



OPEL SOLAR  
INTERNATIONAL INC.

Unaudited Consolidated  
Financial Statements  
3-months ended March 31, 2011 and 2010

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**NOTICE TO SHAREHOLDERS  
FOR THE THREE MONTHS ENDED MARCH 31, 2011**  
(Unaudited and Expressed in US Dollars)

**OPEL SOLAR INTERNATIONAL INC.**

Auditors' involvement

The auditors of Opel Solar International Inc. have not performed a review of the unaudited consolidated financial statements for the three months ended March 31, 2011 and March 31, 2010.

**OPEL SOLAR INTERNATIONAL INC.**  
**(Formerly Opel International Inc.)**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**(Expressed in US Dollars)**

	March 31, 2011	December 31, 2010	January 1, 2010
<b>Assets</b>			
Current			
Cash and cash equivalents	\$ 4,592,790	\$ 6,629,958	\$ 5,027,892
Short-term investments (Note 3)	2,115,774	304,149	1,971,422
Accounts receivable	267,200	312,043	332,985
Prepays and other current assets	402,547	507,635	793,842
Inventories (Note 4)	5,612,375	5,608,647	7,462,464
Marketable securities (Note 5)	435	423	403
	<b>12,991,121</b>	<b>13,362,855</b>	<b>15,589,008</b>
Property and equipment (Note 6)	3,251,909	3,315,081	1,627,077
Patents and licenses (Note 7)	187,219	192,968	225,475
	<b>\$ 16,430,249</b>	<b>\$ 16,870,904</b>	<b>\$ 17,441,560</b>
<b>Liabilities</b>			
Current			
Accounts payable and accrued liabilities (Note 24)	\$ 1,596,581	\$ 771,938	\$ 1,856,026
Customer deposits (Note 16)	251,843	1,347,825	-
	<b>1,848,424</b>	<b>2,119,763</b>	<b>1,856,026</b>
Deferred energy credit (Note 8)	640,822	649,642	684,921
Asset retirement obligation (Note 9)	70,330	69,062	64,214
	<b>2,559,576</b>	<b>2,838,467</b>	<b>2,605,161</b>
<b>Shareholders' Equity</b>			
Share capital (Note 10(b))	36,437,522	34,330,441	29,939,171
Special voting share (Note 11)	100	100	100
Shares to be issued (Note 12)	276,833	276,833	648,861
Warrants (Note 13)	5,602,168	6,025,715	6,842,556
Contributed surplus (Note 14)	8,612,848	8,497,812	4,723,982
Accumulated other comprehensive income (loss)	287,489	233,495	(1,609)
Deficit	(37,318,514)	(35,309,009)	(27,316,662)
Non controlling interest	(27,773)	(22,950)	-
	<b>13,870,673</b>	<b>14,032,437</b>	<b>14,836,399</b>
	<b>\$ 16,430,249</b>	<b>\$ 16,870,904</b>	<b>\$ 17,441,560</b>

Commitments and contingencies (Note 17)

On behalf of the Board of Directors

  
 Director

  
 Director

**OPEL SOLAR INTERNATIONAL INC.**  
**(Formerly Opel International Inc.)**

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

<b>For The Three Months Ended March 31,</b>	<b>2011</b>	<b>2010</b>
Revenue	\$ 1,486,502	\$ 345,318
Costs and expenses		
Cost of goods sold	925,590	58,559
General and administration	1,649,631	1,501,018
Research and development	926,967	700,627
Investment income, including interest	(4,107)	(15,569)
	<b>3,498,081</b>	<b>2,244,635</b>
Net loss	<b>(2,011,579)</b>	<b>(1,899,317)</b>
Net loss:		
Attributable to non-controlling interest	(2,074)	(8,657)
Attributable to equity shareholders	(2,009,505)	(1,890,660)
Net loss	<b>(2,011,579)</b>	<b>(1,899,317)</b>
Deficit, beginning of year	<b>(35,309,009)</b>	(27,316,662)
Net loss attributable to equity shareholders	<b>(2,009,505)</b>	(1,890,660)
Deficit, end of period	<b>\$(37,318,514)</b>	<b>\$(29,207,322)</b>
Basic and diluted loss per share (Note 15)	<b>\$ (0.02)</b>	<b>\$ (0.03)</b>

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
**(Expressed in US Dollars)**

<b>For The Three Months Ended March 31,</b>	<b>2011</b>	<b>2010</b>
Net loss	\$ (2,011,579)	\$ (1,899,317)
Other comprehensive income - net of income taxes		
Exchange differences on translating foreign operations	51,245	14,049
Comprehensive loss	<b>\$ (1,960,334)</b>	<b>\$ (1,885,268)</b>
Comprehensive loss:		
Attributable to non-controlling interest	\$ (4,823)	\$ (1,855)
Attributable to equity shareholders	<b>\$ (1,955,511)</b>	<b>\$ (1,883,413)</b>

**OPEL SOLAR INTERNATIONAL INC.**  
**(Formerly Opel International Inc.)**

**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
(Unaudited)

	2011	2010
<b>Share Capital</b>		
Beginning balance	\$ 34,330,441	\$ 29,939,171
Opel Inc. Exchangeable Shares, exchanged into common shares	-	74,503
Funds from the exercise of warrants	959,099	-
Funds from the exercise of stock options	532,322	-
Value assigned to stock options	192,113	-
Fair value of warrants and compensation warrants exercised	423,547	-
March 31,	36,437,522	30,013,674
<b>Special Voting Share</b>		
March 31,	100	100
<b>Shares to be Issued</b>		
Deferred share issue costs	276,833	648,861
Exchangeable Shares exchanged into common shares	-	(74,503)
March 31,	276,833	574,358
<b>Warrants</b>		
Beginning balance	6,025,715	6,842,556
Fair value of warrants and compensation warrants exercised	(423,547)	-
Fair value of expired warrants	-	(837,804)
March 31,	5,602,168	6,004,752
<b>Contributed Surplus</b>		
Beginning balance	8,497,812	4,723,982
Stock-based compensation	307,149	93,255
Fair value of stock options exercised	(192,113)	-
Fair value of expired warrants	-	837,804
March 31,	8,612,848	5,655,041
<b>Accumulated Other Comprehensive Income (Loss)</b>		
Beginning balance	233,495	(1,609)
Other comprehensive loss attributable to common shareholders	53,994	7,247
March 31,	287,489	5,638
<b>Deficit</b>		
Beginning balance	(35,309,009)	(27,316,662)
Net loss attributable to common shareholders	(2,009,505)	(1,890,660)
March 31,	(37,318,514)	(29,207,322)
<b>Total shareholders' equity</b>	<b>\$ 13,898,446</b>	<b>\$ 13,046,241</b>
<b>Non-controlling interest</b>		
Beginning balance	\$ (22,950)	\$ -
Net loss attributable to non-controlling interest	(2,074)	(8,657)
Other comprehensive income (loss) attributable to non-controlling interest	(2,749)	6,802
Ending balance	\$ (27,773)	\$ (1,855)
<b>Total equity</b>	<b>\$ 13,870,673</b>	<b>\$ 13,044,386</b>

**OPEL SOLAR INTERNATIONAL INC.**  
**(Formerly Opel International Inc.)**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(Expressed in US Dollars)**

<b>For The Three Months Ended March 31,</b>	<b>2011</b>	<b>2010</b>
<b>CASH (USED IN) PROVIDED BY:</b>		
<b>OPERATING ACTIVITIES</b>		
Net loss	<b>\$ (2,011,579)</b>	\$ (1,899,317)
Adjustments for:		
Amortization of property and equipment	<b>63,172</b>	38,462
Amortization of patents and licenses	<b>5,749</b>	8,126
Accretion of asset retirement obligation	<b>1,268</b>	1,178
Stock-based compensation (Note 14)	<b>307,149</b>	93,255
	<b>(1,634,241)</b>	(1,758,296)
Net change in non-cash working capital accounts:		
Accounts receivable	<b>44,843</b>	152,546
Prepaid and other current assets	<b>105,076</b>	(188,232)
Inventories	<b>(3,728)</b>	(16,725)
Accounts payable and accrued liabilities	<b>824,643</b>	(89,392)
Customer deposits	<b>(1,095,982)</b>	-
	<b>(1,759,389)</b>	(1,900,099)
<b>INVESTING ACTIVITIES</b>		
(Purchase) sale of short-term investments	<b>(1,811,625)</b>	530,366
Deferred energy credit	<b>(8,820)</b>	(8,820)
	<b>(1,820,445)</b>	521,546
<b>FINANCING ACTIVITIES</b>		
Issue of common shares for cash, net of issue costs	<b>1,491,421</b>	-
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH</b>	<b>51,245</b>	14,049
<b>NET CHANGE IN CASH AND CASH EQUIVALENT</b>	<b>(2,037,168)</b>	(1,364,504)
<b>CASH AND CASH EQUIVALENT, beginning of period</b>	<b>6,629,958</b>	5,027,892
<b>CASH AND CASH EQUIVALENT, end of period</b>	<b>\$ 4,592,790</b>	\$ 3,663,388
Cash	<b>\$ 4,389,570</b>	\$ 3,663,288
Cash equivalents	<b>203,220</b>	-
	<b>\$ 4,592,790</b>	\$ 3,663,288

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

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**1. DESCRIPTION OF BUSINESS**

Opel Solar International Inc is incorporated in the Province of Ontario. Opel Solar International 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 \$11,142,697 as of March 31, 2011 compared to \$11,243,092 as of December 31, 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 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"). As these condensed unaudited interim consolidated financial statements represent the Company's initial presentation of its results and financial position under IFRS, they were prepared in accordance with IAS 34, Interim Financial Reporting and by 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 SOLAR INTERNATIONAL INC.**  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Expressed in US Dollars)**

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**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 and cash equivalents, accounts receivable, short-term investments, marketable securities, and accounts payable and accrued liabilities and customer deposits. The Company designated its cash and cash equivalents 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, the Company is permitted to measure the financial instrument at cost less impairment as a last resort.

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

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Cash and cash equivalents**

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

**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):

<b><u>New</u></b>	
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

<b><u>Old</u></b>	
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 SOLAR INTERNATIONAL INC.**  
**(Formerly Opel International Inc.)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Expressed in US Dollars)**

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**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 March 31, 2011 or December 31, 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.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Expressed in US Dollars)**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Interest income**

Interest income on cash and cash equivalents 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**

	<b>March 31, 2011</b>	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%)	<b>2,115,774</b>	101,149	1,105,238
Balance	<b>\$ 2,115,774</b>	\$ 304,149	\$ 1,971,422

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

**4. INVENTORIES**

	March 31, 2011	December 31, 2010	January 1, 2010
Raw materials	\$ 4,926,278	\$ 4,926,278	\$ 4,644,513
Work in process	16,183	16,184	585,489
Finished goods	669,914	666,185	2,232,462
<b>Balance</b>	<b>\$ 5,612,375</b>	<b>\$ 5,608,647</b>	<b>\$ 7,462,464</b>

**5. MARKETABLE SECURITIES**

Marketable securities consist of small investments in three companies carrying a market value of \$435 as of March 31, 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
<b>Cost</b>							
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
Disposals	-	-	(11,732)	-	-	-	(11,732)
Balance, March 31, 2011	1,171,936	137,254	72,425	44,761	1,327,791	1,501,692	4,255,859
<b>Accumulated Depreciation</b>							
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	37,359	3,683	2,511	296	19,323	-	63,172
Disposals	-	-	(11,732)	-	-	-	(11,732)
Balance, March 31, 2011	667,452	84,371	47,717	4,453	199,957	-	1,003,950
<b>Carrying Amounts</b>							
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 March 31, 2011	\$ 504,484	\$ 52,883	\$ 24,708	\$ 40,308	\$ 1,127,834	\$ 1,501,692	\$ 3,251,909

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**7. PATENTS AND LICENSES**

	Patents	Licenses	Total
<b>Cost</b>			
Balance, January 1, 2010	\$ 224,444	\$ 137,475	\$ 361,919
Disposals	-	(750)	(750)
Balance, December 31, 2010	224,444	136,725	361,169
Balance, March 31, 2011	224,444	136,725	361,169
<b>Accumulated Depreciation</b>			
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	3,741	2,008	5,749
Balance, March 31, 2011	113,315	60,635	173,950
<b>Carrying Amounts</b>			
At January 1, 2010	\$ 129,834	\$ 95,641	\$ 225,475
At December 31, 2010	\$ 114,870	\$ 78,098	\$ 192,968
At March 31, 2011	\$ 111,129	\$ 76,090	\$ 187,219

**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 six 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	-	(35,279)	(35,279)
Balance, December 31, 2010	705,588	(55,946)	649,642
Amortization for the period	-	(8,820)	(8,820)
Balance, March 31, 2011	\$ 705,588	\$ (64,766)	\$ 640,822

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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	-	4,848	4,848
Balance, December 31, 2010	60,410	8,652	69,062
Amortization for the period	-	1,268	1,268
Balance, March 31, 2011	\$ 60,410	\$ 9,920	\$ 70,330

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 1,358,000 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
Shares issued on the exercise of stock options	1,425,750	532,322
Fair value of stock options exercised	-	192,113
Shares issued on the exercise of warrants and compensation warrants	2,341,366	959,099
Fair value of warrants and compensation warrants exercised	-	423,547
Balance, March 31, 2011	89,059,630	\$ 36,437,522

**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 1,358,000 as at March 31, 2011 and December 31, 2010 respectively.

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**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 1,358,000 outstanding Exchangeable Shares at March 31, 2011 and December 31, 2010 was \$276,833.

**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	0.40	(2,341,366)	(423,547)
Balance, March 31, 2011	\$ 0.99	20,217,101	\$ 5,602,168

As at March 31, 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)
11,419,000	1,661,375 (1)	0.48	July 21, 2012
1,298,101	280,209 (1)	0.29	July 21, 2014
20,217,101	5,602,168	0.99	

(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 17, 2009, shareholders of the Company approved a new fixed 20% stock option plan (the "New Plan"). Under the New Plan, the board of directors may grant options to acquire common shares of the Company to qualified directors, officers, employees and consultants. The New Plan provides that the number of common shares issuable pursuant to options granted under the New Plan and pursuant to other previously granted options is limited to 12,115,000 (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 New Plan generally vest 25% immediately and 25% every six 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	(1,613,000)	1.01
Exercised	(1,425,750)	0.39
Granted	750,000	0.78
Balance, March 31, 2011	8,813,750	\$ 0.55

During the period, the Company granted 750,000 (2010 - 1,344,000) stock options to officers, employees and consultants of the Company to purchase common shares at a price of \$0.78 (2010 - \$0.28) per share. The fair value assigned to the 750,000 (2010 - 1,344,000) options granted during the period was \$540,774 (2010 - \$277,413).

The Company recorded stock-based compensation of \$307,149 (2010 - \$93,255) 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	<b>3.27%</b>	3.45%
Weighted average dividend yield	<b>0%</b>	0%
Weighted average volatility	<b>109%</b>	116%
Weighted average estimated life	<b>10 years</b>	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 March 31, 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	1,203,750	\$ 0.16	2.58	1,203,750	\$ 0.16	
\$0.29 - \$0.31	1,319,000	\$ 0.28	8.46	983,000	\$ 0.27	
\$0.34 - \$0.37	2,265,000	\$ 0.33	9.39	1,095,000	\$ 0.33	
\$0.38 - \$0.86	1,750,000	\$ 0.62	5.22	1,187,500	\$ 0.54	
\$0.87 - \$1.50	2,276,000	\$ 1.11	1.59	2,276,000	\$ 1.11	
	8,813,750	\$ 0.55	5.48	6,745,250	\$ 0.59	

**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	307,149
Fair value of stock options exercised	(192,113)
Balance, March 31, 2011	\$ 8,612,848

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**15. LOSS PER SHARE**

	<b>March 31, 2011</b>	March 31, 2010
Numerator:		
Net loss attributable to equity shareholders - basic and diluted	<b>\$ (2,009,505)</b>	\$ (1,890,660)
Denominator:		
Weighted average number of common shares outstanding - basic	<b>86,134,104</b>	58,538,917
Weighted average number of common shares outstanding - diluted	<b>86,134,104</b>	58,538,917
Basic and diluted loss per share	<b>\$ (0.02)</b>	\$ (0.03)

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. As at March 31, 2011, the Company had \$251,843 in customer deposits, \$1,347,825 and 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 \$77,019 (2010 - \$60,160). Remaining minimum annual rental payments to the lease expiration dates are as follows:

2011	\$ 187,061
2012 to 2014	313,028
	<b>\$ 500,089</b>

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**18. RELATED PARTY TRANSACTIONS**

Compensation to key management personnel were as follows:

	<b>March 31, 2011</b>	March 31, 2010
Salaries	<b>\$ 248,000</b>	\$ 299,000
Share-based payments (1)	<b>89,447</b>	25,240
<b>Total</b>	<b>\$ 337,447</b>	\$ 324,240

(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 three months ended March 31, 2011 and March 31, 2010 is as follows:

	2011			2010		
	Opel	ODIS	Total	Opel	ODIS	Total
Revenue	\$ 1,148,722	\$ 337,780	\$ 1,486,502	\$ 64,149	\$ 281,169	\$ 345,318
Interest income	1,894	-	1,894	2,367	-	2,367
Cost of goods sold	925,590	-	925,590	58,254	-	58,254
Operating expenses	1,647,615	452,688	2,100,303	1,731,737	331,757	2,063,494
Amortization	59,033	1,068	60,101	45,540	1,048	46,588
Loss attributable to non controlling interest	2,074	-	2,074	8,657	-	8,657
Segment loss	1,479,548	115,976	1,595,524	1,714,818	51,636	1,766,454
Corporate operations			416,055			124,206
Net loss			\$ 2,011,579			\$ 1,890,660
Total assets	\$ 12,042,869	\$ 313,255	\$ 12,356,124	\$ 11,505,168	\$ 276,518	\$ 11,781,686
Capital expenditures	\$ -	\$ -	\$ -	\$ (6,705)	\$ -	\$ (6,705)

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

2011

As of March 31,	US	Canada	Europe	Consolidated
Current assets	\$ 8,012,451	\$ 4,082,945	\$ 895,725	\$ 12,991,121
Property and equipment	1,750,217	-	1,501,692	3,251,909
Patents and licenses	187,219	-	-	187,219
	\$ 9,949,887	\$ 4,082,945	\$ 2,397,417	\$ 16,430,249

2011

	US	Canada	Europe	Consolidated
Three months ended March 31,				
Revenue	\$ 1,486,502	\$ -	\$ -	\$ 1,486,502
Cost of goods sold	925,590	-	-	925,590
General and administration	1,232,688	405,312	11,631	1,649,631
Research and development	926,967	-	-	926,967
Investment income	(1,063)	(3,044)	-	(4,107)

2010

As of March 31,	US	Canada	Europe	Consolidated
Current assets	\$ 8,969,875	\$ 3,764,122	\$ 1,012,552	\$ 13,746,549
Property and equipment	1,581,910	-	-	1,581,910
Patents and licenses	217,349	-	-	217,349
	\$ 10,769,134	\$ 3,764,122	\$ 1,012,552	\$ 15,545,808

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**19. SEGMENT INFORMATION (Continued)**

	2010			
	US	Canada	Europe	Consolidated
Three Months ended March 31,				
Revenue	\$ 343,932	\$ -	\$ 1,386	\$ 345,318
Cost of goods sold	58,254	-	305	58,559
General and administration	1,343,599	148,329	9,090	1,501,018
Research and development	700,627	-	-	700,627
Investment income	(2,127)	(13,201)	(240)	(15,568)

During 2011, \$1,132,989 or 76% of the Company's revenues depended on a single customer in OPEL. (2010 - \$281,169 or 81% of the Company's revenues depended on a single customer of ODIS).

**20. TRANSITION TO IFRS**

As discussed in note 2, these statements are the Company's first condensed interim unaudited consolidated financial statements prepared under IFRS, which the Company adopted on January 1, 2011. IFRS 1, First Time Adoption of International Financial Reporting Standards sets forth guidance for the initial adoption of IFRS. 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 months ended March 31, 2011 and March 31, 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 months ended March 31, 2010 and the balance sheet as at March 31, 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.

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**20. TRANSITION TO IFRS (Continued)**

**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.

**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	March 31, 2010	January 1, 2010
Total equity under GAAP	\$ 14,030,667	\$ 13,043,811	\$ 14,836,399
Differences increasing (decreasing) reported shareholders equity			
Contributed surplus	(152,847)	(29,651)	(3,906)
Deficit	(2,651,111)	(2,794,540)	(2,890,753)
Accumulated other comprehensive loss	2,803,917	2,824,767	2,894,659
Non-controlling interest	1,811	-	-
	1,770	576	-
Total equity under IFRS	\$ 14,032,437	\$ 13,044,387	\$ 14,836,399

**Reconciliation of Net Loss**

	Year Ended December 31, 2010	Three Months Ended March 31, 2010
Net loss under GAAP	\$ 8,256,750	\$ 1,988,729
Differences increasing (decreasing) reported net loss		
General and administrative	(150,711)	(26,320)
Foreign currency translation loss	(83,867)	(63,092)
	(234,578)	(89,412)
Net loss under IFRS	\$ 8,022,172	\$ 1,899,317
Net loss attributable to non-controlling interest	\$ (29,825)	\$ (8,657)
Net loss attributable to equity shareholders	(7,992,347)	(1,890,660)
	\$ (8,022,172)	\$ (1,899,317)

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**20. TRANSITION TO IFRS (Continued)**

**Reconciliation of Comprehensive Loss**

	Year Ended December 31, 2010	Three Months Ended March 31, 2010
Comprehensive loss under GAAP	\$ 7,930,904	\$ 1,911,588
Differences increasing (decreasing) reported comprehensive loss		
Differences affecting net loss reported under GAAP	(234,578)	(89,412)
Net change in unrealized gains on currency translation	83,867	63,092
	(150,711)	(26,320)
Comprehensive loss under IFRS	\$ 7,780,193	\$ 1,885,268
Comprehensive loss attributable to non-controlling interest	\$ (22,950)	\$ (1,855)
Comprehensive loss attributable to equity shareholders	(7,757,243)	(1,883,413)
	\$ (7,780,193)	\$ (1,885,268)

**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.



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**20. TRANSITION TO IFRS (Continued)**

**(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.

**(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.

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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
<b>Assets</b>				
Current				
Cash and cash equivalents		\$ 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
<b>Liabilities</b>				
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
<b>Shareholders' Equity</b>				
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 SOLAR INTERNATIONAL INC.**  
**(Formerly Opel 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
<b>Assets</b>				
Current				
Cash and cash equivalents		\$ 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
<b>Liabilities</b>				
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
<b>Shareholders' Equity</b>				
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 SOLAR INTERNATIONAL INC.**  
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**20. TRANSITION TO IFRS (Continued)**

**Reconciliation of Consolidated Statement of Operations for the Three Months Ended March 31, 2010**

	GAAP Balance	IFRS Adjustment	IFRS Balance
Revenue	\$ 345,318	\$ -	\$ 345,318
Costs and expenses			
Cost of goods sold	58,559	-	58,559
General and administration	1,527,337	(26,320)	1,501,017
Research and development	700,627	-	700,627
Foreign currency translation gain	63,092	(63,092)	-
Investment income, including interest	(15,568)	-	(15,568)
	2,334,047	(89,412)	2,244,635
Net loss	(1,988,729)	89,412	(1,899,317)
Net loss:			
Attributable to non-controlling interest	(1,855)	(6,802)	(8,657)
Attributable to equity shareholders	(1,986,874)	96,214	(1,890,660)
Net loss	(1,988,729)	89,412	(1,899,317)

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**

**For The Three Months Ended March 31, 2010**

Net loss	\$ (1,988,729)	\$ 89,412	\$ (1,899,317)
Other comprehensive income - net of income taxes			
Exchange differences on translating foreign operations	77,141	(63,092)	14,049
Comprehensive loss	\$ (1,911,588)	\$ 26,320	\$ (1,885,268)
Comprehensive loss:			
Attributable to non-controlling interest	\$ (1,855)	\$ -	\$ (1,855)
Attributable to equity shareholders	\$ (1,909,733)	\$ 26,320	\$ (1,883,413)

**OPEL SOLAR INTERNATIONAL INC.**  
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**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 SOLAR INTERNATIONAL INC.**  
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**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:

	<b>March 31, 2011</b>	December 31, 2010	January 31, 2010
Fair value through profit or loss, measured at fair value:			
Cash and cash equivalents	<b>\$ 4,592,790</b>	\$ 6,629,958	\$ 5,027,892
Short-term investments	<b>2,115,774</b>	304,149	1,971,422
Loans and receivable, measured at amortized cost:			
Accounts receivable	<b>267,200</b>	312,043	332,985
Available-for-sale, measured at fair value:			
Marketable securities	<b>435</b>	423	403
	<b>\$ 6,976,199</b>	\$ 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 parties in various industries and governmental agencies that are currently concentrated in the United States of 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. At year end, accounts receivable balances were concentrated among two customers.

**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 \$179,200.

**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.

**OPEL SOLAR INTERNATIONAL INC.**  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Expressed in US Dollars)**

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**21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)**

**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 \$21,157.

**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 \$57,638,035 at March 31, 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**

	<b>March 31, 2011</b>	December 31, 2010	January 1, 2010
Trade payable	<b>\$ 1,413,264</b>	\$ 626,778	\$ 1,711,474
Payroll related liabilities	<b>110,774</b>	112,975	116,039
Accrued liabilities	<b>72,543</b>	32,185	28,513
	<b>\$ 1,596,581</b>	\$ 771,938	\$ 1,856,026



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