OPEL

TECHNOLOGIES INC.

(Formerly OPEL Solar International Inc.)

Unaudited Consolidated
Financial Statements
6-months ended June 30, 2012

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NOTICE TO SHAREHOLDERS
FOR THE SIX MONTHS ENDED JUNE 30, 2012
(Unaudited and Expressed in US Dollars)

OPEL TECHNOLOGIES INC.

Auditors' involvement

The auditors of Opel Technologies Inc. have not performed a review of the unaudited condensed consolidated financial statements for the three and six months ended June 30, 2012 and June 30, 2011.

OPEL TECHNOLOGIES INC.

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

	(Unaudited) June 30, 2012	(Audited) December 31, 2011
Assets		
Current		
Cash	$ 370,846	$ 1,330,141
Accounts receivable	17,471	526,229
Prepaids and other current assets	3,157	152,162
Inventories (Note 4)	-	1,426,003
Marketable securities (Note 5)	412	415
Assets available for sale (Note 24)	1,530,256	-
	1,922,142	3,434,950
Investment in Opel Solar Asia Company Limited	-	197,178
Property and equipment (Note 6)	28,818	1,798,779
Patents and licenses (Note 7)	45,079	169,971
	$ 1,996,039	$ 5,600,878
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 23)	$ 2,031,769	$ 1,705,876
Product warranty	25,899	25,899
Customer deposits (Note 16)	110,985	-
Loan payable	663,000	-
Disposal group liabilities (Note 24)	673,748	-
	3,505,401	1,731,775
Deferred energy credit (Note 8)	-	614,363
Asset retirement obligation (Note 9)	-	74,277
	3,505,401	2,420,415
Shareholders' Equity		
Share capital (Note 10(b))	38,904,109	38,507,720
Special voting share (Note 11)	100	100
Shares to be issued (Note 12)	27,521	27,521
Warrants (Note 13)	2,593,917	1,813,729
Contributed surplus (Note 14)	13,831,724	13,162,981
Accumulated other comprehensive income	289,666	278,263
Deficit	(57,156,399)	(50,470,735)
Non controlling interest	-	(139,116)
	(1,509,362)	3,180,463
	$ 1,996,039	$ 5,600,878

Commitments and contingencies (Note 17)

On behalf of the Board of Directors

Leon M. Pierhal

Director

Director

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

	Three Months Ended June 30, 2012	Three Months Ended June 30, 2011	Six Months Ended June 30, 2012	Six Months Ended June 30, 2011
Revenue	**$ -**	$ 316,696	**$ -**	$ 654,476
Costs and expenses				
General and administration	**724,099**	666,964	**1,304,689**	1,191,625
Research and development	**233,850**	338,032	**523,614**	683,690
Investment income, including interest	**-**	(11,747)	**-**	(14,791)
	957,949	993,249	**1,828,303**	1,860,524
Net loss from continuing operations	**(957,949)**	(676,553)	**(1,828,303)**	(1,206,048)
Loss from discontinued operations, net of taxes (Note 24)	**(3,480,717)**	(1,437,862)	**(4,857,361)**	(2,917,872)
Net loss	**(4,438,666)**	(2,114,415)	**(6,685,664)**	(4,123,920)
Deficit, beginning of period	**(52,717,733)**	(37,318,514)	**(50,470,735)**	(35,309,009)
Net loss	**(4,438,666)**	(2,114,415)	**(6,685,664)**	(4,123,920)
Deficit, end of period	**(57,156,399)**	(39,432,929)	**$ (57,156,399)**	$ (39,432,929)
Basic and diluted loss per share (Note 15)	**$ (0.05)**	$ (0.02)	**$ (0.07)**	$ (0.05)
Basic and diluted loss per share, continuing operations	**$ (0.01)**	$ -	**$ (0.02)**	$ (0.01)
Basic and diluted loss per share, discontinued operations	**$ (0.04)**	$ (0.02)	**$ (0.05)**	$ (0.04)

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

	Three Months Ended June 30, 2012	Three Months Ended June 30, 2011	Six Months Ended June 30, 2012	Six Months Ended June 30, 2011
Net loss	**$ (4,438,666)**	$ (2,114,415)	**$ (6,685,664)**	$ (4,123,920)
Other comprehensive income - net of income taxes				
Exchange differences on translating foreign operations	**2,876**	45,046	**11,403**	96,291
Comprehensive loss	**$ (4,435,790)**	$ (2,069,369)	**$ (6,674,261)**	$ (4,027,629)

OPEL TECHNOLOGIES INC.
(Expressed in US Dollars)

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

For the Six Months Ended June 30,		**2012**		2011
Share Capital				
Beginning balance	$	38,507,720	$	34,330,441
OPEL Solar Inc. Exchangeable Shares, exchanged into common shares		-		111,711
Funds from the exercise of warrants		-		1,411,780
Funds from the exercise of stock options		6,603		1,119,049
Value assiged to stock options		4,723		764,593
Funds from private placements		1,173,600		-
Share issue costs		(158,349)		-
Fair value of warrants and compensation warrants exercised		-		551,401
Fair value of warrants and compensation warrants issued		(780,188)		-
Common shares issued as finance costs		150,000		-
June 30,		38,904,109		38,288,975
Special Voting Share				
June 30,		100		100
Shares to be Issued				
Deferred share issue costs		27,521		276,833
Exchangeable Shares exchanged into common shares		-		(111,711)
June 30,		27,521		165,122
Warrants				
Beginning balance		1,813,729		6,025,715
Fair value of warrants and compensation warrants issued		780,188		-
Fair value of warrants and compensation warrants exercised		-		(551,401)
June 30,		2,593,917		5,474,314
Contributed Surplus				
Beginning balance		13,162,981		8,497,812
Stock-based compensation		673,466		770,148
Fair value of stock options exercised		(4,723)		(764,593)
June 30,		13,831,724		8,503,367
Accumulated Other comprehensive income				
Beginning balance		278,263		233,495
Other comprehensive loss attributable to common shareholders		11,403		99,957
June 30,		289,666		333,452
Deficit				
Beginning balance		(50,470,735)		(35,309,009)
Net loss attributable to common shareholders		(6,685,664)		(4,123,920)
June 30,		(57,156,399)		(39,432,929)
Total shareholders' equity	$	(1,509,362)	$	13,332,401
Non-controlling interest				
Beginning balance	$	(139,116)	$	(22,950)
Net loss attributable to non-controlling interest		-		(2,169)
Other comprehensive income attributable to non-controlling interest		-		(3,666)
Divestment of non-controlling interest		139,116		-
Ending balance	$	-	$	(28,785)
Total equity	$	(1,509,362)	$	13,303,616

OPEL TECHNOLOGIES INC.

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

For The Six Months Ended June 30,	2012	2011
CASH (USED IN) PROVIDED BY:		
OPERATING ACTIVITIES		
Net loss	**$ (6,685,664)**	$ (4,123,920)
Adjustments for:		
Depreciation of property and equipment	**165**	40
Amortization of patents and licenses	**2,097**	2,097
Stock-based compensation (Note 14)	**673,466**	770,148
Discontinued operations, net of tax	**4,857,361**	2,917,872
Financing fees	**150,000**	-
	(1,002,575)	(433,763)
Net change in non-cash working capital accounts:		
Accounts receivable	**22,595**	9,638
Accounts payable and accrued liabilities	**319,000**	(115,594)
Cash flows from operating activities, continuing operations	**(660,980)**	(539,719)
Cash flows from operating activities, discontinued operations	**(1,967,072)**	(4,116,578)
	(2,628,052)	(4,656,297)
INVESTING ACTIVITIES		
Purchase of short-term investments	**-**	(2,799,370)
Purchase of property and equipment	**(27,500)**	-
Cash flow from investing activities, continuing operations	**(27,500)**	(2,799,370)
Cash flow from investing activities, discontinued operations	-	(1,662)
	(27,500)	(2,801,032)
FINANCING ACTIVITIES		
Proceeds loan payable	**663,000**	-
Issue of common shares for cash, net of issue costs	**1,021,854**	2,530,829
Cash flow from financing activities, continuing operations	**1,684,854**	2,530,829
Cash flow from financing activities, discontinued operations	-	-
	1,684,854	2,530,829
EFFECT OF EXCHANGE RATE CHANGES ON CASH	**11,403**	96,291
NET CHANGE IN CASH, continuing operations	**1,007,777**	(711,969)
NET CHANGE IN CASH , discontinued operations	**(1,967,072)**	(4,118,240)
CASH AND CASH EQUIVALENT, beginning of period	**1,330,141**	6,629,958
CASH AND CASH EQUIVALENT, end of period	**$ 370,846**	$ 1,799,749

1. DESCRIPTION OF BUSINESS

OPEL Technologies Inc. is incorporated in the Province of Ontario. OPEL Technologies Inc. and ODIS Inc. ("ODIS"), a subsidiary of Opel Solar Inc., (collectively, the "Company") develops and markets optical laser and infrared detection using planar “opto” electronic technology ("POET"). Opel Solar Inc. is a wholly owned subsidiary of OPEL Technologies Inc. The Company continues to develop a gallium arsenide microchip and the process to produce it. 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.

The Company has a working capital deficiency of $1,583,259 as of June 30, 2012 compared to working capital of $1,703,175 as of December 31, 2011. 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 immediate 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 (See note 24).

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.

The Company is currently in the process of divesting and discontinuing solar operations (See note 24).

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").

These condensed unaudited interim consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated audited financial statements for the year ended December 31, 2011.

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:

Basis of presentation

These condensed unaudited interim consolidated financial statements include the accounts of Opel Technologies Inc and its subsidiaries. Betasol Energias Alternatives, S.L. ("Betasol") is considered a variable interest entities with either OPEL Solar Inc. or Opel Solar Europe ("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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currency translation

These condensed unaudited interim consolidated financial statements are presented in U.S. dollars ("USD"), 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 in shareholders' equity. Additionally, foreign exchange gains and losses related to certain intercompany loans that are permanent in nature are included in accumulated other comprehensive income.

Financial Instruments

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

The Company's financial instruments include cash, accounts receivable, accounts payable, accrued liabilities and customer deposits. The Company designated its cash as fair value through profit or loss, 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 .

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.

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.

(Expressed in US Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and trackers 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):

New	
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

Old	
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 ("Opel Asia"), a non-publicly traded Company. The Company's investment is measured at cost. The Company continually evaluates its investment in this Company for impairment. During the period, the Company discontinued its solar related operations. The Company's investment in Opel Asia was considered by management to be impaired and was therefore written down to nil.

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. During the period, the Company discontinued its solar operations. The Company recorded an impairment loss on Long-lived assets related to the solar operations of $494,465. There were no impairments during the six months ended June 30, 2011.

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. During the period, the Company discontinued its solar operations and the balance of the the deferred energy credit of $596,723 was reclassified to disposal group liabilities.

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. During the period, the Company discontinued its solar operations, the balance of the the ARO of $77,025 was reclassified to disposal group liabilities.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

3. RECENT ACCOUNTING PRONOUNCEMENTS

The following is a summary of recent accounting pronouncements that may affect the Company.

(i) Financial instruments
IFRS 9, *Financial Instruments,* replaces IAS 39, Financial Instruments: Recognition and Measurement. The new standard requires entities to classify financial assets as being measured either at amortized cost or fair value depending on the business model and contractual cash flow characteristics of the asset. For financial liabilities, IFRS 9 requires an entity choosing to measure a liability at fair value to present the portion of the change in its fair value due to change in the entity's own credit risk in the other comprehensive income rather than in the statement of profit or loss. The new standard applies to annual periods beginning on or after January 1, 2015.

(ii) Presentation of items of other comprehensive income ("OCI")
IAS 1, *Presentation of Financial Statements,* is amended to change the disclosure of items presented in OCI, including a requirement to separate items presented in OCI into two groups based on whether or not they may be recycled to profit or loss in the future. This amendment is effective for years beginning on or after July 1, 2012.

(iii) Fair value measurement
IFRS 13, *Fair Value Measurements*, provides a single source of guidance on how to measure fair value where its use is already required or permitted by other IFRS and enhances disclosure requirements for information about fair value measurements. The new standard is effective for years beginning on or after January 1, 2013.

(iv) Consolidated financial statements
IFRS 10, *Consolidated Financial Statements*, replaces SIC 12, Consolidation – Special Purpose Entities, and the guidance on control and consolidation in IAS 27, Consolidated and Separate Financial Statements. IFRS 10 includes a new definition of control that determines which entities are consolidated,

(Expressed in US Dollars)

3. RECENT ACCOUNTING PRONOUNCEMENTS (Continued)

and requires control of an investee to be reassessed when the facts and circumstances indicate that there have been changes to one or more of the criteria for determining control. This standard is effective for annual periods beginning on or after January 1, 2013.

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

4. INVENTORIES

	June 30, 2012	December 31, 2011
Raw materials	**$ -**	$ 1,090,854
Work in process	**-**	165,216
Finished goods	**-**	169,933
Balance (See note 24)	**$ -**	$ 1,426,003

5. MARKETABLE SECURITIES

Marketable securities consist of small investments in three companies carrying a market value of $412 as of June 30, 2012 and $415 as of December 31, 2011.

6. PROPERTY AND EQUIPMENT

	Machinery and equipment	Furniture and fixture	Office equipment	Leasehold improvements	Solar installations	Construction in progress	Total
Cost							
Balance, January 1, 2011	$ 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
Additions	-	-	27,500	-	-	-	27,500
Reclassification/impairment	(1,171,936)	(138,028)	(76,556)	(44,761)	(1,567,018)	(1,501,692)	(4,499,991)
Balance, June 30, 2012	-	-	29,147	-	-	-	29,147
Accumulated Depreciation							
Balance, January 1, 2011	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
Depreciation / impairment for the period	(781,014)	(95,491)	(55,198)	(5,339)	(263,796)	(1,501,692)	(2,702,530)
Balance, June 30, 2012	-	-	329	-	-	-	329
Carrying Amounts							
At December 31, 2011	$ 390,922	$ 42,537	$ 22,676	$ 39,422	$ 1,303,222	$ -	$ 1,798,779
At June 30, 2012 (See note 24)	$ -	$ -	$ 28,818	$ -	$ -	$ -	$ 28,818

(Expressed in US Dollars)

7. PATENTS AND LICENSES

	Patents	Licenses	Total
Cost			
Balance, December 31, 2011	224,444	136,725	361,169
Disposals/impairment	(224,444)	(73,825)	(298,269)
Balance, June 30, 2012	-	62,900	62,900
Accumulated Depreciation			
Balance, January 1, 2011	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
Amortization/impairment	(124,538)	(48,839)	(173,377)
Balance, June 30, 2012	-	17,821	17,821
Carrying Amounts			
At December 31, 2011	$ 99,906	$ 70,065	$ 169,971
At June 30, 2012 (See note 24)	$ -	$ 45,079	$ 45,079

8. 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 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.

During the period, the Company discontinued its solar operations. The balance in deferred energy credit at the date of discontinuance was reclassified to disposal group liabilities (see Note 24).

Changes to deferred energy credit were as follows:

	Cost	Accumulated Amortization	Balance
Balance, January 1, 2011	$ 705,588	$ (55,946)	$ 649,642
Amortization for the year	-	(35,279)	(35,279)
Balance, December 31, 2011	705,588	(91,225)	614,363
Amortization for the period	-	(17,640)	(17,640)
Reclassified as assets available for sale	(705,588)	108,865	(596,723)
Balance, June 30, 2012 (See note 24)	$ -	$ -	$ -

(Expressed in US Dollars)

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.

During the period, the Company discontinued its solar operations. The balance of the asset retirement obligation at the date of discontinuance was reclassified to disposal group liabilities (see Note 24).

Changes in the asset retirement obligation are as follows:

	Cost	Accumulated Accretion	Balance
Balance, January 1, 2011	$ 60,410	$ 8,652	$ 69,062
Amortization for the year	-	5,215	5,215
Balance, December 31, 2011	60,410	13,867	74,277
Amortization for the period	-	2,748	2,748
Reclassified as assets available for sale	(60,410)	(16,615)	(77,025)
Balance, June 30, 2012 (See note 24)	$ -	$ -	$ -

10. SHARE CAPITAL

(a) AUTHORIZED

Unlimited number of common shares

1 Special voting share, carrying 135,000 votes

(b) COMMON SHARES ISSUED

	Number of Shares	Amount
Balance, January 1, 2011	85,292,514	$ 34,330,441
OPEL Solar Inc. Exchangeable Shares, exchanged into common shares	1,223,000	249,312
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
Shares issued on the exercise of stock options	3,291,000	1,166,358
Fair value of stock options exercised	-	798,428
Balance, December 31, 2011	93,025,421	38,507,720
Shares issued on the exercise of stock options	30,000	6,603
Fair value of stock options exercised	-	4,723
Shares issued on private placement	5,217,392	1,173,600
Fair value of warrants and compensation warrants issued	-	(780,188)
Share issue costs	-	(158,349)
Shares issued as finance costs	500,000	150,000
Balance, June 30, 2012	98,772,813	$ 38,904,109

(Expressed in US Dollars)

10. SHARE CAPITAL (Continued)

On June 8, 2012 and June 22, 2012, the Company closed a first and second tranche of a brokered private placement in the amounts of $496,521 ($507,690 CAD) and $677,079 ($692,310 CAD) respectively. IBK Capital Corp. acted as agent in respect of the issuance and sale of 2,207,348 and 3,010,044 units respectively, at a price of $0.225 ($0.23 CAD) per unit (the “Offering”). Each unit consists of one common share and one-half of a common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company at a price of $0.34 ($0.35 CAD) per share for a period of three years. The agent received commissions in the aggregate of $117,843 ($120,000 CAD) and 521,738 compensation warrants in connection with this Offering. Each compensation warrant entitles the holder to purchase one common share of the Company at $0.225 ($0.23 CAD) per share for a period of four years. Additional costs associated with the offering amounted to $40,506 ($45,305 CAD).

The fair value of the warrants and compensation warrants was estimated using the Black-scholes option pricing model with the following assumptions: dividend yield of 0%, interest rate of 1.08% and 1.17%, volatility of 109% and 120.55% and estimated life of 3 and 4 years. The estimated fair value assigned to the warrants and compensation warrants was $688,852 and $91,336 respectively.

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 Technologies Inc, OPEL Solar Inc. and Equity Transfer & Trust Company. The special voting share carried 135,000 votes as at June 30, 2012 and December 31, 2011 respectively.

12. SHARES TO BE ISSUED

Pursuant to a RTO agreement, the Company was obligated to issue 5,972,000 shares to common shareholders of OPEL Solar 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 June 30, 2012 and December 31, 2011 was $27,521.

	Number of Shares to be Issued	Historical Fair Value
Balance, January 1, 2011	1,358,000	$ 276,833
Exchangeable Shares exchanged into common shares	(1,223,000)	(249,312)
Balance, June 30, 2012 and December 31, 2011	135,000	$ 27,521

13. WARRANTS

The following table reflects the continuity of warrants:

	Average Exercise Price	Number of Warrants	Historical Fair value
Balance, January 1, 2011	$ 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	0.45	11,839,560	1,813,729
Warrants issued	0.34	5,217,392	688,852
Compensation warrants issued	0.23	521,738	91,336
Balance, June 30, 2012	$ 0.42	17,578,690	$ 2,593,917

13. WARRANTS (Continued)

As at June 30, 2012 the following warrants were outstanding:

Number of Warrants	Historical Fair Value ($)	Exercise Price ($)	Expiry Date
10,544,002	1,534,069	0.48	July 21, 2012
1,295,558	279,660	0.29	July 21, 2014
2,207,348	291,436	0.34	June 8, 2015
220,734	38,642	0.22	June 8, 2016
3,010,044	397,416	0.34	June 22, 2015
301,004	52,694	0.22	June 22, 2016
17,578,690	2,593,917	0.42	

These warrants were issued in Canadian dollars and are exercisable at prices ranging from $0.23 CAD and $0.50 CAD.

14. STOCK OPTIONS AND CONTRIBUTED SURPLUS

Stock Options

On June 21, 2011, shareholders of the Company approved amendments to the Company's fixed 20% stock option plan (as amended, referred to as the "2011 Plan"). Under the 2011 Plan, the board of directors may grant options to acquire common shares of the Company to qualified directors, officers, employees and consultants. The 2011 Plan provides that the number of common shares issuable pursuant to options granted under the 2011 Plan and pursuant to other previously granted options is limited to 18,472,000 (the “Number Reserved”). Any subsequent increase in the Number Reserved must be approved by shareholders of the Company and cannot exceed 20% of the number of issued and outstanding shares. Options granted under the 2011 Plan generally vest 25% immediately and 25% every six 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, 2011	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
Expired/cancelled	(4,686,334)	0.57
Exercised	(30,000)	0.21
Granted	7,780,000	0.23
Balance, June 30, 2012	12,596,416	$ 0.41

During the period, the Company granted 7,780,000 (2011 - 1,450,000) stock options to officers, employees and consultants of the Company to purchase common shares at an average price of $0.23 (2011 - $0.98) per share. The fair value assigned to the 7,780,000 (2011 - 1,450,000) options granted during the period was $1,511,962 (2011 - $1,340,383).

During the period, the Company recorded stock-based compensation of $673,466 (2011 - $770,148) relating to vested stock options.

(Expressed in US Dollars)

14. STOCK OPTIONS AND CONTRIBUTED SURPLUS (Continued)

The stock options granted during 2012 and 2011 were valued using the Black-Scholes option pricing model using the following assumptions;

	2012	2011
Weighted average risk-free interest rate	**1.50%**	3.22%
Weighted average dividend yield	**0%**	0%
Weighted average volatility	**116%**	114%
Weighted average estimated life	**6.5 years**	10 years

The weighted average remaining contractual life and weighted average exercise price of options outstanding and of options exercisable as at June 30, 2012 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	7,341,250	$ 0.22	5.72	2,181,250	$ 0.22
$0.28 - $0.31	538,250	$ 0.27	7.71	538,250	$ 0.27
$0.34 - $0.37	1,191,666	$ 0.33	8.14	1,191,666	$ 0.33
$0.38 - $0.86	1,937,250	$ 0.57	8.30	1,256,500	$ 0.57
$0.87 - $1.50	1,588,000	$ 1.13	2.24	1,513,000	$ 1.12
	12,596,416	$ 0.41	5.99	6,680,666	$ 5.73

Contributed Surplus

The following table reflects the continuity of contributed surplus:

	Amount
Balance, January 1, 2011	$ 8,497,812
Stock-based compensation	1,803,012
Fair value of stock options expired	(798,428)
Fair value of expired warrants	3,660,585
Balance, December 31, 2011	13,162,981
Stock-based compensation	673,466
Fair value of stock options exercised	(4,723)
Balance, June 30, 2012	$ 13,831,724

(Expressed in US Dollars)

15. LOSS PER SHARE

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	**2012**	2011
Numerator				
Net loss from continuing operations	**$ (957,949)**	$ (676,553)	**$ (1,828,303)**	$ (1,206,048)
Net loss from discontinued operations	**$ (3,480,717)**	$ (1,437,862)	**$ (4,857,361)**	$ (2,917,872)
Net loss	**$ (4,438,666)**	$ (2,114,415)	**$ (6,685,664)**	$ (4,123,920)
Denominator				
Weighted average number of common shares outstanding	**94,331,950**	90,940,768	**93,682,775**	88,532,276
Weighted average number of common shares outstanding - diluted	**94,331,950**	90,940,768	**93,682,775**	88,532,276
Basic and diluted loss per share, continuing operations	**$ (0.01)**	$ -	**$ (0.02)**	$ (0.01)
Basic and diluted loss per share, discontinued operations	**$ (0.04)**	$ (0.02)	**$ (0.05)**	$ (0.04)
Basic and diluted loss per share	**$ (0.05)**	$ (0.02)	**$ (0.07)**	$ (0.05)

The effect of common share purchase options, warrants, compensation warrants and shares to be issued on the net loss in 2012 and 2011 is not reflected as they are 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 June 30, 2012, the Company had $110,985 in customer deposits and nil at December 31, 2011.

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 $70,081 and $145,279 for the three and six months ended June 30, 2012 (2011 - $79,467 and $156,486 respectively). Remaining minimum annual rental payments to the lease expiration dates are as follows:

2012	$ 172,652
2013 to 2014	90,354
	$ 263,006

(Expressed in US Dollars)

18. RELATED PARTY TRANSACTIONS

Compensation to key management personnel were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	**2012**	2011
Salaries	**$ 188,889**	$ 248,000	**$ 410,889**	$ 496,000
Share-based payments (1)	**362,222**	237,250	**568,511**	326,697
Total	**$ 551,111**	$ 485,250	**$ 979,400**	$ 822,697

(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 Solar Inc. ("Opel")
Opel designs, manufactures and markets multi-axis solar tracking systems to transform solar energy into electricity for worldwide application. Opel's patented multi-axis solar tracking systems are uniquely designed to track the movement of the earth in relation to the position of the sun to substantially increase the performance of any solar panel installation. Opel's tracking systems are capable of increasing the output of fixed solar installations by 10 - 30%. Opel also has a revolutionary wireless communications system that lowers the ongoing costs of operations and maintenance to the installation's owner.

On June 11, 2012, management committed to a plan to discontinue this segment of the Company. As at June 30, 2012, assets relating to this segment has been classified as assets available for sale on the condensed consolidated statement of financial position. Liabilities directly related to these assets were classifed as disposal group liabilities on the condensed consolidated statement of financial position (see Note 24).

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.

(Expressed in US Dollars)

19. SEGMENT INFORMATION (Continued)

Segmented information for the six months ended June 30, 2012 and June 30, 2011 is as follows:

	2012 Opel	2012 ODIS	2012 Total	2011 Opel	2011 ODIS	2011 Total
Revenue	$ -	$ -	$ -	$ -	$ 654,476	$ 654,476
Operating expenses	-	759,371	759,371	-	897,293	897,293
Amortization	-	2,262	2,262	-	2,136	2,136
Loss from discontinued operations	4,857,361	-	4,857,361	2,917,872	-	2,917,872
Segment loss	4,857,361	761,633	5,618,994	2,917,872	244,953	3,162,825
Corporate operations			1,066,670			961,095
Net loss			$ 6,685,664			$ 4,123,920

Segmented information for the three months ended June 30, 2012 and June 30, 2011 is as follows:

	2012 Opel	2012 ODIS	2012 Total	2011 Opel	2011 ODIS	2011 Total
Revenue	$ -	$ -	$ -	$ -	$ 316,696	$ 316,696
Interest income	-	-	27,500	-	-	-
Cost of goods sold	-	-	-	-	-	-
Operating expenses	-	356,926	356,926	-	444,605	444,605
Amortization	-	1,214	1,214	-	1,068	1,068
Loss from discontinued operations	3,480,717	-	3,480,717	1,437,862	-	1,437,862
Loss on divestiture of asm	-	-	-	-	-	-
Segment loss	3,480,717	358,140	3,838,857	1,437,862	128,977	1,566,839
Corporate operations			599,809			547,576
Net loss			$ 4,438,666			$ 2,114,415

Assets and capital expenditures at June 30,

	2012 Opel	2012 ODIS	2012 Total	2011 Opel	2011 ODIS	2011 Total
Total assets	$ 1,530,286	$ 95,880	$ 1,626,166	$ 11,469,538	$ 213,881	$ 11,683,419
Capital expenditures	$ -	$ 27,500	$ 27,500	$ -	$ -	$ -

(Expressed in US Dollars)

19. SEGMENT INFORMATION (Continued)

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

2012

As of June 30,	US	Canada	Europe	Consolidated
Current assets	$ 1,872,720	$ 49,422	$ -	$ 1,922,142
Property and equipment	28,818	-	-	28,818
Patents and licenses	45,079	-	-	45,079
Investment in Opel Solar Asia Company Limited	-	-	-	-
	$ 1,946,617	$ 49,422	$ -	$ 1,996,039

2012

	US	Canada	Europe	Consolidated
Six months ended June 30,				
Revenue	$ -	$ -	$ -	$ -
General and administration	240,390	1,064,299	-	1,304,689
Research and development	523,614	-	-	523,614
Investment income	-	-	-	-

2011

As of June 30,	US	Canada	Europe	Consolidated
Current assets	$ 7,320,468	$ 3,536,448	$ 904,914	$ 11,761,830
Property and equipment	1,686,953	-	1,501,692	3,188,645
Patents and licenses	181,469	-	-	181,469
	$ 9,188,890	$ 3,536,448	$ 2,406,606	$ 15,131,944

2011

	US	Canada	Europe	Consolidated
Six Months ended June 30,				
Revenue	$ 654,476	$ -	$ -	$ 654,476
General and administration	215,739	965,654	-	1,181,393
Research and development	683,690	-	-	683,690
Investment income	-	(4,558)	-	(4,558)

(Expressed in US Dollars)

20. 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:

		June 30, 2012		December 31, 2011
Fair value through profit or loss, measured at fair value:				
Cash	**$**	**370,846**	$	1,330,141
Loans and receivable, measured at amortized cost:				
Accounts receivable		**17,471**		526,229
Loan payable		**663,000**		-
Available-for-sale, measured at fair value:				
Marketable securities		**435**		415
Assets available for sale		**1,530,256**		-
	$	**2,582,008**	$	1,856,785

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 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 accounts receivable. 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.

Exchange Rate Risk
The functional currency of each of the entities included in the accompanying condensed 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 condensed 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 would increase or decrease other comprehensive income by $3,086.

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

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

Liquidity Risk
The Company has a term loan, as amended on July 17, 2012, with the outstanding balance of $663,000. The loan bears interest at an annual rate of 12% and is repayable in monthly instalments of interest and principal of $64,886. 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.

21. CAPITAL MANAGEMENT

In the management of capital, the Company includes shareholders equity (excluding accumulated other comprehensive income, deficit and non controlling interest) and cash. The capital of the Company was $57,258,473 at June 30, 2012. 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.

As per the term loan agreement, the Company must retain assets with a market value sufficient to cover the loan payable. If the assets are sold, the Company must settle the loan payable with the proceeds of the sale of its assets. At June 30, 2012, the Company's assets are sufficient to cover the balance on the loan payable.

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.

22. LOAN PAYABLE

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 ("TCA"). Funds were made available to the Company on an "as needed basis", as long as the Company met the necessary capital and liquidity requirements, 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.

The credit facility was amended on July 17, 2012, with the outstanding balance from the initial draw down being converted into a term loan, payble in monthly principal and interest instalments of $64,886. The loan is due on June 15, 2013. Interest is paid at an annual rate of 12%. The balance outstanding as at June 30, 2012 is $663,000.

In accordance with the loan agreement, the Company issued TCA the share equivalent of $150,000 at $0.30 a share as a financing fee. The shares have a four month hold period before they are tradeable.

(Expressed in US Dollars)

23. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2012	December 31, 2011
Trade payable	**$ 1,903,735**	$ 1,517,704
Payroll related liabilities	**-**	154,172
Accrued liabilities	**128,034**	34,000
	$ 2,031,769	$ 1,705,876

24. DISCONTINUED OPERATIONS

On June 11, 2012, management committed to a plan to discontinue its solar related operations and to dispose of its solar related assets and liabilities. The decision was taken in line with the Company's strategy to focus on the Company's key competencies, being the development of the POET platform which enables the monolithic fabrication of integrated circuits containing both electronic and optical elements, with potential high-speed and power-efficient applications in devices such as servers, tablet computers and smartphones. Consequently, all assets and liabilities relating to the solar operations were classified as "assets held for sale" or "disposal group liabilities".

The comparative condensed consolidated statement of comprehensive loss has been re-presented to show the discontinued operation separately from continuing operations.

The carrying amount of assets and liabilities allocated as "assets held for sale" and "disposal group liabilities" may be analysed as follows:

Accounts receivable	$ 4,839
Inventory	263,572
Equipment	280,000
Solar installations	981,845
Assets held for sale	$ 1,530,256
Deferred energy credit	$ 596,723
Asset retirement obligation	77,025
Disposal group liabilities	$ 673,748

(Expressed in US Dollars)

24. DISCONTINUED OPERATIONS (Continued)

Revenue and expenses, and gains and losses relating to the discontinued activity have been removed from the results of continuing operations and are shown as a single line item on the face of the condensed consolidated statement of comprehensive loss. The operating results of the discontinued operations can be analysed as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	**2012**	2011
Revenue	**$ 169,684**	$ 849,374	**$ 212,879**	$ 1,998,096
Costs and expenses				
Cost of goods sold (1)	**1,332,196**	666,746	**1,375,438**	1,592,336
General and administration (2)	**1,711,737**	1,022,323	**2,705,550**	2,147,578
Research and development	**270,858**	602,275	**655,749**	1,183,584
Investment income, including interest	**(684)**	(4,013)	**(2,791)**	(5,361)
	3,314,107	2,287,331	**4,733,946**	4,918,137
Net operating results from discontinued operations, net of taxes	**(3,144,423)**	(1,437,957)	**(4,521,067)**	(2,920,041)
Loss on divestment of subsidiaries, net of taxes (3)	**(336,294)**	-	**(336,294)**	-
Net loss	**(336,294)**	(1,437,957)	**(336,294)**	(2,920,041)
Loss attributable to non-controlling interest	**-**	95	**-**	2,169
Loss from discontinued operation, net of taxes	**$ (3,480,717)**	$ (1,437,862)	**$ (4,857,361)**	$ (2,917,872)

(1) Cost of goods sold includes inventory write-down of	$ 1,143,011	$ -	$ 1,143,011	$ -
(2) General and administration includes the following:				
Impairment of long lived assets	494,465	-	494,465	-
Uncollectible accounts receivable	195,774	-	195,774	-
Prepaid expenses	127,602	-	127,602	-

(3) The Company divested itself of its interest in Opel Solar Asia Company Limited and Betasol. Due to the losses incurred in these subsidiaries, the Company was unable to identify a buyer for these investments. The Company therefore recorded the following losses on divestment:

Opel Solar Asia Company Limited	$ 197,178	$ -	$ 197,178	$ -
Betasol	139,116	-	139,116	-
Loss on divestment of subsidiaries	$ 336,294	$ -	$ 336,294	$ -

25. SUBSEQUENT EVENTS

On August 1, 2012, the Company closed a third tranche of a previously announced brokered private placement financing of an aggregate 13,043,478 units at a price of $0.23 for gross proceeds of $3,000,000. Each unit consists of one common share and one common share purchase warrant. One full warrant allows the holder to acquire one common share of Opel for a period of three years at an exercise price of $0.35 per share.

The Company completed the third tranche of this financing by issuing 1,554,000 units for gross proceeds of $357,420. Together with the first and second tranches completed in June 2012, a total of $1,557,420 has been raised to date with the remaining $1,442,580 still to be closed. The Company is paying a cash commission equal to 7% of the funds raised and 10% of the units sold in the form of broker warrants. Each broker warrant allows the holder to acquire one common share of OPEL at a price of $0.23 for 48 months.

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