	860,250	\$ 0.27	
\$0.34 - \$0.37	1,860,000	\$ 0.33	8.89	1,295,000	\$ 0.33	
\$0.38 - \$0.86	3,581,750	\$ 0.56	8.08	1,613,250	\$ 0.58	
\$0.87 - \$1.50	2,837,000	\$ 1.11	3.19	2,312,000	\$ 1.09	
	9,592,250	\$ 0.65	5.77	6,533,750	\$ 0.69	

Contributed Surplus

The following table reflects the continuity of contributed surplus:

	Amount
Balance, January 1, 2010	\$ 4,723,982
Stock-based compensation	591,859
Warrants expired	3,181,971
Balance, December 31, 2010	8,497,812
Stock-based compensation	1,364,012
Fair value of stock options exercised	(798,163)
Balance, September 30, 2011	\$ 9,063,661

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15. LOSS PER SHARE

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Numerator				
Net loss attributable to equity shareholders	\$ (3,389,363)	\$ (2,114,024)	\$ (7,513,283)	\$ (5,847,902)
Denominator				
Weighted average number of common shares outstanding	92,286,557	75,259,519	89,802,596	65,509,098
Weighted average number of common shares outstanding - diluted	92,286,557	75,259,519	89,802,596	65,509,098
Basic and diluted loss per share	\$ (0.04)	\$ (0.03)	\$ (0.08)	\$ (0.09)

The effect of common share purchase options, warrants, broker warrants and shares to be issued on the net loss in 2011 and 2010 is not reflected as it is anti-dilutive.

16. CUSTOMER DEPOSITS

The Company has a policy of collecting prepaid service or product fees on large scale purchases. Prepaid fees are then allocated to revenue once there has been performance. The Company had \$nil in customer deposits at September 30, 2011, \$1,347,825 at December 31, 2010 and \$nil at January 1, 2010.

17. COMMITMENTS AND CONTINGENCIES

The Company has operating leases for office and research facilities expiring in 2014 and 2013 respectively.

Rent expense under these leases was \$79,494 and \$235,981 for the three and nine months ended September 30, 2011 (2010 - \$75,479 and \$201,300 respectively). Remaining minimum annual rental payments to the lease expiration dates are as follows:

2011	\$ 194,714
2012 to 2014	212,986
	\$ 407,700

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18. RELATED PARTY TRANSACTIONS

Compensation to key management personnel were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Salaries	\$ 248,000	\$ 248,000	\$ 744,000	\$ 846,000
Share-based payments (1)	189,040	103,613	515,737	156,542
Total	\$ 437,040	\$ 351,613	\$ 1,259,737	\$ 1,002,542

(1) Share-based payments are the fair value of options granted to key management personnel and expensed during the period.

All transactions with related parties have occurred in the normal course of operations and are measured at the exchange amounts, which are the amounts of consideration established and agreed to by the related parties.

19. SEGMENT INFORMATION

The Company and its subsidiaries operate in two distinct segments; (1) the manufacture and sale of high efficiency solar panels and multi-axis solar tracking systems and (2) the design of infrared sensor type products for military and industrial applications. The Company's operating and reporting segments reflect the management reporting structure of the organization and the manner in which the chief operating decision maker regularly assesses information for decision making purposes, including the allocation of resources. There are no intersegment sales. The Company's segments and their products and services are summarized below:

Opel Inc.

Opel designs, manufactures and markets high performance concentrating photovoltaic ("HCPV") panels and multi-axis solar tracking systems to transform solar energy into electricity for worldwide application. Opel's HCPV panels can generate up to 40% more kilowatt-hours than conventional flat plate silicon solar panels, resulting in more cost effective electricity generated from the sun. Opel's tracking systems is capable of increasing the output of any of solar power by 20 - 40%.

ODIS Inc. ("ODIS")

ODIS designs infrared sensor type products for military and industrial applications. ODIS develops gallium arsenide-based processes and semi-conductor microchip products having several potential major market applications: infrared sensor arrays for Homeland Security monitoring and imaging along with the unique combination of optical lasers, and electronic control circuits on the same microchip for potential applications in various military programs and potentially telecom for, Fibre to The Home. ODIS' technology also provides the opportunity for higher speed computing capabilities.

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19. SEGMENT INFORMATION (Continued)

Segmented information for the nine months ended September 30, 2011 and September 30, 2010 is as follows:

	Opel	2011 ODIS	Total	Opel	2010 ODIS	Total
Revenue	\$ 4,075,584	\$ 747,792	\$ 4,823,376	\$ 439,451	\$ 832,440	\$ 1,271,891
Interest income	7,936	-	7,936	3,501	-	3,501
Cost of goods sold	4,218,881	-	4,218,881	256,243	-	256,243
Operating expenses	4,936,688	1,322,792	6,259,480	4,865,099	1,112,644	5,977,743
Amortization	183,603	3,145	186,748	175,842	3,145	178,987
Loss attributable to non controlling interest	25,785	-	25,785	8,264	-	8,264
Loss on divestiture of asm	-	-	-	40,572	-	40,572
Segment loss	5,229,867	578,145	5,808,012	4,886,540	283,349	5,169,889
Corporate operations			1,705,271			686,277
Net loss			\$ 7,513,283			\$ 5,856,166

Segmented information for the three months ended September 30, 2011 and September 30, 2010 is as follows:

	Opel	2011 ODIS	Total	Opel	2010 ODIS	Total
Revenue	\$ 2,077,488	\$ 93,316	\$ 2,170,804	\$ 217,808	\$ 261,333	\$ 479,141
Interest income	3,311	-	3,311	567	-	567
Cost of goods sold	2,626,545	-	2,626,545	125,148	-	125,148
Operating expenses	1,729,424	425,499	2,154,923	1,728,477	377,281	2,105,758
Amortization	63,784	1,009	64,793	54,183	1,048	55,231
Loss attributable to non controlling interest	23,616	-	23,616	1,198	-	1,198
Loss on divestiture of asm	-	-	-	-	-	-
Segment loss	2,315,338	333,192	2,648,530	1,688,235	116,997	1,805,232
Corporate operations			740,833			317,056
Net loss			\$ 3,389,363			\$ 2,122,288

Assets and capital expenditures at September 30,

	Opel	2011 ODIS	Total	Opel	2010 ODIS	Total
Total assets	\$ 12,123,770	\$ 128,778	\$ 12,252,548	\$ 11,259,225	\$ 234,818	\$ 11,494,043
Capital expenditures	\$ 171,179	\$ -	\$ 171,179	\$ 391,559	\$ -	\$ 391,559

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19. SEGMENT INFORMATION (Continued)

The Company operates geographically in the United States, Canada and Europe. Geographical information is as follows:

2011

As of September 30,	US	Canada	Europe	Consolidated
Current assets	\$ 7,897,909	\$ 589,613	\$ 804,357	\$ 9,291,879
Property and equipment	1,818,944	-	1,501,692	3,320,636
Patents and licenses	175,720	-	-	175,720
	\$ 9,892,573	\$ 589,613	\$ 2,306,049	\$ 12,788,235

2011

	US	Canada	Europe	Consolidated
Three months ended September 30,				
Revenue	\$ 4,823,376	\$ -	\$ -	\$ 4,823,376
Cost of goods sold	4,218,881	-	-	4,218,881
General and administration	3,437,169	1,728,976	71,318	5,237,463
Research and development	2,934,875	-	-	2,934,875
Investment income	(1,839)	(5,489)	(6,097)	(13,425)

2010

As of September 30,	US	Canada	Europe	Consolidated
Current assets	\$ 8,446,123	\$ 6,557,321	\$ 909,607	\$ 15,913,051
Property and equipment	1,867,669	-	-	1,867,669
Patents and licenses	201,094	-	-	201,094
	\$ 10,514,886	\$ 6,557,321	\$ 909,607	\$ 17,981,814

2010

	US	Canada	Europe	Consolidated
Three Months ended September 30,				
Revenue	\$ 1,270,436	\$ -	\$ 1,455	\$ 1,271,891
Cost of goods sold	256,240	-	329	256,569
General and administration	3,352,818	738,400	36,605	4,127,823
Research and development	2,721,333	-	-	2,721,333
Investment income	(2,934)	(25,331)	(206)	(28,471)

During 2011, \$3,151,080 or 65% of the Company's revenues depended on two customers of OPEL. (2010 - \$832,000 or 66% of the Company's revenues depended on a single customer of ODIS).

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20. TRANSITION TO IFRS

In preparing its opening IFRS Statement of Financial Position and comparative information for 2010, the Company adjusted amounts reported previously in financial statements prepared in accordance with GAAP. A reconciliation and explanation of how the transition from GAAP to IFRS has affected the Company's financial position, performance and cash flows is presented below. Under IFRS 1, the standards are applied retrospectively at the transitional balance sheet date with all adjustments to assets and liabilities taken to shareholders' equity unless certain exemptions are applied.

The accounting policies in note 2 have been applied in preparing:

- (i) the condensed interim unaudited consolidated financial statements for the three and nine months ended September 30, 2011 and September 30, 2010;
- (ii) its opening balance sheet on the transition date, January 1, 2010 and;
- (iii) the balance sheet as at December 31, 2010.

In preparing these statements, comparative financial results for the three and nine months ended September 30, 2010 and the balance sheet as at September 30, 2010 and December 31, 2010 have been adjusted to comply with IFRS from amounts previously reported in accordance with GAAP.

The guidance for first-time adopters of IFRS is set out in IFRS 1, which provides for certain mandatory exceptions and optional exemptions. In preparing these interim financial statements, the Company applied the following:

Optional Exemptions:

Business combinations

IFRS 1 allows a first-time adopter to elect not to apply IFRS 3, *Business Combinations*, retrospectively to business combinations that occurred before the date of transition to IFRS. The Company has elected to exercise this election.

Cumulative translation differences

IFRS 1 allows cumulative translation differences for all foreign operations to be deemed zero at the date of transition to IFRS, with future gains or losses on subsequent disposal of any foreign operations to exclude translation differences arising prior to the transition date. The Company has chosen to reset its cumulative translation balance to zero at transition date.

Share-based payment transactions

IFRS 1 encourages but does not require first-time adopters to apply IFRS 2, *Share-based Payment*, to equity instruments that were granted on or before November 7, 2002 and vested before the transition date. The Company has elected not to apply IFRS 2 to awards that vested prior to January 1, 2010.

Mandatory Exceptions:

Estimates

Hindsight is not used to create or revise estimates. The estimates previously made by the Company under GAAP were not revised upon adoption of IFRS except where necessary to reflect any differences in accounting policies.

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20. TRANSITION TO IFRS (Continued)

Explanation of effect of transition from GAAP to IFRS

In addition to the exemptions and exceptions discussed above, the following narratives explain the significant differences between the previous historical GAAP accounting policies and the current IFRS polices applied by the Company.

(a) Share-based Payments

IFRS 2 is effective for the Company as of January 1, 2010 and is applicable to stock options and grants that are unvested at that date. The transition rules in IFRS 1 and IFRS 2 as applied by the Company result in the following:

- Stock options and share grants prior to November 7, 2002 are not taken into account for IFRS 2;
- Stock options and share grants subsequent to November 7, 2002 are only taken into account if they have not vested as at January 1, 2010; and,
- From January 1, 2010, all stock options, share grants and other share-based payments will be expensed in accordance with the policy stated in note 1.

Recognition of Expense

GAAP - For grants of share-based awards with graded vesting, the total fair value of the award is recognized on a straight-line basis over the employment period necessary to vest the award.

IFRS - Each tranche in an award with graded vesting is considered a separate grant with a different vesting date and fair value. Each grant is accounted for on that basis. As a result, the Company adjusted its expense for share-based awards to reflect this difference in recognition

This change had a recognition, measurement and disclosure impact on the Company, accordingly, Contributed Surplus decreased by \$3,906 with a corresponding decrease to deficit.

(b) Asset Retirement Obligations (Decommissioning Liabilities)

Under IFRS, a liability must be recognized at the time when the entity becomes legally or constructively obliged to rehabilitate a disturbance resulting from mining activities, while under GAAP, a liability is only recognized when the entity is legally bound. Discount rates used should reflect the risks specific to the decommissioning provision. IFRS requires re-measurement of the liability at each reporting date whereas GAAP requires re-measurement of the liability in the event of changes in the amount or timing of cash flows required to settle the obligation. IFRS also requires the re-measurement of the provision for reclamation and rehabilitation if there is a change in the current market-based discount rate.

At transition date, the Company re-measured its Asset Retirement Obligation. The estimated change as a result of re-measurement is decrease in Asset Retirement Obligation of \$66,765 and a corresponding decrease in property and equipment.

(c) Foreign Currency Translation Adjustment

As discussed above, IFRS 1 allows cumulative translation differences for all foreign operations to be deemed zero at the date of transition to IFRS, with future gains or losses on subsequent disposal of any foreign operations to exclude translation differences arising prior to the transition date. The Company has chosen to reset its cumulative translation balance to zero at transition date. The impact on the Company was an increase in accumulated comprehensive income of \$2,894,659 and a similar increase to deficit at transition date.

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20. TRANSITION TO IFRS (Continued)

(d) Impairment of Long Lived Assets

IFRS requires a write-down of assets if the higher of the fair value and the value-in-use of a group of assets is less than its carrying value. Value-in-use is determined using discounted estimated future cash flows. Under current Canadian GAAP a write down to estimated fair value is only required when the undiscounted estimated future cash flows of a group of assets are less than its carrying value. This change had no impact on the Company.

Reconciliations of Canadian GAAP to IFRS

IFRS 1 requires an entity to reconcile equity, comprehensive income and cash flows for prior periods. The following represents the reconciliations from Canadian GAAP to IFRS for the respective periods:

Reconciliation of Equity

	December 31, 2010	September 30, 2010	January 1, 2010
Total equity under GAAP	\$ 14,030,667	\$ 15,977,342	\$ 14,836,399
Differences increasing (decreasing) reported shareholders equity			
Contributed surplus	(152,847)	(117,387)	(3,906)
Deficit	(2,651,111)	(2,710,874)	(2,890,753)
Accumulated other comprehensive loss	2,803,917	2,829,588	2,894,659
Non-controlling interest	1,811	-	-
	1,770	1,327	-
Total equity under IFRS	\$ 14,032,437	\$ 15,978,669	\$ 14,836,399

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20. TRANSITION TO IFRS (Continued)

Reconciliation of Consolidated Balance Sheet as of January 1, 2010

	Note	GAAP Balance	IFRS Adjustments	IFRS Balance
Assets				
Current				
Cash		\$ 5,027,892	\$ -	\$ 5,027,892
Short-term investments		1,971,422	-	1,971,422
Accounts receivable		332,985	-	332,985
Prepays and other current assets		793,842	-	793,842
Inventories		7,462,464	-	7,462,464
Marketable securities		403	-	403
		15,589,008	-	15,589,008
Property and equipment	b	1,693,842	(66,765)	1,627,077
Patents and licenses		225,475	-	225,475
		\$ 17,508,325	\$ (66,765)	17,441,560
Liabilities				
Current				
Accounts payable and accrued liabilities		\$ 1,856,026	\$ -	1,856,026
		1,856,026	-	1,856,026
Deferred energy credit		684,921	-	684,921
Asset retirement obligation	b	130,979	(66,765)	64,214
		2,671,926	(66,765)	2,605,161
Shareholders' Equity				
Share capital		29,939,171	-	29,939,171
Special voting share		100	-	100
Special warrants and shares to be issued		648,861	-	648,861
Warrants		6,842,556	-	6,842,556
Contributed surplus	a	4,727,888	(3,906)	4,723,982
Accumulated other comprehensive loss	c	(2,896,268)	2,894,659	(1,609)
Deficit	a/c	(24,425,909)	(2,890,753)	(27,316,662)
		14,836,399	-	14,836,399
		\$ 17,508,325	\$ (66,765)	\$ 17,441,560

OPEL TECHNOLOGIES INC.
(Formerly Opel Solar International Inc.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in US Dollars)

20. TRANSITION TO IFRS (Continued)

Reconciliation of Consolidated Balance Sheet as of December 31, 2010

	Note	GAAP Balance	IFRS Adjustments	IFRS Balance
Assets				
Current				
Cash		\$ 6,629,958	\$ -	\$ 6,629,958
Short-term investments		304,149	-	304,149
Accounts receivable		312,043	-	312,043
Prepays and other current assets		507,635	-	507,635
Inventories		5,608,647	-	5,608,647
Marketable securities		423	-	423
		13,362,855	-	13,362,855
Property and equipment	b	3,381,846	(66,765)	3,315,081
Patents and licenses		192,968	-	192,968
		\$ 16,937,669	\$ (66,765)	16,870,904
Liabilities				
Current				
Accounts payable and accrued liabilities		\$ 771,938	\$ -	771,938
Customer deposits		1,347,825	-	1,347,825
		2,119,763	-	2,119,763
Deferred energy credit		649,642	-	649,642
Asset retirement obligation	b	137,597	(68,535)	69,062
		2,907,002	(68,535)	2,838,467
Shareholders' Equity				
Share capital		34,330,441	-	34,330,441
Special voting share		100	-	100
Special warrants and shares to be issued		276,833	-	276,833
Warrants		6,025,715	-	6,025,715
Contributed surplus	a	8,650,659	(152,847)	8,497,812
Accumulated other comprehensive loss	c	(2,570,422)	2,803,917	233,495
Deficit	a/c	(32,657,898)	(2,651,111)	(35,309,009)
Non controlling interest		(24,761)	1,811	(22,950)
		14,030,667	1,770	14,032,437
		\$ 16,937,669	\$ (66,765)	\$ 16,870,904

OPEL TECHNOLOGIES INC.
(Formerly Opel Solar International Inc.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in US Dollars)

20. TRANSITION TO IFRS (Continued)

Reconciliation of Consolidated Statement of Operations for the Nine Months Ended September 30, 2010

	GAAP Balance	IFRS Adjustment	IFRS Balance
Revenue	\$ 1,271,891	\$ -	\$ 1,271,891
Costs and expenses			
Cost of goods sold	256,569	-	256,569
General and administration	4,242,631	(114,808)	4,127,823
Research and development	2,721,333	-	2,721,333
Foreign currency translation gain	76,235	(66,004)	10,231
Loss on divestiture of ASM	40,572	-	40,572
Investment income, including interest	(28,471)	-	(28,471)
	7,308,869	(180,812)	7,128,057
Net loss	(6,036,978)	180,812	(5,856,166)
Net loss:			
Attributable to non-controlling interest	(7,331)	(933)	(8,264)
Attributable to equity shareholders	(6,029,647)	181,745	(5,847,902)
Net loss	\$ (6,036,978)	\$ 180,812	\$ (5,856,166)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

For The Nine Months Ended September 30, 2010

Net loss	\$ (6,036,978)	\$ 180,812	\$ (5,856,166)
Other comprehensive income - net of income taxes			
Exchange differences on translating foreign operations	244,261	(66,004)	178,257
Comprehensive loss	\$ (5,792,717)	\$ 114,808	\$ (5,677,909)
Comprehensive loss:			
Attributable to non-controlling interest	\$ (8,264)	\$ 933	\$ (7,331)
Attributable to equity shareholders	\$ (5,784,453)	\$ 113,875	\$ (5,670,578)

OPEL TECHNOLOGIES INC.
(Formerly Opel Solar International Inc.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in US Dollars)

20. TRANSITION TO IFRS (Continued)

Reconciliation of Consolidated Statement of Operations for the Three Months Ended September 30, 2010

	GAAP Balance	IFRS Adjustment	IFRS Balance
Revenue	\$ 479,141	\$ -	\$ 479,141
Costs and expenses			
Cost of goods sold	125,474	-	125,474
General and administration	1,286,158	(71,961)	1,214,197
Research and development	1,261,464	-	1,261,464
Foreign currency translation gain	(87,371)	87,371	-
Loss on divestiture of ASM	-	-	-
Investment income, including interest	(6,772)	-	(6,772)
	2,578,953	15,410	2,594,363
Net loss	(2,099,812)	(15,410)	(2,115,222)
Net loss:			
Attributable to non-controlling interest	(4,244)	3,046	(1,198)
Attributable to equity shareholders	(2,095,568)	(18,456)	(2,114,024)
Net loss	\$ (2,099,812)	\$ (15,410)	\$ (2,115,222)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

For The Three Months Ended September 30, 2010

Net loss	\$ (2,099,812)	\$ (15,410)	\$ (2,115,222)
Other comprehensive income - net of income taxes			
Exchange differences on translating foreign operations	153,987	87,371	241,358
Comprehensive loss	\$ (1,945,825)	\$ 71,961	\$ (1,873,864)
Comprehensive loss:			
Attributable to non-controlling interest	\$ (4,244)	\$ 6,008	\$ 1,764
Attributable to equity shareholders	\$ (1,941,581)	\$ 65,953	\$ (1,875,628)

OPEL TECHNOLOGIES INC.
(Formerly Opel Solar International Inc.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in US Dollars)

20. TRANSITION TO IFRS (Continued)

Reconciliation of Consolidated Statement of Operations for the Year Ended December 31, 2010

	GAAP Balance	IFRS Adjustment	IFRS Balance
Revenue	\$ 1,647,638	\$ -	\$ 1,647,638
Costs and expenses			
Cost of goods sold	434,627	-	434,627
General and administration	5,583,619	(150,711)	5,432,908
Research and development	3,791,062	-	3,791,062
Foreign currency translation gain	94,098	(83,867)	10,231
Loss on divestiture of ASM	40,572	-	40,572
Investment income, including interest	(39,590)	-	(39,590)
	9,904,388	(234,578)	9,669,810
Net loss	(8,256,750)	234,578	(8,022,172)
Net loss:			
Attributable to non-controlling interest	(24,761)	(5,064)	(29,825)
Attributable to equity shareholders	(8,231,989)	239,642	(7,992,347)
Net loss	\$ (8,256,750)	\$ 234,578	\$ (8,022,172)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

For The Year Ended December 31, 2010

Net loss	\$ (8,256,750)	\$ 234,578	\$ (8,022,172)
Other comprehensive income - net of income taxes			
Exchange differences on translating foreign operations	325,846	(83,867)	241,979
Comprehensive loss	\$ (7,930,904)	\$ 150,711	\$ (7,780,193)
Comprehensive loss:			
Attributable to non-controlling interest	\$ (24,761)	\$ 1,811	\$ (22,950)
Attributable to equity shareholders	\$ (7,906,143)	\$ 148,900	\$ (7,757,243)

Reconciliation of Consolidated Statement of Cash Flows

The adoption of IFRS has had no impact on the net cash flows of the Company. The changes made to the statements of financial position and statements of consolidated income have resulted in reclassifications of various amounts on the statements of cash flows, however as there have been no changes to the net cash flows, no reconciliations have been presented.

OPEL TECHNOLOGIES INC.
(Formerly Opel Solar International Inc.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in US Dollars)

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash, short-term investments, accounts receivable, marketable securities, accounts payable and accrued liabilities and customer deposits. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. The Company estimates that the fair value of these instruments approximate the carrying values due to their short term nature.

The Company has classified financial assets as follows:

	September 30, 2011	December 31, 2010	January 31, 2010
Fair value through profit or loss, measured at fair value:			
Cash	\$ 2,250,996	\$ 6,629,958	\$ 5,027,892
Short-term investments	102,942	304,149	1,971,422
Loans and receivable, measured at amortized cost:			
Accounts receivable	1,525,457	312,043	332,985
Available-for-sale, measured at fair value:			
Marketable securities	409	423	403
	\$ 3,879,804	\$ 7,246,573	\$ 7,332,702

Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of short-term investments and accounts receivable. Short-term investments consist of US Treasury notes held with reputable financial institutions from which management believes the risk of loss is remote. The Company has accounts receivable from both governmental and non-governmental agencies that are currently concentrated in North America. While economic factors can affect credit risk, the Company manages risk by providing credit terms on a case by case basis. The Company has not experienced any significant instances of non-payment from its customers. The Company's accounts receivable aging was as follows:

	September 30, 2011	December 31, 2010	January 31, 2010
Within 30 days	\$ 1,243,186	\$ 303,628	\$ 260,033
31 to 60 days	201,276	8,415	-
61 to 90 days	4,095	-	22,479
Over 90 days	76,900	-	50,473
	\$ 1,525,457	\$ 312,043	\$ 332,985

Exchange Rate Risk

The functional currency of each of the entities included in the accompanying consolidated financial statements is the local currency where the entity is domiciled. Functional currencies include the US and Canadian dollar and the Euro. Most transactions are conducted in functional currencies. As such, none of the entities included in the consolidated financial statements engage in hedging activities. Currencies in which the Company's exposure to foreign currencies mainly include the Canadian dollar and the Euro. A 10% change in the Canadian dollar and the Euro would increase or decrease other comprehensive income (loss) by \$102,292.

OPEL TECHNOLOGIES INC.
(Formerly Opel Solar International Inc.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in US Dollars)

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Interest Rate Risk

Short-term investments held for trading bear interest at fixed rates, and as such, are subject to risk resulting from fluctuations in interest rates.

Liquidity Risk

The Company currently does not maintain credit facilities. The Company's existing cash and cash resources are considered sufficient to fund operating and investing activities over the next twelve months.

Market Risk

Market risk arises from the possibility that changes in market prices will affect the value of the financial instruments of the Company. The Company is exposed to fair value fluctuations on its short-term investments and marketable securities. The Company's other financial instruments (cash, cash equivalents, accounts receivable and accounts payable and accrued liabilities) are not subject to market risk, due to the short-term nature of these instruments. A 1% change in fair values of short-term investments and marketable securities would decrease or increase net loss by \$1,029.

22. CAPITAL MANAGEMENT

In the management of capital, the Company includes shareholders equity (excluding accumulated other comprehensive income (loss), deficit and non controlling interest), cash and short-term investments. The capital of the Company was \$55,426,670 at September 30, 2011. The Company's objective in managing capital is to ensure that financial flexibility is present to increase shareholder value through organic growth and responding to changes in economic and/or market conditions; to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business and to safeguard the Company's ability to obtain financing should the need arise.

Currently, the Company has no outstanding debt or covenants, and therefore has no externally or internally imposed capital requirements. As soon as the Company is able to raise debt financing on favourable terms, it may consider this form of capital compared to equity financing, allowing for minimum dilution and maximum shareholder value.

In maintaining its capital, the Company has a strict investment policy which includes investing its surplus capital only in highly liquid, highly rated financial instruments.

The Company reviews its capital management approach on an ongoing basis. There were no changes in the Company's approach to capital management during the year.

23. ECONOMIC DEPENDENCE

The Company has a long-term supply contract with a vendor relating to procurement of solar cells. The Company's product sales are significantly dependent on the production and supply volumes of the vendor.

24. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2011	December 31, 2010	January 1, 2010
Trade payable	\$ 1,362,210	\$ 626,778	\$ 1,711,474
Payroll related liabilities	189,262	112,975	116,039
Accrued liabilities	41,058	32,185	28,513
	\$ 1,592,530	\$ 771,938	\$ 1,856,026

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