CARMANAH TECHNOLOGIES CORPORATION

Condensed Consolidated Interim Financial Statements
For the six months ended June 30, 2012 and 2011
(Amounts in thousands of U.S. dollars unless otherwise stated)

CARMANAH TECHNOLOGIES CORPORATION

Condensed Consolidated Interim Statements of Financial Position
(Expressed in thousands of U.S. dollars)
(Unaudited)

	Notes	June 30, 2012	December 31, 2011
		$	$
ASSETS			
Cash		2,693	4,190
Restricted cash		450	744
Trade and other receivables		4,428	5,253
Inventories	3	3,200	2,052
Prepaid and other current assets		531	392
Total current assets		11,302	12,631
Equipment and leasehold improvements	4	1,292	1,431
Intangible assets	5	1,528	1,379
Total assets		**14,122**	**15,441**
LIABILITIES AND EQUITY			
Liabilities			
Trade and other payables		5,087	4,173
Provisions		550	660
Deferred revenue		97	9
Current liabilities		5,734	4,842
Equity			
Share capital		34,927	34,742
Equity reserve	8	3,170	3,204
Deficit		(29,709)	(27,347)
Total equity		8,388	10,599
Total liabilities and equity		**14,122**	**15,441**

Commitments and contingencies – note 7

Approved and authorized for issue by the Board of Directors on August 13, 2012

Bruce Cousins, Chief Executive Officer

Robert Cruickshank, Chair of the Board

CARMANAH TECHNOLOGIES CORPORATION

Condensed Consolidated Interim Statements of Loss and Total Comprehensive Loss
(Expressed in thousands of U.S. dollars, except number of share and per share amounts)
(Unaudited)

	Notes	Three months ended June 30, 2012	Three months ended June 30, 2011	Six months ended June 30, 2012	Six months ended June 30, 2011
		$	$	$	$
Revenues		6,063	10,725	11,420	20,277
Cost of sales		4,298	7,444	7,662	13,900
Gross profit		1,765	3,281	3,758	6,377
Operating expenditures					
Sales and marketing		1,138	939	2,137	1,661
Research and development		481	526	840	1,048
General and administrative		1,571	1,692	3,152	3,256
Total operating expenditures	9	3,190	3,157	6,129	5,965
Operating (loss)/income		(1,425)	124	(2,371)	412
Other income/(expenses)					
Other income/(expenditures)		1	(290)	2	(294)
Investment tax credits recognized		-	69	-	130
Terminated Lightech agreement costs	11	-	(88)	-	(184)
Foreign exchange (loss)/gain		(27)	65	7	77
		(26)	(244)	9	(271)
(Loss)/Income before taxes		(1,451)	(120)	(2,362)	141
Income tax expense		-	(54)	-	(157)
Net loss and total comprehensive loss		(1,451)	(174)	(2,362)	(16)
Net loss per share					
Basic and Diluted		(0.03)	(0.00)	(0.05)	(0.00)
Weighted average number of shares outstanding:					
Basic and Diluted (in thousands)		43,348	42,641	43,322	42,615

CARMANAH TECHNOLOGIES CORPORATION

Condensed Consolidated Interim Statements of Changes in Equity
(Expressed in thousands of U.S. dollars, except number of shares)
(Unaudited)

	Notes	Issued capital *# shares*	Issued capital Amount	Equity reserve	Subtotal	Deficit	Total equity
		('000)	$	$	$	$	$
Balance, January 1, 2010		*42,488*	34,350	3,048	37,398	(18,794)	18,604
Net income and comprehensive income		-	-	-	-	(16)	(16)
Share-based payments	8	-	-	173	173	-	173
Shares issued under stock compensation plans		*193*	155	(155)	-	-	-
Balance, June 30, 2011		*42,681*	34,505	3,066	37,571	(18,810)	18,761
Balance, December 31, 2011		*43,074*	34,742	3,204	37,946	(27,347)	10,599
Net loss and comprehensive loss		-	-	-	-	(2,362)	(2,362)
Share-based payments	8	-	-	151	151	-	151
Shares issued under stock compensation plans		*275*	185	(185)	-	-	-
Balance, June 30, 2012		*43,349*	34,927	3,170	38,097	(29,709)	8,388

CARMANAH TECHNOLOGIES CORPORATION

Condensed Consolidated Statements of Cash Flows
(Expressed in thousands of U.S. dollars)
(Unaudited)

	Notes	Six months ended June 30, 2012	2011
OPERATING ACTIVITIES		$	$
Net loss		(2,362)	(16)
Add back (deduct) items not involving cash:			
Amortization		565	533
Investment tax credits recognized		-	(130)
Share-based payments		151	173
Deferred tax expense		-	143
Unrealized foreign exchange (gain) loss		12	128
Increase/(decrease) in working capital and other items	12	70	(1,718)
Net cash used in operating activities		(1,564)	(887)
INVESTING ACTIVITIES			
Purchase of equipment and leasehold improvements		(91)	(93)
Purchase of intangible assets		(124)	(96)
Net cash used in investing activities		(215)	(189)
Foreign exchange effect on cash		(12)	(128)
Decrease in cash		(1,791)	(1,204)
Cash and restricted cash at beginning of period		4,934	5,690
Cash and restricted cash at end of period		3,143	4,486

Supplemental cash flow information in note 12

1. SUMMARY OF BUSINESS AND BASIS OF PREPARATION

1.1. General business description

Carmanah Technologies Corporation (the "Company", "Carmanah") was incorporated under the provisions of the Business Corporation Act (Alberta) on March 26, 1996 and was continued under the provisions of the Business Corporations Act (British Columbia) on August 24, 2009. The Company is in the business of developing and distributing renewable and energy-efficient technologies, including solar-power LED lighting, and solar powered systems and equipment.

Carmanah is a publicly listed company incorporated in Canada with limited liability under the legislation of the Province of British Columbia. The Company's shares are listed on the Toronto Stock Exchange ("TSX"). The Company's head office is located at 250 Bay Street, Victoria, British Columbia, Canada, V9A 3K5. The Company's registered and records office is located at McCarthy Tétrault, LLP, Suite 1300, 777 Dunsmuir Street, Vancouver, British Columbia, V7Y 1K2.

1.2. Basis of preparation and statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Company for the years ended December 31, 2011 and 2010. These condensed consolidated interim financial statements have been prepared on a going concern basis, under the historical cost convention, except for certain financial assets and financial liabilities which are measured at fair value.

Other than items noted below, there have been no changes to the Company's accounting policies from those disclosed in the consolidated financial statements for the years ended December 31, 2011 and 2010.

IFRS 7 Financial instruments: Disclosures which became effective in 2012 had no significant impact.

In June 2012, the Company completed the dissolution of Carmanah Lightech 2010 Ltd, a subsidiary that was incorporated to effect the proposed merger with Lightech Electronics Ltd ("Lightech"). The merger with Lightech was never completed, and the subsidiary was never active.

2. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Certain pronouncements were issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods after June 30, 2012. Pronouncements that are not applicable or do not have a significant impact to the Company have been excluded from the table below.

- The following five new Standards were issued by the IASB in May 2011, and are effective for annual periods beginning on or after January 1, 2013. Early application is permitted if all five Standards are adopted at the same time.
    1. *Consolidated Financial Statements* - IFRS 10 Consolidated Financial Statements ("IFRS 10") will replace existing guidance on consolidation in IAS 27 Consolidated and Separate Financial Statements, and SIC 12 Consolidation – Special Purpose Entities. The portion of IAS 27 that deals with separate financial statements will remain. IFRS 10 changes the definition of control, such that the same consolidation criteria will apply to all entities. The revised definition focuses on the need to have both "power" and "variable returns" for control to be present. Power is the current ability to direct the activities that significantly influence returns. Variable returns can be positive, negative or both. IFRS 10 requires continuous assessment of control of an investee in line with any changes in facts and circumstances.
    2. *Joint Arrangements* - IFRS 11 Joint Arrangements ("IFRS 11") will replace IAS 31 Interests in Joint Ventures, and SIC 13 Jointly Controlled Entities – Non-monetary Contributions by Venturers. IFRS 11

defines a joint arrangement as an arrangement where two or more parties contractually agree to share control. Joint control exists only when the decisions about activities that significantly affect the returns of an arrangement require the unanimous consent of the parties sharing control. The focus is not solely on the legal structure of joint arrangements, but rather on how the rights and obligations are shared by the parties to the joint arrangement. IFRS 11 eliminates the existing policy choice of proportionate consolidation for jointly controlled entities. In addition, the Standard categorizes joint arrangements as either joint operations or joint ventures.

3. *Disclosure of Interests in Other Entities* - IFRS 12 Disclosure of Interests in Other Entities ("IFRS 12") is the new Standard for disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. Matters covered include information about the significant judgments and assumptions that any entity has made in determining whether it has control, joint control or significant influence over another entity.
4. *Separate Financial Statements* - IAS 27 Separate Financial Statements ("IAS 27") has been updated to require an entity presenting separate financial statements to account for those investments at cost or in accordance with IFRS 9 Financial Instruments. The amended IAS 27 excludes the guidance on the preparation and presentation of consolidated financial statements for a group of entities under the control of a parent currently within the scope of the current IAS 27 Consolidated and Separate Financial Statements that is replaced by IFRS 10.
5. *Investments in Associates and Joint Ventures* - IAS 28 Investments in Associates and Joint Ventures ("IAS 28") has been revised and it is to be applied by all entities that are investors with joint control of, or significant influence over, an investee. The scope of IAS 28 Investments in Associates does not include joint ventures.

- IFRS 13 *Fair Value Measurement* ("IFRS 13") was issued by the IASB in May 2011, and is effective for annual periods beginning on or after January 1, 2013. Early application is permitted. IFRS 13 was issued to remedy the inconsistencies in the requirements for measuring fair value and for disclosing information about fair value measurement in various current IFRSs. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, i.e. an exit price.
- The IASB has issued a new standard, IFRS 9, *Financial Instruments* ("IFRS 9"), which will ultimately replace IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). The replacement of IAS 39 is a multi-phase project with the objective of improving and simplifying the reporting for financial instruments and the issuance of IFRS 9 is part of the first phase of this project. IFRS 9 uses a single approach to determine whether a financial asset or liability is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. For financial assets, the approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. IFRS 9 requires a single impairment method to be used, replacing multiple impairment methods in IAS 39. For financial liabilities measured at fair value, fair value changes due to changes in an entity's credit risk are presented in other comprehensive income. IFRS 9 is effective for annual periods beginning on or after January 1, 2015. The Company does not expect the implementation to have a significant impact on the Company's results of operations, financial position and disclosures.
- The IASB has issued an amendment to IAS 1, *Presentation of Financial Statement*s ("IAS 1"), which requires entities to group items presented in other comprehensive income (OCI) on the basis of whether they might at some point be reclassified from OCI to profit or loss at a later date when specified conditions are met. By requiring items of OCI to be grouped on this basis, their potential effect on profit or loss in future periods will be clearer. This amendment is effective for annual periods beginning on or after July 1, 2012 and requires full retrospective application. The Company does not expect IAS 1 to have a material impact on the financial statements.

(Expressed in thousands of U.S. dollars, except number of share and per share amounts)

3. INVENTORIES

	June 30, 2012	December 31, 2011
Finished goods	1,973	1,008
Raw materials	1,828	1,717
Provision for obsolescence	(601)	(673)
Net inventories	3,200	2,052

For the six months ended June 30, 2012, inventory recognized as an expense in cost of sales amounted to $7.2 million (June 30, 2011 - $13.2 million). Included in the above amounts were inventory write downs of $0.1 million (June 30, 2011 - $0.1 million). There were no reversals of previous recorded inventory write downs. As at June 30, 2012, the Company anticipates the net inventory will be realized within one year.

4. EQUIPMENT AND LEASEHOLD IMPROVEMENTS

The Company's equipment and leasehold improvements are broken down as follows:

	Computer hardware	Leasehold improvements	Office equipment	Production equipment	Research and tradeshow equipment	Total
Cost						
Balance December 31, 2010	**857**	**507**	**132**	**796**	**534**	**2,826**
Additions	41	597	48	10	8	704
Disposals	-	(483)	(51)	-	-	(534)
Balance December 31, 2011	**898**	**621**	**129**	**806**	**542**	**2,996**
Additions	80	-	-	-	11	91
Balance June 30, 2012	**978**	**621**	**129**	**806**	**553**	**3,087**
Accumulated amortization						
Balance December 31, 2010	**676**	**464**	**80**	**213**	**219**	**1,652**
Amortization for the period	98	62	17	148	103	428
Disposals	-	(480)	(35)	-	-	(515)
Balance December 31, 2011	**774**	**46**	**62**	**361**	**322**	**1,565**
Amortization for the period	40	62	8	72	48	230
Balance June 30, 2012	**814**	**108**	**70**	**433**	**370**	**1,795**
Carrying amounts						
At December 31, 2011	124	575	67	445	220	1,431
At June 30, 2012	164	513	59	373	183	1,292

(Expressed in thousands of U.S. dollars, except number of share and per share amounts)

5. INTANGIBLE ASSETS

The Company's intangible assets are broken down as follows:

	Patents and trademarks	Software	License rights	Product development assets	Total
Cost					
Balance December 31, 2010	**586**	**2,055**	**-**	**545**	**3,186**
Additions	83	104	-	-	187
Balance December 31, 2011	**669**	**2,159**	**-**	**545**	**3,373**
Additions	34	-	450	-	484
Balance June 30, 2012	**703**	**2,159**	**450**	**545**	**3,857**
Accumulated amortization					
Balance December 31, 2010	**273**	**815**	**-**	**232**	**1,320**
Amortization for the period	91	402	-	181	674
Balance December 31, 2011	**364**	**1,217**	**-**	**413**	**1,994**
Amortization for the period	42	184	18	91	335
Balance June 30, 2012	**406**	**1,401**	**18**	**504**	**2,329**
Carrying amounts					
At December 31, 2011	305	942	-	132	1,379
At June 30, 2012	297	758	432	41	1,528

License rights
In April 2012, the Company signed a five year exclusive cooperation agreement with Laser Guidance Inc. ("LG"). Under this agreement, the Company obtained the exclusive world-wide marketing license for a portfolio of aviation navigation aids designed and manufactured by LG which will enable Carmanah to sell comprehensive airfield solutions. The agreement provides fixed payments to LG totaling $0.45 million to be made over 12 months. In addition, during the term of the agreement, a variable payment of 2% of all airfield revenues that include LG products as part of the purchase order is payable to LG. At June 30, 2012, the Company has recorded an intangible asset of $0.45 million, $0.09 million of which has been paid with the remaining balance accrued as a liability. The total is being amortized on a straight-line basis over the 5 year term of the agreement. No variable payments have been made under the agreement, and those costs will be expensed in cost of sales when the revenue is recognized.

6. CREDIT FACILITIES

The Company's committed operating facility of $10.0 million CDN with the Bank of Montreal ("BMO") was in effect at June 30, 2012, and expired on July 8, 2012. The credit facility carried certain covenants such as earnings thresholds which limit the amounts available. For all periods presented, no funds have been drawn on this facility. The credit facility provided BMO general security over certain assets, mainly inventories and receivables. The Company is in the advanced stages of securing a new credit facility.

7. COMMITMENTS AND CONTINGENCIES

7.1. Commitments
Carmanah has an agreement with a contract manufacturer to build and supply a large portion of its manufactured products. Under this agreement, the Company provides demand forecasts to the contract manufacturer outlining expected sales levels. The contract manufacturer utilizes these demand forecasts to acquire raw materials and inventory to support that demand. If sales are below the forecast, the Company will be required to purchase the excess inventory. At June 30, 2012, the contract manufacturer held approximately $1.0 million (December 31,

(Expressed in thousands of U.S. dollars, except number of share and per share amounts)

2011 - $1.2 million) in inventory and $1.6 million (December 31, 2011 - $2.3 million) in outstanding committed purchase orders.

There have been no significant changes in other contractual obligations since those reported in the consolidated financial statements for the year ended December 31, 2011.

8. SHARE-BASED PAYMENTS

The total compensation expense for the period is outlined in the table below:

	Notes	Three months ended June 30, 2012	2011	Six months ended June 30, 2012	2011
Stock options	8.1	31	26	64	51
Share units	8.2	59	90	87	122
Total compensation expense		90	116	151	173

Currently, all outstanding awards issued are equity settled, although the current plan does allow for cash settlement if elected by the Board of Directors.

The following table provides a reconciliation of the maximum shares issuable under stock based compensation plans as at June 30, 2012:

Available shares (10% of outstanding shares at June 30, 2012)	4,334,855
Less:	
Stock options outstanding at June 30, 2012	2,079,656
Share units outstanding at June 30, 2012	560,633
Number of shares issuable under stock based compensation plans	1,694,556

The details on how these compensation costs were calculated are outlined in the respective sections below.

8.1. Stock options

The following is a summary of the status of the stock options outstanding and exercisable at June 30, 2012 and 2011. The weighted average exercise price is stated in Canadian dollars.

	2012		2011	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, January 1	2,094,156	0.78	1,984,356	1.13
Granted	-	-	5,800	1.00
Forfeited	(14,500)	(0.71)	(524,250)	(1.33)
Expired	-	-	(7,500)	(3.61)
Balance, June 30	2,079,656	0.78	1,458,406	1.05

The following table summarizes the stock options outstanding and exercisable at June 30, 2012. The weighted average exercise price is stated in Canadian dollars:

	Options outstanding			Options exercisable		
Range (exercise price)	Number	WA[1] remaining life[2]	WA[1] exercise price	Number	WA[1] remaining life[2]	WA[1] exercise price
At June 30, 2012						
$0.50 to $0.52	750,000	4.3	$0.50	-	-	-
$0.53 to $0.72	306,000	3.5	$0.53	153,000	3.5	$0.53
$0.73 to $0.96	50,000	1.9	$0.91	50,000	1.9	$0.91
$0.97 to $1.02	823,356	1.5	$1.00	823,356	1.5	$1.00
$1.03 to $1.57	150,300	0.3	$1.39	150,300	0.3	$1.39
	2,079,656	2.7	$0.78	1,123,822	1.6	$0.99

(Expressed in thousands of U.S. dollars, except number of share and per share amounts)

1 WA – weighted average

2 – Life in years

There were no stock options granted in the six months ended June 30, 2012. Using the Black-Scholes option pricing model, the weighted average fair value of the options granted during the period ended June 30, 2011 was $0.09 CDN per share. The option valuations were determined using the following weighted average assumptions:

	Period ending June 30, 2011
Risk-free interest rate	1.7%
Expected dividend yield	0%
Stock price volatility	62.4%
Expected life of options	2.0 years

Stock price volatility was determined solely using the historical volatility of the Company's share price using the same period as the expected life of the options.

8.2. Share units (RSU/PSU/DSU)

During the six months ended June 30, 2012, the Company granted 107,783 Restricted Share Units ("RSUs") (2011 – 237,786) with a weighted average fair value of $0.48 CDN per unit (2011 - $0.56 CDN) and modified the vesting terms of 20,000 (2011 – NIL) RSUs previously granted. There was no incremental value associated with the modification. The Company issued no Performance Share Units ("PSUs") during the six months ended June 30, 2012. During the comparative period in 2011, the Company issued 337,990 PSUs with a weighted average fair value of $0.54 CDN per unit.

A reconciliation of share unit activity during the periods is outlined below:

	Restricted share units	Performance share units	Total share units
Balance January 1, 2012	404,737	323,633	728,370
Granted	107,783	-	107,783
Forfeited	-	(1,000)	(1,000)
Vested and issued	(194,752)	(79,768)	(274,520)
Balance June 30, 2012	317,768	242,865	560,633
Balance, January 1, 2011	407,717	42,500	450,217
Granted	237,786	337,990	575,776
Forfeited	-	(2,000)	(2,000)
Vested and issued	(144,927)	(48,277)	(193,204)
Balance June 30, 2011	500,576	330,213	830,789

Of the share units outstanding at June 30, 2012, 189,434 RSUs and PSUs were vested but not issued. All of these units vested on June 30, 2012 but were issued in early July 2012 as the markets were closed on the vesting date. There were no vested but unissued RSUs at June 30, 2011.

There are no performance criteria for any of the share units outstanding at June 30, 2012 other than continued employment with the Company.

(Expressed in thousands of U.S. dollars, except number of share and per share amounts)

9. OPERATING EXPENDITURES

The components of operating expenditures by nature are outlined below:

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
Salaries, commissions and other direct compensation	1,857	1,902	3,739	3,695
Share-based payments	90	116	151	173
Marketing, advertising and related expenses	93	142	157	246
Development expenses	104	52	152	82
Travel and related expenses	183	176	346	304
Occupancy costs	106	89	213	176
Telecom and IT expenses	179	135	322	295
Professional fees, insurance and public company costs	233	303	412	464
Amortization	253	218	493	458
Bank charges and bad debts	64	1	89	34
Other expenses	28	23	55	38
Total operating expenditures	3,190	3,157	6,129	5,965

Total amortization expense as noted in the statement of cash flows includes amortization classified under cost of sales.

10. SEGMENTED INFORMATION

Carmanah operates in four main industry sectors which are reported on within two reporting segments: the “Lighting” division (Signals and Outdoor Lighting sectors) and the “Solar Power Systems” division (Grid-tie and Mobile sectors).

The Lighting division primarily consists of off-grid LED outdoor signaling (“Signals”) products including solar-powered beacons for marine, aviation, traffic and defense applications, and off-grid LED outdoor lighting (“Outdoor Lighting”) products, used for solar-powered area lighting. The Solar Power Systems division primarily consists of grid-tie solar power systems in the Canadian industrial market (“Grid-tie”), and mobile power systems (“Mobile”) which focuses on the sale of power solutions into the recreational vehicle and work truck/fleet markets.

Management evaluates segment performance based on gross margin as other expenses are not generally allocated to the segments. The segments share certain inventory, equipment and leasehold improvements; therefore management does not classify non-current asset information on a segmented basis.

Three months ended June 30, 2012	Lighting	Solar Power systems	Corporate (unallocated)	Total
Revenue	3,751	2,312	-	6,063
Gross profit	1,195	570	-	1,765
Gross margin %	31.9%	24.7%	-	29.1%
Operating expenses			(3,190)	(3,190)
Operating loss				(1,425)
Other expense				(26)
Loss before taxes				(1,451)

(Expressed in thousands of U.S. dollars, except number of share and per share amounts)

Three months ended June 30, 2011	Lighting	Solar Power systems	Corporate (unallocated)	Total
Revenue	5,646	5,079	-	10,725
Gross profit	2,086	1,195	-	3,281
Gross margin %	36.9%	23.5%	-	30.6%
Operating expenses			(3,157)	(3,157)
Operating income				124
Other expense			(244)	(244)
Loss before taxes				(120)

Six months ended June 30, 2012	Lighting	Solar Power systems	Corporate (unallocated)	Total
Revenue	7,461	3,959	-	11,420
Gross profit	2,617	1,141	-	3,758
Gross margin %	35.1%	28.8%	-	32.9%
Operating expenses			(6,129)	(6,129)
Operating loss				(2,371)
Other income				9
Loss before taxes				(2,362)

Six months ended June 30, 2011	Lighting	Solar Power systems	Corporate (unallocated)	Total
Revenue	11,042	9,235	-	20,277
Gross profit	4,276	2,101	-	6,377
Gross margin %	38.7%	22.8%	-	31.4%
Operating expenses			(5,965)	(5,965)
Operating income				412
Other expense			(271)	(271)
Income before taxes				141

Geographic

For geographical reporting, revenues are attributed to the geographic location in which the customer is located:

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
North America	4,797	8,479	9,144	16,106
South America	346	900	549	1,769
Europe	534	887	1,065	1,410
Middle East and Africa	98	164	206	496
Asia Pacific	288	295	456	496
Total operating expenses	6,063	10,725	11,420	20,277

As at June 30, 2012, substantially all of the assets related to the Company's operations were located in Canada except for inventory on hand in the United States of America of $1.4 million (December 31, 2011 - $1.5 million).

(Expressed in thousands of U.S. dollars, except number of share and per share amounts)

11. LIGHTECH TERMINATION

Terminated Lightech agreement recovery/(costs) captures the expenses and recoveries associated with the attempted acquisition of Lightech Electronic Industries Ltd ("Lightech"). Costs and recoveries incurred in fiscal 2011 related to ongoing litigation surrounding the termination of the associated merger agreement. A settlement was reached in September of 2011.

12. SUPPLEMENTAL CASH FLOW INFORMATION

The following table outlines the changes in non-cash working capital.

	Six months ended June 30,	
	2012	2011
Trade and other receivables	825	(2,454)
Inventories	(1,148)	1,206
Prepaids and other current assets	(139)	21
Trade and other payables	554	(47)
Provisions	(110)	(11)
Deferred revenue	88	(433)
Cash flows from changes in working capital	70	(1,718)