OPEL

TECHNOLOGIES INC.

(formerly OPEL Solar International Inc.)

Consolidated Financial Statements
Years ended December 31, 2011 and 2010

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Opel Technologies Inc.

We have audited the accompanying consolidated financial statements of Opel Technologies Inc, which comprise the consolidated statements of financial position as at December 31, 2011 and 2010, and January 1, 2010, and the consolidated statements of operations and deficit, comprehensive loss, changes in shareholders' equity and cash flows for the years ended December 31, 2011 and 2010, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards ["IFRS"], and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, with the exception of the matter described in the following paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of Opel Technologies Inc. as of December 31, 2011 and 2010 and January 1, 2010, and its financial performance and its cash flows for the years ended December 31, 2011 and 2010 in accordance with IFRS.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has suffered recurring losses from operations and has limited working capital that raises significant doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Marcum LLP

Hartford, CT
April 27, 2012

MARCUMGROUP MEMBER

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in US Dollars)

	December 31, 2011	December 31, 2010	January 1, 2010
Assets			
Current			
Cash	**$ 1,330,141**	$ 6,629,958	$ 5,027,892
Short-term investments (Note 3)	**-**	304,149	1,971,422
Accounts receivable	**526,229**	312,043	332,985
Prepaids and other current assets	**152,162**	507,635	793,842
Inventories (Note 4)	**1,426,003**	5,608,647	7,462,464
Marketable securities (Note 5)	**415**	423	403
	3,434,950	13,362,855	15,589,008
Investment in Opel Solar Asia Company Limited	**197,178**	-	-
Property and equipment (Note 6)	**1,798,779**	3,315,081	1,627,077
Patents and licenses (Note 7)	**169,971**	192,968	225,475
	$ 5,600,878	$ 16,870,904	$ 17,441,560
Liabilities			
Current			
Accounts payable and accrued liabilities (Note 8)	**$ 1,705,876**	$ 771,938	$ 1,856,026
Product warranty	**25,899**	-	-
Customer deposits (Note 9)	**-**	1,347,825	-
	1,731,775	2,119,763	1,856,026
Deferred energy credit (Note 10)	**614,363**	649,642	684,921
Asset retirement obligation (Note 11)	**74,277**	69,062	64,214
	2,420,415	2,838,467	2,605,161
Shareholders' Equity			
Share capital (Note 12(b))	**38,507,720**	34,330,441	29,939,171
Special voting share (Note 13)	**100**	100	100
Shares to be issued (Note 14)	**27,521**	276,833	648,861
Warrants (Note 15)	**1,813,729**	6,025,715	6,842,556
Contributed surplus (Note 16)	**13,162,981**	8,497,812	4,723,982
Accumulated other comprehensive income (loss)	**278,263**	233,495	(1,609)
Deficit	**(50,470,735)**	(35,309,009)	(27,316,662)
Non controlling interest	**(139,116)**	(22,950)	-
	3,180,463	14,032,437	14,836,399
	$ 5,600,878	$ 16,870,904	$ 17,441,560

Commitments and contingencies (Note 18)

On behalf of the Board of Directors

Leon M. Pierhal
Director

Director

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

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

For The Years Ended December 31,	2011	2010
Revenue	**$ 5,877,929**	$ 1,647,638
Costs and expenses		
Cost of goods sold (Note 4)	**8,916,603**	434,627
General and administration	**8,365,866**	5,432,908
Research and development	**3,888,274**	3,791,062
Investment income, including interest	**(14,085)**	(39,590)
Other income	**(9,341)**	-
Foreign currency translation loss	**-**	10,231
Loss on divestiture of ASM	**-**	40,572
	21,147,317	9,669,810
Net loss	**(15,269,388)**	(8,022,172)
Net loss:		
Attributable to non-controlling interest	**(107,662)**	(29,825)
Attributable to equity shareholders	**(15,161,726)**	(7,992,347)
Net loss	**(15,269,388)**	(8,022,172)
Deficit, beginning of year	**(35,309,009)**	(27,316,662)
Net loss attributable to equity shareholders	**(15,161,726)**	(7,992,347)
Deficit, end of year	**$(50,470,735)**	$(35,309,009)
Basic and diluted loss per share (Note 17)	**$ (0.17)**	$ (0.11)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in US Dollars)

For The Years Ended December 31,	2011	2010
Net loss	**$(15,269,388)**	$ (8,022,172)
Other comprehensive income - net of income taxes		
Exchange differences on translating foreign operations	**36,264**	241,979
Comprehensive loss	**$(15,233,124)**	$ (7,780,193)
Comprehensive loss:		
Attributable to non-controlling interest	**$ (116,166)**	$ (22,950)
Attributable to equity shareholders	**$(15,116,958)**	$ (7,757,243)
	$(15,233,124)	$ (7,780,193)

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

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For The Years Ended December 31,		2011		2010
Share Capital				
Beginning balance	$	34,330,441	$	29,939,171
Opel Inc. Exchangeable Shares, exchanged into common shares		249,312		372,029
Funds from the exercise of warrants		1,411,780		-
Funds from the exercise of stock options		1,166,358		-
Value assiged to stock options		798,428		-
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		-		(2,365,131)
December 31,		38,507,720		34,330,441
Special Voting Share				
December 31,		100		100
Shares to be Issued				
Deferred share issue costs		276,833		648,861
Exchangeable Shares exchanged into common shares		(249,312)		(372,028)
December 31,		27,521		276,833
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		(3,660,585)		(3,181,971)
December 31,		1,813,729		6,025,715
Contributed Surplus				
Beginning balance		8,497,812		4,723,982
Stock-based compensation		1,803,012		591,859
Fair value of stock options exercised		(798,428)		-
Fair value of expired warrants		3,660,585		3,181,971
December 31,		13,162,981		8,497,812
Accumulated Other Comprehensive Income (Loss)				
Beginning balance		233,495		(1,609)
Other comprehensive income attributable to common shareholders		44,768		235,104
December 31,		278,263		233,495
Deficit				
Beginning balance		(35,309,009)		(27,316,662)
Net loss attributable to common shareholders		(15,161,726)		(7,992,347)
December 31,		(50,470,735)		(35,309,009)
Total shareholders' equity	$	3,319,579	$	14,055,387
Non-controlling interest				
Beginning balance	$	(22,950)	$	-
Net loss attributable to non-controlling interest		(107,662)		(29,825)
Other comprehensive (loss) income attributable to non-controlling interest		(8,504)		6,875
Ending balance	$	(139,116)	$	(22,950)
Total equity	$	3,180,463	$	14,032,437

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in US Dollars)

For The Years Ended December 31,	2011	2010
CASH (USED IN) PROVIDED BY:		
OPERATING ACTIVITIES		
Net loss	**$ (15,269,388)**	$ (8,022,172)
Adjustments for:		
Depreciation of property and equipment	**260,389**	237,114
Amortization of patents and licenses	**22,997**	32,507
Amortization of deferred energy credit	**(35,279)**	(35,279)
Accretion of asset retirement obligation	**5,215**	4,848
Impairment charge - property and equipment	**1,501,692**	-
Stock-based compensation (Note 16)	**1,803,012**	591,859
Loss on divestiture of ASM	**-**	40,572
Inventory write-offs	**4,125,134**	35,035
	(7,586,228)	(7,115,516)
Changes in operating assets and liabilities:		
Accounts receivable	**(214,186)**	13,864
Prepaid and other current assets	**355,481**	205,402
Inventories	**57,510**	317,090
Accounts payable and accrued liabilities	**933,938**	(1,036,379)
Product warranty	**25,899**	-
Customer deposits	**(1,347,825)**	1,347,825
	(7,775,411)	(6,267,714)
INVESTING ACTIVITIES		
Sale of short-term investments	**304,149**	1,667,273
Cash loss on divestiture of ASM	**-**	(419)
Purchase of property and equipment	**(245,779)**	(423,425)
Investment in Opel Solar Asia Company Limited	**(197,178)**	-
	(138,808)	1,243,429
FINANCING ACTIVITIES		
Issue of common shares for cash, net of issue costs	**2,578,138**	6,384,372
EFFECT OF EXCHANGE RATE CHANGES ON CASH	**36,264**	241,979
NET CHANGE IN CASH	**(5,299,817)**	1,602,066
CASH, beginning of year	**6,629,958**	5,027,892
CASH, end of year	**$ 1,330,141**	$ 6,629,958

1. DESCRIPTION OF BUSINESS AND LIQUIDITY

Opel Technologies Inc. is incorporated in the Province of Ontario. Opel Technologies Inc. (formerly 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 $1,703,175 as of December 31, 2011 compared to $11,243,092 as of December 31, 2010 and $13,732,982 as of January 1, 2010. The Company is not in a position to cover its liabilities as they come due. Due to the continuation of losses, 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. Given the current financial position of the Company, significant doubt is raised as to the Company's ability to continue as a going concern.

The Company's financial statements do not include any adjustments to the assets carrying amount, to the expenses presented and to the reclassification of the balance sheets items that could be necessary should the Company be unable to continue its operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These audited consolidated financial statements represent the first annual financial statements of the Company and its subsidiaries prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and have been prepared in accordance IFRS 1, *First-time Adoption of IFRS*. 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 years presented.

An explanation of how the transition from Canadian GAAP ("GAAP") to IFRS has affected the reported statements of financial position, operations, comprehensive loss, and cash flows of the Company is provided in note 21. 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 years and equity at the date of transition to IFRS, January 1, 2010.

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 commenced reporting on an IFRS basis in these consolidated financial statements.

The preparation of financial statements in accordance with IFRS 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 consolidated financial statements are disclosed below:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of presentation

These consolidated financial statements are expressed in US dollars ("USD"). They include the accounts of Opel Techonologies Inc. and its subsidiaries. Betasol Energias Alternatives, S.L. ("Betasol") is considered a variable interest entity 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 statement of operations.

Assets and liabilities of entities with functional currencies other than U.S. dollars are translated into the presentation currency at the year end rates of exchange, and the results of their operations are translated at average rates of exchange for the year. The resulting translation adjustments are included in accumulated other comprehensive income (loss) 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 (loss).

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, accounts payable, 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 accounts payable, 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, 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 methodology which refers to observable market data. Such a valuation technique includes comparisons with a similar financial instrument where an observable market price exists, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants. If no reliable estimate can be made, the Company measures the financial instrument at cost less impairment as a last resort.

(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. Depreciation 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.

Product warranty
A product warranty is recognized when present obligations as a result of a sale of products will probably lead to an outflow of economic resources from the Company and the amounts can be estimated reliably. The timing or the amount of the outflow may still be uncertain.

Product warranty is measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Product warranties are reviewed at each reporting date and adjusted to reflect the current best estimate.

Investment in Opel Solar Asia Company Limited
The Company has a 19% interest in Opel Solar Asia Company Limited, a non-publicly traded Company. The Company's investment is measured at cost. The Company continually evaluates its investment in this Company for impairment. The Company does not exercise significant influence in Opel Solar Asia Company Limited.

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 year. 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 The Company carried out and analysis of its long lived assets at December 31, 2011 and identified that there were indicators of impairment. An impairment charge of $1,501,692 was recorded during the year. There were no significant indicators of impairment of the carrying values of long-lived assets at December 31, 2010 or January 1, 2010.

Deferred energy credit

The Company received in cash, an energy credit on a solar installation in Plainville, CT., used in operations. The credit was deferred and is being amortized over the estimated useful life of the asset (20 years) and is included in the amortization of property and equipment.

Asset Retirement Obligation

Asset retirement obligation ("ARO") represents liabilities of 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.

(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 year incurred. Development costs are also expensed in the year incurred unless the Company believes that it can demonstrate that a development project meets the criteria 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. In accordance with 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 (loss) or loss section of the entity's statement of comprehensive income (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.

The Company has considered all the recently issued accounting pronouncements and does not believe the adoption of such pronouncements will have a material impact on its consolidated financial statements.

3. SHORT-TERM INVESTMENTS

	December 31, 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%)	**-**	101,149	1,105,238
Balance	**$ -**	$ 304,149	$ 1,971,422

(Expressed in US Dollars)

4. INVENTORIES

	December 31, 2011	December 31, 2010	January 1, 2010
Raw materials	**$ 1,090,854**	$ 4,926,278	$ 4,644,513
Work in process	**165,216**	16,184	585,489
Finished goods	**169,933**	666,185	2,232,462
Balance	**$ 1,426,003**	$ 5,608,647	$ 7,462,464

During the year ended December 31, 2011, the Company had an inventory write off due to obsolescence of $4,125,134 ($35,035 in 2010) which is included in cost of goods sold.

5. MARKETABLE SECURITIES

Marketable securities consist of small investments in three companies carrying a market value of $415 as of December 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
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	-	774	5,778	-	239,227	-	245,779
Disposals	-	-	(11,732)	-	-	-	(11,732)
Balance, December 31, 2011	1,171,936	138,028	78,203	44,761	1,567,018	1,501,692	4,501,638
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 / impairment for the year	150,921	14,803	10,321	1,182	83,162	1,501,692	1,762,081
Disposals	-	-	(11,732)	-	-	-	(11,732)
Balance, December 31, 2011	781,014	95,491	55,527	5,339	263,796	1,501,692	2,702,859
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 December 31, 2011	$ 390,922	$ 42,537	$ 22,676	$ 39,422	$ 1,303,222	$ -	$ 1,798,779

The impairment charge of $1,501,692 relates to the impairment of construction in progress of a solar grid field in Villalba, Spain, that the Company owned through Betasol. Due to a change in government regulation and cash flow issues with the Company's partner and operator, the Company determined that it is unlikely that the cost incurred in developing the solar grid field will be recovered. The impaired asset was developed to sell solar energy to the government.

(Expressed in US Dollars)

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, December 31, 2011	224,444	136,725	361,169
Accumulated Amortization			
Balance, January 1, 2010	94,610	41,834	136,444
Amortization for the year	14,964	16,793	31,757
Balance, December 31, 2010	109,574	58,627	168,201
Amortization for the year	14,964	8,033	22,997
Balance, December 31, 2011	124,538	66,660	191,198
Carrying Amounts			
At January 1, 2010	$ 129,834	$ 95,641	$ 225,475
At December 31, 2010	$ 114,870	$ 78,098	$ 192,968
At December 31, 2011	$ 99,906	$ 70,065	$ 169,971

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2011	December 31, 2010	January 1, 2010
Trade payables	**$ 1,517,704**	$ 626,778	$ 1,711,474
Payroll related liabilities	**154,172**	112,975	116,039
Accrued liabilities	**34,000**	32,185	28,513
	$ 1,705,876	$ 771,938	$ 1,856,026

9. 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 December 31, 2011, $1,347,825 at December 31, 2010 and $nil at January 1, 2010.

(Expressed in US Dollars)

10. DEFERRED ENERGY CREDIT

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 altenative and 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 year	-	(35,279)	(35,279)
Balance, December 31, 2011	$ 705,588	$ (91,225)	$ 614,363

11. 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 year	-	5,215	5,215
Balance, December 31, 2011	$ 60,410	$ 13,867	$ 74,277

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

(Expressed in US Dollars)

12. SHARE CAPITAL

(a) AUTHORIZED

Unlimited number of common shares, no par value

1 Special voting share, carrying 135,000 votes

(b) COMMON SHARES ISSUED AND OUTSTANDING

	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	1,223,000	249,312
Shares issued on the exercise of stock options	3,291,000	1,166,358
Fair value of stock options exercised	-	798,428
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, December 31, 2011	93,025,421	$ 38,507,720

13. 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 Technologies Inc, OPEL Inc. and Equity Transfer & Trust Company. The special voting share carried 135,000, 1,358,000 and 3,182,97 votes as at December 31, 2011, December 31, 2010 and January 1, 2010 respectively.

14. 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 Technologies Inc. The value ascribed to the 5,972,000 shares to be issued was $1,217,408. Fair value of the remaining 135,000 outstanding Exchangeable Shares at December 31, 2011 was $27,521. (December 31, 2010 - $276,833, January 1, 2010 - $648,861)

	Number of Shares to be Issued	Historical Fair Value
Balance, December 31, 2009	3,182,987	$ 648,861
Exchangeable Shares exchanged into common shares	(1,824,987)	(372,028)
Balance, December 31, 2010	1,358,000	276,833
Exchangeable Shares exchanged into common shares	(1,223,000)	(249,312)
Balance, December 31, 2011	135,000	$ 27,521

15. 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)
Expired	1.88	(7,500,000)	(3,660,585)
Balance, December 31, 2011	$ 0.15	11,839,560	$ 1,813,729

As at December 31, 2011 the following warrants were outstanding:

Number of Warrants	Historical Fair Value ($)	Exercise Price ($)	Expiry Date
10,544,002	1,534,069 (1)	0.48	July 21, 2012
1,295,558	279,660 (1)	0.29	July 21, 2014
11,839,560	1,813,729	0.15	

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

16. 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.

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	(1,886,750)	0.95
Exercised	(3,291,000)	0.35
Granted	3,608,000	0.69
Balance, December 31, 2011	9,532,750	$ 0.63

(Expressed in US Dollars)

16. STOCK OPTIONS AND CONTRIBUTED SURPLUS (Continued)

During 2011, 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 year was $2,327,944 (2010 - $1,066,970).

During 2011, the Company recorded stock-based compensation of $1,803,012 (2010 - $591,859) 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;

	2011	2010
Weighted average risk-free interest rate	**2.59%**	3.12%
Weighted average dividend yield	**0%**	0%
Weighted average volatility	**115%**	114%
Weighted average estimated life	**10 years**	10 years

The weighted average remaining contractual life and weighted average exercise price of options outstanding and of options exercisable as at December 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	451,250	$ 0.16	2.12	451,250	$ 0.16
$0.29 - $0.31	860,250	$ 0.28	7.90	860,250	$ 0.27
$0.34 - $0.37	1,858,750	$ 0.33	8.64	1,311,666	$ 0.33
$0.38 - $0.86	3,525,500	$ 0.56	7.80	1,613,250	$ 0.56
$0.87 - $1.50	2,837,000	$ 1.08	2.94	2,487,000	$ 1.08
	9,532,750	$ 0.63	4.94	6,723,416	$ 0.63

Contributed Surplus

The following table reflects the continuity of contributed surplus:

	Amount
Balance, January 1, 2010	$ 4,723,982
Stock-based compensation	591,859
Fair value of expired warrants	3,181,971
Balance, December 31, 2010	8,497,812
Stock-based compensation	1,803,012
Fair value of stock options exercised	(798,428)
Fair value of expired warrants	3,660,585
Balance, December 31, 2011	$ 13,162,981

(Expressed in US Dollars)

17. LOSS PER SHARE

For the Years Ended December 31,		**2011**		2010
Numerator				
Net loss attributable to equity shareholders	**$**	**(15,161,726)**	$	(7,992,347)
Denominator				
Weighted average number of common shares outstanding		**90,617,014**		70,510,410
Weighted average number of common shares outstanding - diluted		**90,617,014**		70,510,410
Basic and diluted loss per share	**$**	**(0.17)**	$	(0.11)

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 they are anti-dilutive.

18. 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 $311,788 for the year ended December 31, 2011 (2010 - $273,145). Remaining minimum annual rental payments to the lease expiration dates are as follows:

2012	$	197,399
2013 to 2014		162,964
	$	360,363

19. RELATED PARTY TRANSACTIONS

Compensation to key management personnel were as follows:

For the Years Ended December 31,		**2011**		2010
Salaries	**$**	**992,000**	$	1,094,000
Share-based payments (1)		**742,252**		223,347
Total	**$**	**1,734,252**	$	1,317,347

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

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.

(Expressed in US Dollars)

20. 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 are 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.

Segmented information for the year ended December 31, 2011 and December 31, 2010 is as follows:

	2011			2010		
	Opel	**ODIS**	**Total**	Opel	ODIS	Total
Revenue	**$ 5,122,507**	**$ 755,422**	**$ 5,877,929**	$ 539,784	$ 1,107,854	$ 1,647,638
Interest income	**8,374**	**-**	**8,374**	2,901	-	2,901
Cost of goods sold	**8,916,603**	**-**	**8,916,603**	434,627	-	434,627
Operating expenses	**6,439,280**	**1,775,657**	**8,214,937**	6,624,447	1,499,298	8,123,745
Amortization and impairment charge	**1,780,885**	**4,193**	**1,785,078**	229,698	4,193	233,891
Loss attributable to non controlling interest	**107,662**	**-**	**107,662**	29,825	-	29,825
Loss on divestiture of asm	**-**	**-**	**-**	40,572	-	40,572
Segment loss	**11,898,225**	**1,024,428**	**12,922,653**	6,756,834	395,637	7,152,471
Corporate operations			**2,239,073**			839,876
Net loss attributable to equity shareholders			**$ 15,161,726**			$ 7,992,347

Assets and capital expenditures at December 31,

	2011			2010		
	Opel	**ODIS**	**Total**	Opel	ODIS	Total
Total assets	**$ 5,046,615**	**$ 70,743**	**$ 5,117,358**	$ 12,038,741	$ 237,012	$ 12,275,753
Capital expenditures	**$ 244,132**	**$ 1,647**	**$ 245,779**	$ 423,425	$ -	$ 423,425

(Expressed in US Dollars)

20. SEGMENT INFORMATION (Continued)

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

2011

As of December 31,	US	Canada	Europe	Consolidated
Current assets	$ 2,890,651	$ 483,520	$ 60,779	$ 3,434,950
Property and equipment	1,798,779	-	-	1,798,779
Patents and licenses	169,971	-	-	169,971
Investment in Opel Solar Asia Company Limited	197,178	-	-	197,178
	$ 5,056,579	$ 483,520	$ 60,779	$ 5,600,878

2011

	US	Canada	Europe	Consolidated
Year Ended December 31,				
Revenue	$ 5,877,929	$ -	$ -	$ 5,877,929
Cost of goods sold	8,753,420	-	163,183	8,916,603
General and administration	4,535,934	3,755,817	74,115	8,365,866
Research and development	3,888,274	-	-	3,888,274
Investment and other income	(8,374)	(15,052)	-	(23,426)

2010

As of December 31,	US	Canada	Europe	Consolidated
Current assets	$ 8,122,165	$ 4,595,151	$ 645,539	$ 13,362,855
Property and equipment	1,813,389	-	1,501,692	3,315,081
Patents and licenses	192,968	-	-	192,968
	$ 10,128,522	$ 4,595,151	$ 2,147,231	$ 16,870,904

2010

	US	Canada	Europe	Consolidated
Year Ended December 31,				
Revenue	$ 1,645,715	$ -	$ 1,923	$ 1,647,638
Cost of goods sold	418,829	-	15,798	434,627
General and administration	4,406,305	906,390	120,213	5,432,908
Research and development	3,791,062	-	-	3,791,062
Investment and other income	(2,695)	(36,689)	(206)	(39,590)

During 2011, $3,915,960 or 66% of the Company's revenues depended on two customers of OPEL and $755,422 or 13% was dependent on one customer of ODIS. (2010 - $1,039,901 or 63% of the Company's revenues depended on a single customer of ODIS).

21. 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 conolidated financial statements for the years ended December 31, 2011 and December 31, 2010;
(ii) its opening balance sheet on the transition date, January 1, 2010 and;

In preparing these statements, comparative financial results for the year ended December 31, 2010 and the balance sheet as of December 31, 2010 and January 1, 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.

21. 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 (loss) of $2,894,659 and a similar increase to deficit at transition date.

(Expressed in US Dollars)

21. 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:

Reconciliaition of Equity

	December 31, 2010	January 1, 2010
Total equity under GAAP	$ 14,030,667	$ 14,836,399
Differences increasing (decreasing) reported shareholders equity		
Contributed surplus	(152,847)	(3,906)
Deficit	(2,651,111)	(2,890,753)
Accumulated other comprehensive loss	2,803,917	2,894,659
Non-controlling interest	1,811	-
	1,770	-
Total equity under IFRS	$ 14,032,437	$ 14,836,399

(Expressed in US Dollars)

21. 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
Prepaids 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

(Expressed in US Dollars)

21. 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
Prepaids 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

(Expressed in US Dollars)

21. 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, including inventory write off of $35,035	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

	GAAP Balance	IFRS Adjustment	IFRS Balance
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.

(Expressed in US Dollars)

22. 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:

	December 31, 2011	December 31, 2010	January 1, 2010
Fair value through profit or loss, measured at fair value:			
Cash	**$ 1,330,141**	$ 6,629,958	$ 5,027,892
Short-term investments	**-**	304,149	1,971,422
Loans and receivable, measured at amortized cost:			
Accounts receivable	**526,229**	312,043	332,985
Available-for-sale, measured at fair value:			
Marketable securities	**415**	423	403
	$ 1,856,785	$ 7,246,573	$ 7,332,702

Financial instruments recorded at fair value on the balance sheet are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - valuation based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities.
Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly.
Level 3 - valuation techniques based on inputs for the asset or liability that are not based on observable market data.

Cash, short-term investments and marketable securities were determined using level 1 inputs.

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:

	December 31, 2011	December 31, 2010	January 1, 2010
Within 30 days	**$ 331,108**	$ 303,628	$ 260,033
31 to 60 days	**-**	8,415	-
61 to 90 days	**-**	-	22,479
Over 90 days	**195,121**	-	50,473
	$ 526,229	$ 312,043	$ 332,985

22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

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 $52,315.

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 has a loan and security agreement with Silicon Valley Bank ("SVB") in which it may borrow from SVB an amount equating to a maximum of 80% of its outstanding accounts receivables to a maximum of $5,000,000. Interest is charged on the outstanding balance borrowed by the Company at a rate equal to prime plus 1.1%. As at December 31, 2011, the Company had nil owing on this loan and security agreement (December 31, 2010 - Nil, January 1, 2010 - Nil). The Company's existing cash and cash resources are not 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.

23. 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 $54,842,192 at December 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.

24. 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.

(Expressed in US Dollars)

25. INCOME TAXES

The following table reconciles the expected income tax recovery at the Canadian statutory income tax rate of 28% for 2011 and the combined United States and Canadian statutory income tax rate of 41% for 2010 to the amounts recognized in operations.

For the Year Ended December 31,		**2011**		2010
Net loss	**$**	**15,269,388**	$	8,022,172
Expected income tax recovery at combined statutory rates	**$**	**4,275,000**	$	3,289,000
Changes from:				
Amounts not deductible for tax purposes		**(927,000)**		(272,000)
Deductible share issuance costs		**275,000**		314,000
Adjustment of prior year estimates and foreign currency fluctuations and reduction in tax rates		**-**		(244,000)
Change in valuation allowance		**(4,697,000)**		(3,087,000)
Foreign tax differential		**1,074,000**		-
Income tax recovery recognized	**$**	**-**	$	-

The following table reflects future income tax assets at December 31,:

		2011		2010
Resource assets	**$**	**621,000**	$	233,000
Share issue costs		**133,000**		407,000
Canadian non-capital losses		**615,000**		440,000
Canadian capital losses		**429,000**		383,000
US non-capital losses		**16,132,000**		11,314,000
		17,930,000		12,777,000
Valuation allowance		**(17,930,000)**		(12,777,000)
Future income tax assets recognized	**$**	**-**	$	-

In addition to capital losses of $3,064,000 and resource pools of $1,111,000 which have no expiry date, the Company had United States and Canadian tax loss carryforwards of $38,905,712 and $2,046,988 respectively, which will expire between 2014 and 2030 if not used.

26. SUBSEQUENT EVENTS

In April 2012, OPEL entered into a credit agreement for a revolving credit facility of up to $5,000,000 with TCA Global Credit Master Fund, LP. Funds will be made available to the Company on an “as needed basis” on normal commercial terms and an initial draw down of $850,000 was completed. A revolving note and a security agreement create a valid security interest in any Collateral in which the Company has rights, and any Collateral in which the Company hereafter acquires rights, to secure payment and performance of the obligations of the Company. This credit arrangement replaced the line of credit with Silicon Valley Bank announced on November 28, 2011.

This page intentionally left blank

OPEL TECHNOLOGIES INC.
Suite 501, 121 Richmond Street West
Toronto, Ontario M5H 2K1
Tel: 416-368-9411 Fax: 416-861-0749
http://www.opelinc.com