

**OPE HOLDINGS LTD.**

**CONSOLIDATED FINANCIAL STATEMENTS**

**March 31, 2008**  
**(Stated in United States Dollars)**

**( Unaudited )**

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### Notice of Disclosure of Non-Auditor Review of Interim Financial Statements

For the three-month periods ended March 31, 2008 and 2007

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, the interim financial statements must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of the Company for the interim periods ended March 31, 2008 and 2007, have been prepared in accordance with Canadian generally accepted accounting principles and are the responsibility of the Company's management.

The Company's independent auditor, Deloitte & Touche LLP, have not performed a review of these interim consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Dated this 27 day of May, 2008.

**OPE HOLDINGS LTD.**  
**CONSOLIDATED BALANCE SHEETS**  
(Stated in U.S. Dollars)

As at	March 31, 2008	December 31, 2007
<b>ASSETS</b>	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Cash	2,512,592	687,342
Marketable securities	1,648,651	3,218,043
Accounts receivable	7,147,691	10,655,608
Prepaid expenses and deposits	126,684	161,766
Future income taxes	-	43,772
	11,435,618	14,766,531
Property and equipment	945,231	781,231
Other assets	51,808	51,808
Future income taxes	886,499	240,711
<b>TOTAL ASSETS</b>	<b>13,319,156</b>	<b>15,840,281</b>
 <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	4,884,698	4,984,203
Income taxes payable	345,017	200,081
Deferred revenue	0	1,826,313
	5,229,715	7,010,597
Long-term notes payable	29,028	29,028
Future income taxes	(37,488)	22,925
	5,221,255	7,062,550
 <b>COMMITMENTS AND CONTINGENCIES (NOTE 5)</b>		
 <b>SHAREHOLDERS' EQUITY (NOTE 6):</b>		
Share capital	7,138,470	7,138,470
Contributed surplus	214,014	126,236
Retained earnings	745,417	1,513,025
	8,097,901	8,777,731
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>13,319,156</b>	<b>15,840,281</b>

*The accompanying notes are an integral part of these consolidated financial statements.*

**OPE HOLDINGS LTD.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME**  
**(LOSS) AND RETAINED EARNINGS**  
**(Stated in U.S. Dollars)**

<b>QUARTERS ENDED</b>	<b>2008</b>	<b>2007</b>
<b>MARCH 31</b>		\$
Revenues	4,068,743	4,419,050
Interest income	21,306	0
	4,090,049	4,419,050
Direct job costs	2,112,155	2,480,680
	1,977,894	1,938,370
<b>Expenses</b>		
Research and development	677,901	32,052
Selling, general and administrative expenses	2,305,320	1,629,826
Depreciation	74,454	55,098
Interest expense	2,305	43,789
Foreign exchange loss	79,119	0
Other	38,212	3,538
	3,177,311	1,732,251
Income (Loss) Before Income Taxes	(1,199,417)	174,067
Income Tax Expense (Benefit)	(431,809)	174,575
	(431,809)	174,575
<b>Net Income (Loss) and Comprehensive Income (Loss)</b>	(767,608)	(508)
Retained earnings, beginning of year	1,513,025	1,847,669
<b>Retained earnings, end of period</b>	745,417	1,847,161
<b>Earnings per share</b>		
Basic	(0.01)	(0.00)
Diluted	(0.01)	(0.00)

*The accompanying notes are an integral part of these consolidated financial statements.*

**OPE HOLDINGS LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Stated in U.S. Dollars)**

QUARTERS ENDED MARCH 31	<u>2008</u>	<u>2007</u>
		\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income (loss)	(767,608)	(508)
Adjustments to reconcile net income (loss) to net cash from operating activities:		
Depreciation	74,454	55,098
Unrealized gain on marketable securities	(4,115)	0
Future tax benefit	(431,809)	174,575
Stock-based compensation	87,778	0
Changes in non cash balances relating to operations	<u>1,527,287</u>	<u>(1,030,820)</u>
Net cash from operating activities	485,987	(801,655)
<b>CASH FLOWS FROM INVESTING ACTIVITIES-</b>		
Purchases/sales of marketable securities	1,567,268	0
Purchases of property and equipment	<u>(228,005)</u>	<u>(148,055)</u>
Net cash from investing activities	1,339,263	(148,055)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Changes in borrowings under line of credit	0	900,000
Payments on debt	0	0
Share issue costs	0	0
Cash consideration paid to OPE shareholders	0	0
Cash contributed by VenPath	<u>0</u>	<u>0</u>
Net cash from financing activities	<u>0</u>	<u>900,000</u>
<b>Net Change in Cash</b>	1,825,250	(49,710)
Cash, beginning of period	<u>687,342</u>	<u>202,127</u>
<b>Cash, end of period</b>	<u><u>2,512,592</u></u>	<u><u>152,417</u></u>
<b>Supplemental Cash Flow Information:</b>		
Cash paid for interest	544	163,791
Taxes paid	60,413	356,101

*The accompanying notes are an integral part of these consolidated financial statements.*

**OPE HOLDINGS LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Stated in U.S. Dollars)**

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**(1) Description of the Company**

OPE Holdings Ltd. (the "Company") was incorporated on September 9, 1998 under the province of Alberta Business Corporations Act.

The Company provides a broad range of professional engineering services for oil and gas pipelines, platforms and production facilities and is pursuing commercialization of the Company's proprietary floating production storage and offloading SSP® FPSO platform. Such professional services include engineering, design, and architectural services; construction and construction management services provided through offices and subsidiaries located primarily in Houston, Texas, Trinidad and Malaysia. These services are typically performed under contracts for time and materials. The Company periodically enters into cost-reimbursable, cost-reimbursable with a guaranteed maximum price or fixed-price contracts.

**(2) Significant Accounting Policies**

**Basis of presentation**

The accompanying unaudited consolidated financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles on a basis consistent with those followed in the most recent audited consolidated financial statements except as noted below. These consolidated financial statements do not include all the information and footnotes required by generally accepted accounting principles for annual financial statements and therefore should be read in conjunction with the audited consolidated financial statements and notes for the year ended December 31, 2007.

The preparation of the consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect: the reported amounts of assets and liabilities; the disclosure of contingent assets and liabilities at the date of the consolidated financial statements; and the reported amounts of revenue and expenses in the reporting period. Management believes that the estimates and assumptions used in preparing its consolidated financial statements are reasonable and prudent, however, actual results could differ from those estimates.

**CHANGES IN ACCOUNTING POLICIES**

Commencing January 1, 2008, the Company adopted new accounting standards issued by the Canadian Institute of Chartered Accountants (the "CICA") as follows:

**Capital Disclosures and Financial Instruments - Disclosure and Presentation**

In December 2006, the CICA issued three new accounting standards: Section 1535 "Capital Disclosures", Section 3862 "Financial Instruments Disclosure" and Section 3863 "Financial Instruments Presentation".

Section 1535 establishes guidelines for the disclosure of information regarding a company's capital and how it is managed. Enhanced disclosures with respect to the objectives, policies and processes for managing capital and quantitative disclosure about what a company regards as capital are required. Our disclosure is included in Note 11 to the financial statements.

Section 3862 outlines disclosure requirements for financial instruments and places increased emphasis on describing the risks associated with recognized and unrecognized financial instruments and how these risks are managed. Our disclosure is included in Note 8 to the financial statements.

Section 3863 carries forward the presentation requirements from Section 3861 "Financial Instruments Disclosure and Presentation" and did not have an impact on the first quarter 2008 financial statements.

## **Inventories**

The CICA issued a new accounting standard, Section 3031 "Inventories", which requires inventory to be measured at the lower of cost and net realizable value. The standard provides guidance on the types of costs that can be capitalized and requires reversal of previous inventory write-downs if economic circumstances have changed to support the higher inventory values. The Company will adopt this standard beginning November 1, 2008 and has assessed that the new standard will have no impact on the Company's financial statements.

## **RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS**

### **Goodwill and Intangible Assets**

Section 3064, Goodwill and Intangible Assets, will replace Section 3062, Goodwill and Other Intangible Assets, and results in the withdrawal of section 3450, Research and Development Costs and EIC-27, "Revenues and Expenditures in the Pre-operating Period". The standard intends to reduce the differences with International Financial Reporting Standards (IFRS) in the accounting for intangible assets and results in closer alignment with US GAAP. Under current Canadian standards, more items are recognized as assets than under IFRS or US GAAP. The objectives of Section 3064 were to:

- reinforce a principle-based approach to the recognition of costs as assets in accordance with the definition of an asset and the criteria for asset recognition in Section 1000; and
- clarify the application of the concept of matching revenues and expenses in Section 1000 such that the current practice of recognizing as assets items that do not meet the definition and recognition criteria is eliminated

The standard will also provide guidance for the recognition of internally developed intangible assets (including research and development activities), ensuring consistent treatment of all intangible assets, whether separately acquired or internally developed. These changes are effective for fiscal years beginning on or after Oct. 1, 2008, with early adoption encouraged. The Company is evaluating the effects of adopting this standard.

### **International Financial Reporting Standards**

On February 13, 2008, the Canadian Accounting Standards Board confirmed that International Financial Reporting Standards will replace Canada's current generally accepted accounting principles for publicly accountable profit-oriented enterprises for interim and annual financial statements effective January 1, 2011. The Company is evaluating the effects of adopting this standard.

### **(3) Accounting for Reverse Takeover**

On October 31, 2007, VenPath Investments Inc. ("VenPath"), a public company listed on the TSX Venture Exchange, issued 32,222,315 of its treasury common shares and paid \$7,825,000 in cash for the acquisition of 100% of the outstanding securities of OPE, Inc. and OPE International, LP (collectively, the "OPE Entities"). Of the cash due, \$75,000 was paid as a deposit prior to the closing of the transaction. The deemed issue price of the common shares to the OPE Company shareholders was \$0.462 per share. After the acquisition, VenPath formally changed its name to OPE Holdings Ltd.

For accounting purposes, the acquisition is considered a reverse takeover as defined by applicable accounting and securities regulations with the OPE Entities identified as the acquirer and VenPath the

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deemed acquired company. The controlling shareholders of the OPE Entities prior to the transaction became the controlling shareholders of OPE Holdings Ltd. after the transaction.

As a result of the transaction, OPE Holdings Ltd. is now a holding company with two operating subsidiaries, OPE Inc. and OPE International, LP. These entities have further subsidiaries as disclosed in Note 2 above, all of whose operations are consolidated in these financial statements.

Prior to the acquisition and as a condition thereto, VenPath completed a private placement with FirstEnergy Capital Company of 22,000,000 common shares at a price of \$0.60 per share. FirstEnergy Capital Corp. earned an agent's fee of \$858,000 in connection with the private placement and VenPath issued 100,000 warrants to FirstEnergy Community Foundation. The warrants may be exercised to acquire one common share of the Company at any time prior to October 31, 2010 for an exercise price of \$0.60 per share.

As a consequence of applying reverse takeover accounting, these consolidated financial statements present the historical combined financial position and results of operations of the OPE Entities. The acquisition has been accounted for as capital transactions of OPE Holdings Ltd.

The net assets acquired comprised of:

Cash	\$	15,253,463
Accounts payable		<u>(245,122)</u>
Value attributed to shares issued	\$	<u>15,008,341</u>

**(4) Debt**

OPE, Inc. has a revolving line of credit for up to \$3,000,000 with a commercial bank collateralized by accounts receivable. The available amount is limited to 80% of eligible domestic receivables. The credit facility calls for monthly interest payments due at Prime Rate and expires on June 30, 2008. At March 31, 2008, the Company had no outstanding borrowings under this line of credit (December 31, 2007 - \$0).

At March 31, 2008, a loan for a vehicle purchase totaling \$29,028 (2007 - \$29,028, was outstanding. The loan accrues interest at 7.5% (2006 - 8.25% to 8.5%) per annum. The loan outstanding at March 31, 2008 requires no monthly principal or interest payments and is due August 21, 2012 (2007 – requires no monthly principal or interest payments and is due August 21, 2012). The loan is collateralized by the vehicle.

**(5) Commitments and Contingencies**

**Leases** – The Company has operating lease commitments for their primary offices and office equipment. The Company's total rental expense for the quarter ended March 31, 2008 was approximately \$180,000. Future minimum lease payments under non-cancelable operating leases with terms in excess of one year at March 31, 2008 were as follows:

	<u>Years Ending</u>	
	<u>December 31,</u>	
		\$
2008		717,595
2009		733,572
2010		<u>539,256</u>
		<u>1,990,423</u>

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*Litigation* – In the normal course of business, the Company has become party to legal proceedings and claims, primarily as a plaintiff relative to collecting disputed or delinquent accounts receivable for products and services. In the opinion of management, the outcome of these matters will not have a material adverse effect on the financial position of the Company.

The Company is involved in binding arbitration to settle a dispute over unpaid accounts receivable related to a long term, fixed price, design and construction project. The Company has made claims for unpaid amounts due under the fixed price contract as well as additional amounts due for extra work. The arbitration hearing is expected to occur in July 2008. The opposing party has made unspecified claims for damages. The Company believes these claims are without merit and will vigorously defend itself against such claims. Adjustments required, if any, on final settlement of this receivable will be recorded in the period of settlement.

**(6) Equity Instruments**

**Share Capital** – The Company is authorized to issue an unlimited number of voting common shares without nominal or par value. The issued and outstanding common shares of the Company are as follows:

	<b>Common Stock</b>	
	<b>Number of Shares</b>	<b>Amount</b>
		\$
Balance, December 31, 2005	42,000	420
Partners capital	-	896,961
Balance, December 31, 2006	42,000	897,381
Repurchase of shares	(42,000)	-
Reverse takeover accounting (“RTO”)(Note 3):		
Acquisition of VenPath	29,293,667	15,008,341
Adjustment for RTO	32,222,315	-
Cash paid out to OPE Shareholders (Note 3)		(7,825,000)
Share issue costs		(942,252)
	<u>61,515,982</u>	<u>\$ 7,138,470</u>
Balance, December 31, 2007 and March 31, 2008	<u>61,515,982</u>	<u>\$ 7,138,470</u>

**Contributed surplus** – The activity in contributed surplus during the reporting periods follows:

Balance, December 31, 2006	<u>\$ 760</u>
Elimination of investment in OPE Entities	(760)
Stock-based compensation	109,129
Warrants issued	<u>17,107</u>
Balance, December 31, 2007	<u>\$ 126,236</u>
Stock-based compensation	<u>87,778</u>
Balance, March 31, 2008	<u>\$ 214,014</u>

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**Common Share Warrants** – As discussed in Note 3, the Company issued 100,000 warrants to FirstEnergy Community Foundation. The warrants may be exercised to acquire one common share of the Company at any time prior to October 31, 2010 for an exercise price of \$0.60 per share. These warrants were valued at \$17,107 using the Black Scholes option pricing model with the following assumptions: risk-free interest rate of 4.16%, expected life of 3 years, no annual dividends paid, and expected volatility of 29.16%.

**Stock-Based Compensation** – The Company is authorized to issue stock options to directors, officers, employees, consultants and other personnel that in total do not exceed 10% of the Company's issued and outstanding common shares. Options vest at various times and in varying amounts ranging from immediate vesting of options to 20% of the options vesting on each of the first five anniversaries of the option grant date. Stock options have a term of ten years.

Option activity during the quarter March 31, 2008 was as follows:

	Number of Options Outstanding	Weighted Average Exercise Price per Share
		\$
Outstanding at December 31, 2007	3,330,000	-
Granted	382,500	1.10
Cancelled	(37,000)	0.60
Outstanding at March 31, 2008	<u>3,675,500</u>	

Details of outstanding stock options as of March 31, 2008, which expire on October 31, 2017 and January 11<sup>th</sup> and 25<sup>th</sup>, 2018, were as follows:

Exercise Price per Share	Outstanding Options at March 31, 2008	Weighted Average Remaining Term (in Years)	Exercisable Options at March 31, 2008
\$ 0.60	3,293,000	6.4	250,000
\$ 1.10	382,500	6.4	0
Total	3,675,500		250,000

Compensation expense for stock options is recognized using the fair value when the stock options are granted, and is amortized over the option's vesting period. For options granted during the year ended December 31, 2007 and the quarter ended March 31, 2008, the Company used the Black-Scholes option pricing model with the following assumptions: forfeiture rate of 25%, risk-free interest rate of 4.18% to 4.22%, expected life of 5.5 to 7.5 years, no annual dividends paid, and expected volatility of 30.6% to 34.3%.

Total stock-based compensation expense for stock options of \$87,777 has been recognized in the consolidated statement of operations for the year ended December 31, 2007. The fair value of options granted during the quarter that were outstanding at March 31, 2008 was approximately \$77,900 or \$0.203 per option.

**OPE HOLDINGS LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Stated in U.S. Dollars)**

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**(7) Earnings per share**

Under reverse takeover accounting the number of shares outstanding for periods before the date of the reverse takeover is deemed to be the number of shares issued to the former shareholders of the OPE Entities being the total of 32,222,315 common shares. The following is a reconciliation of basic and diluted earnings per share ("EPS") computations for the years ended March 31, 2008 and 2007: All outstanding options and warrants are anti-dilutive as at March 2008.

	<u>2008</u>	<u>2007</u>
Net income	(750,183)	\$ (508)
Basic:		
Weighted average shares outstanding	61,515,982	32,222,215
Diluted:		
Add incremental shares for assumed exercise of outstanding options and warrants	-	-
Total diluted shares	<u>61,515,982</u>	<u>32,222,215</u>
Earnings per share:		
Basic	(0.01)	(0.00)
Diluted	(0.01)	(0.00)

**(8) Financial Instruments and risk management**

Categories of financial assets and liabilities

Under Canadian generally accepted accounting principles, financial instruments are classified into one of the following five categories: held-for-trading, held to maturity investments, loans and receivables, available-for-sale financial assets and other financial liabilities. The carrying values of the Company's financial instruments are classified into the following categories:

	<b>As at March 31, 2008</b>	<b>As at December 31, 2007</b>
Held for trading (1)	\$ 4,161,243	\$3,905,385
Loans and Receivables (2)	7,147,691	10,655,608
Other financial liabilities (3)	5,221,225	7,062,550

(1) Includes cash and cash equivalents.

(2) Includes accounts receivable.

(3) Includes bank indebtedness, accounts payable and accrued liabilities, income taxes payable, deferred revenue and long-term debt.

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies; however, considerable judgment is required to develop these estimates. The fair values of the Company's financial instruments are not materially different from their carrying value.

### **Risks arising from financial instruments and risk management**

The Company's activities expose it to a variety of financial risks; market risk (including foreign exchange and interest rate), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company does not use derivative financial instruments to hedge certain risk exposures. The Company does not purchase any derivative financial instruments for speculative purposes.

Risk management is the responsibility of the corporate finance function. The Company's domestic and foreign operations, along with the corporate finance function, identify and evaluate financial risks. Material risks are monitored and are regularly discussed with the audit committee of the board of directors.

### **Foreign exchange risk**

The Company operates in the U.S.A, Malaysia and Trinidad. The accompanying financial statements are presented in United States dollars. A majority of the Company's revenues is generated in U.S. dollars. In addition, a substantial portion of its costs are incurred in U.S. dollars. Since the U.S. dollar is the primary currency in the economic environment in which the Company operates, the US dollar is its functional and reporting currency.

The Company is exposed to foreign currency rate fluctuation risks as certain revenues and expenses derived from its international operations are denominated in foreign currencies. Also, the Company incurs certain administrative costs in Canadian dollars and as such is exposed to foreign currency rate fluctuation risk with regard to these expenses. Further, the Company's shares are listed on a Canadian Exchange and as such the Company's equity financings are subject to foreign currency rate fluctuations. The Company seeks to maintain cash balances in U.S. dollars. The Company does not otherwise actively manage its exposure to foreign currency rate fluctuations and has not hedged its exposure to currency fluctuations.

### **Interest rate risk**

The Company's interest rate risk mainly arises from the interest rate impact on cash and corporate bonds and long term Notes Payables. The Company has not entered into interest rate swap derivatives. The Company has no policy to manage the proportion of investments or borrowings on a fixed rate basis but is assessing its ability to increase its proportion of fixed rate revolving line of credit.

### **Credit risk**

Credit risk arises from cash and cash equivalents held with banks and financial institutions, as well as credit exposure to clients, including outstanding accounts receivable.

The Company's products and services are concentrated within the oil and gas industries. As a result of this industry focus, the Company's current and future financial performance is largely dependent upon the overall economic conditions within this industry. The Company generally grants unsecured credit to its customers and is not able to predict with certainty the changes in the financial stability of its customers. Any material change in the financial status of any one or group of customers could have a material effect on the Company's results of operations, financial position or cash flows.

**Concentrations of credit risk** – Financial instruments, which potentially expose the Company to concentrations of credit risk, consist primarily of accounts receivable. A significant portion of the Company's customer base includes major engineering, service and operation companies in the oil and gas industry both in the United States and in foreign countries. The Company believes there is no unusual exposure associated with the collection of these receivables other than as disclosed in Note 5. The

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Company performs regular credit assessments of its customers and provides allowances for potentially uncollectible accounts receivable.

The following table demonstrates the outstanding customer balances for March 31, 2008 and December 31, 2007:

	March 31, 2008		December 31, 2007	
	% of Accounts Receivable	Outstanding Balance	% of Accounts Receivable	Outstanding Balance
Customer A	17%	1,216,318	55%	5,861,900
Customer B	25%	1,799,930	17%	1,799,930
Total	54%	3,016,328	72%	7,661,830

Revenues were earned from unaffiliated clients located primarily within the respective geographic areas; the Americas and Asia. The Company had sales to two major customers totaling approximately 35% (20% - Customer A and 15% - Customer B) and 41% (29% - Customer A, 12% - Customer B) of total revenues for the quarters ended March 31, 2008 and 2007, respectively.

At March 31, 2008 and December 31, 2007, a significant portion of the Company's cash was held at two financial institutions.

The maximum exposure to credit risk is equal to the carrying value of the financial assets.

The following table sets forth details of the age of receivables that are not overdue as well as an analysis of overdue amounts and related allowance for the doubtful accounts:

	<b>As of March 31, 2008</b>
	<b>\$</b>
Total accounts receivable	7,699,815
Less: Allowance for doubtful accounts	552,124
Total accounts receivable	7,147,691
Of which	
Not Overdue	3,895,200
Past due for more than one day	3,252,491
Total Accounts Receivable, net	7,147,691

**Liquidity risk**

Liquidity risk arises through excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash and cash equivalents and through the availability of funding from committed credit facilities. As at March 31, 2008, the Company was holding cash and cash equivalents of \$4,160,000 and had undrawn lines of credit available to it of up to \$3,000,000 based on eligible accounts receivable. Based on current and expected obligations, the Company may require additional funding by the third

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quarter of 2008 and will be in discussions with a number of financial institutions and intermediaries regarding financing alternatives.

**Segment Information**

The Company provides a broad range of professional engineering services provided through offices and subsidiaries located primarily in Houston, Texas, Trinidad and Malaysia. All of the Company's operations share similar economic characteristics and similar processes for delivery of services. The Company's operations are highly influenced by the general availability of qualified engineers and other technical professional staff.

Based on these similarities, including consideration of the types of information and internal reports used by management, support a single reportable segment. Accordingly, management has concluded that the Company's operations may be aggregated into one reportable segment for purposes of this disclosure.

The following table presents certain financial information by geographic area for the quarters ended March 31, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
	\$	\$
<b>Revenues:</b>		
Americas	2,895,002	4,368,459
Asia	1,173,741	50,591
Total	<u>4,068,743</u>	<u>4,419,050</u>
<b>Capital Assets:</b>		
Americas	760,941	
Asia	184,290	
Total	<u>945,231</u>	

The Company's Americas region encompasses its operations in North and South America including the Caribbean. Capital assets consist of property and equipment, net of accumulated depreciation.

For 2008, one customer in the Americas had sales totaling approximately 21% of total revenues and one customer in Asia had sales totaling 19% of total revenues.

**(10) Related Party Transactions**

As at March 31, 2008, the Company had an accrued payable to a Director for consulting fees provided of \$58,800 (December 31, 2007 – \$24,000).

The Company recorded revenue from a former owner of approximately in the first quarter 2007 - \$425,000). There was an outstanding balance included in receivables of approximately \$607,000 at March 31, 2008 (December 31, 2007 - \$363,000). This former owner divested itself of substantially all of its investment in the Company as of October 31, 2007.

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**(11) Management of Capital**

The Company defines capital that it manages as the aggregate of its shareholders equity and interest bearing debt. The Company's objectives when managing capital are to ensure that the company will continue as a going concern, so that it can provide products and services to its customers and returns to its shareholders. Additionally, as the SSP hull design progresses, the Company may either raise additional debt or equity financing.

Total managed capital is detailed below.

	<b>March 31, 2008</b>	<b>December 31, 2007</b>	<b>% Change</b>
Total Shareholders Equity	8,097,901	8,777,731	(8.5%)
Total shareholders equity as a % of total capital	99.6%	99.7%	
Short Term debt	0	0	(0%)
Long Term Debt	29,028	29,028	(0%)
Total Debt	29,028	29,028	(0%)
Total debt as a % of total capital	0.4%	0.3%	
Total capital	8,126,929	8,806,759	(8.5%)

\* \* \* \* \*