

MetaPower International, Inc.

2012 Q3 Financial Report

A message from the President

Business Summary

We are pleased to report a successful Q3 for 2012. Our revenue for the year through the end of the third quarter was \$12,334,187, which puts the Company on track to meet our 2012 goal. EBITDA was \$663,418, which is ahead of plan. Our goals for broadening our business are on track. We have added three new customers this year, and have a more robust set of prospect opportunities.

We do not expect to achieve our Current Ratio goal in 2012. This goal required raising additional equity capital into the Company, which we believe now will happen in 2013. We continue to improve our Current Ratio through cash flow from operations.

2012 Performance Goals

- Revenue greater than \$17 million. Through Q3 – \$12,334,187
- EBITDA Income greater than \$800,000. Through Q3 – \$663,418
- Broaden our customer base. Through Q3 – Three new clients engaged.
- Current Ratio better than 1: 1. End of Q3 – 0.43:1

Financial Performance

Revenues for the quarter were \$4,075,196, an increase of 8.3% over 2011. EBITDA for the quarter was \$174,037 which was a 6.3% increase over 2011. Total revenues for the year increased 14.7% over 2011 to \$12,334,187 and Net Profit has increased for the year by 789% to \$389,945. A major contribution to this increase has been the significant reduction in interest costs. Last quarter we reported that we expected to miss our EBITDA goal due to unplanned expenses. These expected expenses will not occur in 2012 therefore EBITDA is expected to exceed our goal of \$800,000.

As reported last quarter, we are proceeding with the consolidation of our two Portland, Oregon area offices into one new location in Vancouver, Washington. However, the estimated relocation costs of \$75,000 will not occur until Q1 2013.

Operational Performance

Operations have continued to be stable with low turnover of personnel, successfully meeting project milestones, with reliable cash flows. We have base business booked out through the end of 2014. We continue to aggressively sell our current suite of services and have added three new customers to our client list this year.

2012 Q3 Report

We are in the process of revising our Noble Production software offering to improve the user experience. We are also developing the training curriculum to be offered with the product and expect to complete the product in Q4. We are revamping our Company branding as part of the new product campaign. Our new logo and message was first used at the Oil Sands Trade Show in Fort McMurray, Canada this quarter. Our website is being updated with the new branding and will be published in Q4. All of this is to prepare for the Noble Production product release in Q1 of 2013.

Business Outlook

We are operating to plan. Revenues and costs are as expected. We are meeting our internal development commitments which will help us to continue to meet our long term business development goals. We are broadening our customer base as well as developing a deeper contract backlog with existing customers. We forecast meeting our planned growth in revenues in 2012 and to continue this growth into 2013 and beyond.

Our next report will be the annual report for 2012. This report will include our 2013 financial and operating goals.

We look forward to continued success and all that it promises to bring to our company and to our shareholders.

Sincerely,

A handwritten signature in cursive script that reads "Kenneth R. Allen".

Kenneth R. Allen
President
MetaPower International, Inc.

METAPOWER INTERNATIONAL, INC.
CONSOLIDATED BALANCE SHEET

	<u>Reviewed</u> <u>September 30, 2012</u>	<u>Audited</u> <u>December 31, 2011</u>
ASSETS		
Current assets:		
Cash	\$ 86,640	\$ 256,086
Accounts receivable	584,897	346,046
Prepaid assets	20,425	183,345
Deferred tax asset - Current portion	59,647	65,811
Other Current asset	8,458	2,874
Total Current assets	\$ 760,067	\$ 854,163
Property and equipment, net	\$ 218,513	\$ 184,409
Other assets:		
Deferred tax asset - Long term portion	\$ 110,773	\$ 122,221
Other misc. assets - Employee advance	10,000	-
Total Other assets	\$ 120,773	\$ 122,221
Total Assets	\$ 1,099,353	\$ 1,160,792
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,239,397	\$ 1,067,320
Credit card payable	16,452	41,462
Accrued interest	95,498	107,290
Deferred revenue	4,167	88,146
Foreign tax liability payable	218,769	245,539
Current portion of employee notes payable	41,665	44,752
Other Current liabilities	135,050	209,000
Total Current liabilities	\$ 1,750,997	\$ 1,803,509
Non-Current liabilities		
Third party notes payable	\$ 130,000	\$ 130,000
Deferred compensation	1,154,023	1,303,645
Long term Employee notes payable	262,679	298,458
Total Non-current liabilities	\$ 1,546,702	\$ 1,732,103
Shareholders' Equity:		
Series A Preferred Stock, \$.00001 par value, 0 and 5,000 shares authorized, issued and outstanding at June 30, 2012 and December 31, 2011.	\$ -	\$ 1
Series B Preferred Stock, \$.00001 par value, 0 and 200,000 shares authorized, issued, and outstanding at June 30, 2012 and December 31, 2011.	\$ -	\$ 2
Common stock, \$.00001 par value, 2,200,000,000 shares authorized; 2,039,834,332 and 2,039,722,608 shares issued and outstanding at June 30, 2012 and December 31, 2011.	\$ 20,398	\$ 20,397
Additional paid-in capital	\$ 108,296	\$ 308,345
Currency Translation Account - Other Comprehensive Income	(104,726)	(97,789)
Accumulated deficit	(2,222,314)	(2,605,775)
Total Shareholders' equity	\$ (2,198,347)	\$ (2,374,819)
Total Liabilities and Shareholders' Equity	\$ 1,099,353	\$ 1,160,792

METAPOWERS INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the 9 months ending September 30,		For the 3 months ending September 30,	
	2012	2011	2012	2011
Sales	\$ 12,334,187	\$ 10,750,993	\$ 4,075,196	\$ 3,761,676
Cost of sales	9,441,291	8,166,842	3,089,441	2,832,357
Gross Profit	\$ 2,892,896	\$ 2,584,151	\$ 985,755	\$ 929,319
Costs and expenses				
General and administrative expenses	\$ 680,157	\$ 670,166	\$ 238,359	\$ 301,570
Human resource expenses	458,546	418,804	169,255	158,208
Marketing expenses	513,657	542,268	198,237	167,575
Research and development expenses	577,118	513,823	205,867	138,199
Depreciation/amortization	42,203	36,566	15,076	12,018
	\$ 2,271,681	\$ 2,181,628	\$ 826,794	\$ 777,571
Income/(Loss) from operations	\$ 621,215	\$ 402,525	\$ 158,961	\$ 151,748
Other income/(expense)				
Interest expense	\$ (48,074)	\$ (323,948)	\$ (16,463)	\$ (90,717)
Exchange gain/(loss)	5,972	3,945	7,672	(852)
Penalties	(9,318)	(7,589)	(103)	-
Other income/(expense)	0	22	0	0
	\$ (51,420)	\$ (327,570)	\$ (8,895)	\$ (91,569)
Net income/(loss)	\$ 569,795	\$ 74,956	\$ 150,067	\$ 60,180
Income tax expense	162,238	3,734	56,764	-
Provision for Income taxes	17,612	27,371	8,533	27,007
Net income/(loss) after taxes	\$ 389,945	\$ 43,851	\$ 84,769	\$ 33,173
Income/(Loss) per common share				
Basic and Diluted	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01
Weighted Average Common Shares Outstanding				
Basic	2,039,797,091	2,037,008,322	2,039,797,091	2,037,008,322
Diluted	2,041,312,242	2,037,008,322	2,041,312,242	2,037,008,322

METAPOWER INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the 9 months ending September 30,		For the 3 months ending September 30,	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Net Income/(loss)	\$ 389,945	\$ 43,850	\$ 84,769	\$ 33,174
Adjustments to reconcile net loss to net cash used in operating activities:				
Depreciation expense	\$ 42,203	\$ 36,566	\$ 15,076	\$ 12,018
Increase/(Decrease) in Deferred tax asset	\$ 2,028	\$ 17,471	\$ 3,491	\$ 17,107
Change in operating assets and liabilities				
(Increase) decrease in:				
Accounts receivable	\$ (238,851)	\$ (270,855)	\$ (61,201)	\$ (178,695)
Employee advance/cash draws	-	-	-	-
Prepaid expenses	162,920	(103,612)	(584)	(20,100)
Increase (decrease) in:				
Accounts payable and accrued expenses	172,077	310,989	35,007	130,422
Credit card payable	(25,010)	24,494	6,633	11,979
Accrued interest	(11,792)	(3,847)	(3,432)	(1,005)
Deferred revenue	(83,979)	70,258	(13,398)	39,871
Income tax liability payable	(26,771)	(23,709)	(2,757)	7,733
Other Current Liability	-	(2,166)	-	-
NET CASH USED IN OPERATING ACTIVITIES	<u>\$ 382,770</u>	<u>\$ 99,439</u>	<u>\$ 63,604</u>	<u>\$ 52,504</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
(Increase)/decrease in following:				
Purchases of equipment and other assets	\$ (76,307)	\$ (54,711)	\$ (19,185)	\$ (22,257)
NET CASH USED IN INVESTING ACTIVITIES	<u>\$ (76,307)</u>	<u>\$ (54,711)</u>	<u>\$ (19,185)</u>	<u>\$ (22,257)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase/(decrease) in following:				
Deferred compensation	\$ (149,622)	\$ (67,703)	\$ (74,654)	\$ (27,483)
Employee notes payable	(38,866)	(35,290)	(11,746)	(17,467)
Short term borrowings for shareholders	(74,000)	-	-	-
Proceeds from issuance of stock	(200,001)	-	-	-
Payment of Dividends	(6,484)	(19,500)	-	(8,666)
Affects from Currency Translation	(6,937)	22,906	721	39,662
NET CASH PROVIDED FROM FINANCING ACTIVITIES	<u>\$ (475,910)</u>	<u>\$ (99,587)</u>	<u>\$ (85,679)</u>	<u>\$ (13,954)</u>
NET INCREASE (DECREASE) IN CASH	\$ (169,447)	\$ (54,859)	\$ (41,260)	\$ 16,293
CASH AT BEGINNING OF PERIOD	<u>\$ 256,086</u>	<u>\$ 93,500</u>	<u>\$ 127,901</u>	<u>\$ 22,351</u>
CASH AT END OF PERIOD	<u>\$ 86,640</u>	<u>\$ 38,642</u>	<u>\$ 86,640</u>	<u>\$ 38,642</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION				
Cash paid during the period for:				
Income taxes	<u>\$ 162,238</u>	<u>\$ 17,401</u>	<u>\$ 56,764</u>	<u>\$ -</u>
Interest	<u>\$ 52,295</u>	<u>\$ 55,213</u>	<u>\$ 16,165</u>	<u>\$ 10,426</u>

METAPOWER INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
FOR THE QUARTER ENDING 9/30/2012

	Comprehensive Income	MetaPower International Inc. Series A & B Convertible Preferred Stock		MetaPower International Inc. Common Stock		Additional Paid-in Capital	Cumulative Translation Adjustment	Retained Earnings (Deficit)	Total Stockholders' Equity
		Shares	Amount	Shares	Amount				
Balance at June 30, 2011		205,000	3	2,034,722,608	20,347	308,394	(123,991)	(2,686,256)	(2,481,503)
Issuance of Series B convertible preferred stock for cash									
Issuance of Series A convertible preferred stock exchanged for common stock									
Conversion of Series B convertible preferred stock for common stock		-	-	-	-	-			-
Dividends						-		(8,666)	(8,666)
Comprehensive income (loss):									
Net income (loss)	33,174							33,174	33,174
Currency translation adjustment	(84,329)						39,662		39,662
	<u>(51,156)</u>								
Balance at Sept 30, 2011		205,000	3	2,034,722,608	20,347	308,394	(84,329)	(2,661,748)	(2,417,333)
Balance at June 30, 2012		-	-	2,039,834,332	20,398	108,296	(105,448)	(2,307,083)	(2,283,837)
Issuance of Series B convertible preferred stock for cash									
Issuance of Series A convertible preferred stock exchanged for common stock					-	-			-
Conversion of Series B convertible preferred stock for common stock		-	-	-	-	-			-
Dividends						-		-	-
Comprehensive income (loss):									
Net income (loss)	84,769							84,769	84,769
Currency translation adjustment	(104,726)						721		721
	<u>(19,957)</u>								
Balance at Sept 30, 2012		-	-	2,039,834,332	20,398	108,296	(104,726)	(2,222,314)	(2,198,347)

MetaPower International, Inc.
Notes to the Consolidated Financial Statements
For The Quarters ended September 30, 2012 and 2011

1. Summary of Significant Accounting Policies

a. Basis of Presentation and Organization – Nature of the Business

MetaPower International, Inc. (the “Company”) provides management consulting services to assist companies in business process management. The Company has developed a software product (“UCoDA”) for use in business process management with the ability to implement, track, and improve any number of business processes.

The Company was formed as a result of a share exchange agreement (the “share exchange”) entered into on March 2, 2007 by and between an entity then called Soy Environmental Products, Inc., a Delaware corporation (“Soy”), and MetaPower, Inc., an Oregon corporation (the “Predecessor”). Under the terms of the Share Exchange, Soy Environmental Products, Inc. (“Soy”), acquired all of the stock of the Predecessor. Soy’s name was subsequently changed to MetaPower International, Inc. The Share Exchange was accounted for as a reverse merger, as the stockholders of MetaPower, Inc. owned a majority of the outstanding shares of common stock following the Share Exchange and controlled the Board of Directors of the Company. As a result of the Share Exchange, the Predecessor is the wholly owned subsidiary of the Company.

MetaPower International, Inc. is deemed to be the accounting acquirer in the reverse merger. Consequently, the assets and liabilities of MetaPower International, Inc. are recorded at their historical cost basis. The financial statements include the assets and liabilities of the Predecessor, the historical operations of the Predecessor, and the Company’s operations from the date of the Share Exchange.

Upon the effective date of the Share Exchange, the Company owned 100% of MetaPower, Inc., which owned 50% of MetaPower Canada, Ltd. MetaPower Canada, LTD. purchased 133 shares of stock and retired it to give MetaPower, Inc. a 75% ownership stake of MetaPower Canada, Ltd. in March 2008. MetaPower Canada, LTD exercised its option to purchase the remaining 25% of shares in December 2008 and subsequently retired the shares, thus giving MetaPower, Inc. 100% ownership of MetaPower Canada, LTD. The Company accounted for their indirect 50% ownership in MetaPower Canada, Ltd. in 2007 under the equity method. Accordingly, the Company recorded its indirect share of the income from MetaPower Canada, Ltd. as earnings in equity of subsidiary on the accompanying statements of operations. The Company continued to account for its investment in MetaPower Canada, Ltd. under the equity method of accounting until the additional 25%

acquisition in 2008, at which time the Company began consolidating the subsidiary in its results.

b. Estimates and Assumptions

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Among the significant estimates impacting the financial statements are those related to income taxes, valuation of intangible assets, and valuation of equity instruments.

c. Principles of Consolidation

The Company and its related subsidiaries are shown as consolidated equals on the financial statements for quarters ending September 30, 2012 and 2011, respectively. All significant intercompany accounts and transactions have been eliminated in consolidation.

d. Recent Accounting Pronouncements

In May 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2011-04, *Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS*. This ASU was issued concurrently with International Financial Reporting Standards ("IFRS") 13 *Fair Value Measurements*, to provide largely identical guidance about fair value measurement and disclosure requirements. The new standards do not extend the use of fair value but, rather, provide guidance about how fair value should be applied where it already is required or permitted under IFRS or U.S. GAAP. This standard is effective prospectively for interim and annual periods beginning after December 15, 2011. The Company does not expect the adoption of this standard to have a material effect on the Company's consolidated financial position, results of operations or cash flows.

In June 2011, the FASB issued ASU No. 2011-05, *Comprehensive Income (Topic 220): Presentation of Comprehensive Income*. This ASU increases the prominence of other comprehensive income in financial statements while eliminating the option in U.S. GAAP to present other comprehensive income in the statement of changes in equity. Under this ASU, an entity will have the option to present the components of net income and comprehensive income in either one or two consecutive financial statements. This ASU is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. The Company does not expect the adoption of this standard to have a material effect on the Company's consolidated financial position, results of operations or cash flows.

In September 2011, the FASB issued ASU No. 2011-08, *Intangibles—Goodwill and Other (Topic 350): Testing Goodwill for Impairment*. This ASU permits an entity to make a qualitative assessment of whether it is more likely than not that a reporting unit's fair value is less than its carrying amount before applying the two-step goodwill impairment test. Under these requirements, an entity would not be required to calculate the fair value of a reporting unit unless the entity determines, based on the qualitative assessment, that it is more likely than not that its fair value is less than its carrying amount. The ASU is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. Early adoption is permitted. The Company does not expect the adoption of this standard to have a material effect on the Company's consolidated financial position, results of operations or cash flows.

In December 2010, the FASB issued ASU No. 2010-29, *Business Combinations (Topic 805): Disclosure of Supplementary Pro Forma Information for Business Combinations*. This ASU specifies that when financial statements are presented, the revenue and earnings of the combined entity should be disclosed as though the business combination that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period only. ASU 2010-29 is effective for business combinations with acquisition dates on or after January 1, 2011. The Company adopted this update in fiscal 2011.

e. Accounting Standards Codification

The Company follows accounting standards set by the Financial Accounting Standards Board (the "FASB"), which establishes generally accepted accounting principles ("GAAP") that are followed in reporting financial condition, results of operations, and cash flows. References to GAAP issued by the FASB in these notes are to the *FASB Accounting Standards Codification*, referred to as the Codification or ASC. The Codification replaced and incorporated (but did not change) accounting guidance previously issued by various accounting sources through specific pronouncements.

f. Concentration of Credit Risk

The Company performs services for customers in the United States and Canada. For the quarters ended September 30, 2012 and 2011 international sales, primarily to a single customer in Canada, accounted for approximately 98.59% and 97.96% of total sales, respectively. Approximately 92.43% and 100% of Accounts Receivable is due from one customer at September 30, 2012 and December 31, 2011, respectively. Management believes that the risk of loss on its accounts receivable is minimal, due to client being associated with the Company since inception and has always shown a propensity to remit payment in a timely matter, therefore, no allowance for doubtful accounts has been recorded.

Financial instruments that potentially subject the Company to concentrations of credit risk consist of temporary cash investments. The Company periodically maintains balances in excess of the federally insured limit set by the FDIC for cash in USD and the CDIC for cash in CAD. Management is aware and accepts a slight risk in being

overbalanced by the \$250,000 USD threshold set by the FDIC and the \$100,000 CAD threshold set by the CDIC.

g. Revenue Recognition

The Company recognizes revenue in accordance with Staff Accounting Bulletin No. 104, "Revenue Recognition in Financial Statements". This statement established that revenue can be recognized when persuasive evidence of an arrangement exists, the services have been delivered, all significant contractual obligations have been satisfied, the fee is fixed or determinable and collection is reasonably assured. Revenues are earned from consulting projects based on the time incurred and out of pocket reimbursed expenses incurred on each project. The Company invoices its Canadian client weekly as the services are performed under each contract.

For its United States clients, the Company issues invoices in advance of work performed, creating a deferred revenue liability reported on the balance sheet. The Company recognizes revenue for work performed over the life of the contract on a monthly basis.

h. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Companies consider all highly liquid investment instruments with an original maturity of three months or less to be cash equivalents. For consolidation and reporting purposes, all currency noted in financial statements and footnotes is said to be USD.

i. Foreign Currency Translation and Revaluation

All assets and liabilities denominated in foreign currencies are translated at the exchange rate on the balance sheet date. Revenues, costs and expenses are translated at average rates of exchange prevailing during the period. Balance Sheet translation adjustments are reported in Other Comprehensive Income as a part of Stockholder's Equity. An end of year income adjustment to Canadian Net Income is made to state Canadian Net Income in USD; this charge is reported as a function of Exchange gain/(loss) on the Consolidated Statement of Operations. This charge is made to have consolidated net income roll forward properly in Retained Earnings from year to year. The primary business structure of the Company is such that the functional currency is CAD; however the reporting currency is USD.

j. Deferred Compensation

The Company currently has Deferred Compensation on its books for current and prior employees. The company is taking steps to reduce this amount of compensation and has mutually agreed upon payment terms with individuals on how they are being reimbursed.

k. Research and Development

The Company is currently undertaking development of software that utilizes its UCoDA patent technology. The majority of the expense related to Research and Development is labor related, however, there are costs related to travel and other expenses.

l. Income Taxes

The Company accounts for income taxes using the asset and the liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and net operating loss and credit carryforward. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be reversed or settled.

The Company establishes liabilities or reduces assets for uncertain tax positions when the Company does not believe that it is more likely than not that certain tax positions may be capable of being sustained upon audit. The amount we recognize is measured as the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. We record a liability for the difference between the benefit recognized within the financial statements and the tax position taken or expected to be taken on our tax return. To the extent that our assessment of such tax positions changes, the change in estimate is recorded in the period in which the determination is made.

3. Net Income (loss) Per Share

Basic net income (loss) per share is computed using the weighted average number of common shares outstanding during the year. Diluted net income (loss) per share is computed using the weighted average number of common shares outstanding and, where dilutive, the assumed conversion of series A preferred stock and convertible notes into common stock. Following is a reconciliation of the shares used in computing basic and diluted net income (loss) per share for the third quarter ended September 30, 2012, and 2011.

	2012	2011
Shares used in computing basic income (loss) per share	2,039,834,332	2,034,722,608
Assumed conversion of series A preferred stock	-0-	2,285,714
Assumed conversion of convertible notes payable		
Shares used in computing dilutive income (loss) per share	<u>2,039,834,332</u>	<u>2,037,008,322</u>

Antidilutive securities not included in dilutive net income (loss) per share calculation:				
Series A preferred stock			-	-
Convertible notes payable			-	-
Net Income/(Loss)		\$ 84,769		\$ 33,174
Weighted Average Common Shares Outstanding				
Basic		2,039,797,091		2,037,008,332
Diluted		2,039,797,091		2,037,008,332
Gain/(Loss) per Share - Basic		\$ 0.01		\$ 0.01
Gain/(Loss) per Share - Diluted		\$ 0.01		\$ 0.01

4. Property and Equipment

Depreciation of property and equipment is provided using the straight-line method over the following estimated useful lives:

Computer equipment and software	1 – 3 years
Furniture and fixtures	5 – 7 years

The specific breakout of the Company's Fixed Asset listing and accompanying Accumulated Depreciation and Amortization schedules is as follows for the periods ending September 30, 2012 and December 31, 2011 are as follows:

September 30, 2012

Fixed Asset Listing		Net Value
Computer Software	\$131,489	
Less: Acc. Dep	(123,192)	\$8,297
Computers	55,327	
Less: Acc. Dep	(29,838)	25,489
Office Furniture	3,531	
Less: Acc. Dep	(1,559)	1,972
Data Center	55,242	
Less: Acc. Dep	(6,507)	48,735
UCoDA Patent	134,020	134,020
Total Fixed Assets (net)		\$ 218,513

December 31, 2011

Fixed Asset Listing		Net Value
Computer Software	\$131,489	
Less: Acc. Dep	(96,044)	\$35,445
Computers	37,114	
Less: Acc. Dep	(21,789)	15,325
Office Furniture	3,531	
Less: Acc. Dep	(1,060)	2,472
Data Center	34,818	
Less: Acc. Dep	(-)	34,818
UCoDA Patent	96,350	96,350
Total Fixed Assets (net)		\$ 184,409

Depreciation/Amortization expense for the third quarter of 2012 and 2011 was \$15,076 and \$12,018, respectively. Once the UCoDA patent is placed in service and a part of operations, the Company will amortize over a straight line basis over its respective useful life. The Company values the carrying cost of its assets at either lower of cost or market value. All assets currently listed as of September 30, 2012 have been recorded at its cash value of acquisition and no write down due to market conditions has taken place.

5. Deferred Compensation

The Company has \$1,154,023 and \$1,303,645 of deferred compensation due to officers and employees of the Company at September 30, 2012 and December 31, 2011, respectively. These amounts do not bear interest and will be paid at such time as the Company has funds available to pay the obligations.

6. Related Party Notes

Shareholder and Officer Notes Payable

The Company has notes payable to various officers and shareholders amounting to \$304,345 and \$339,877 at September 30, 2012 and December 31, 2011, respectively. The shareholder and officer notes payable have interest accruing at 12% per annum. These notes are unsecured obligations. Current portion of the notes payable owed in the subsequent years following September 30, 2012 and December 31, 2011 are \$41,665 and \$41,419, respectively. The total shareholder and office note payable commitments for the five years subsequent to September 30, 2012 are as follows:

Quarters Ending September 30:

Shareholder
Notes
Payable

2012	41,665
2013	31,899
2014	35,945
2015	40,504
2016 and beyond	<u>154,332</u>
Total	<u>\$ 304,345</u>

Total cash disbursements made to controlling shareholders in third quarter ending 2012 and 2011 was \$115,571 and \$130,576, respectively.

Other Related Party Notes Payable

The Company has two notes payable outstanding at September 30, 2012 and December 31, 2011 totaling \$130,000 and \$133,333, respectively. The notes accrue interest at 12% per annum, and have \$55,093 and \$64,785 of accrued interest outstanding at September 30, 2012 and December 31, 2011, respectively.

7. Convertible Notes Payable

The Company has convertible notes payable (“Convertible Notes”) outstanding totaling \$135,000 at September 30, 2012 and December 31, 2011, respectively. The conversion ratio is calculated as the principal amount plus accrued interest of each note, divided by the conversion price then in effect. The Convertible Notes were mandatorily convertible into shares of common stock upon the Company’s common shares becoming freely trading. Litigation was brought against the Company in 2010 against the validity of the Convertible Notes Payable and a settlement was tentatively agreed upon in October 2010. The Company will pay \$40,000 cash against these notes and recognize the balance of principal and accrued interest as debt forgiveness when a final settlement is reached. A final settlement has not been reached. Accrued interest on the Convertible Notes of \$40,406 is outstanding at September 30, 2012 and December 31, 2011, respectively.

8. Commitments and Contingent Liabilities

The Company leases their facilities under non-cancellable operating leases expiring in February 2013. The total minimum lease commitments for the five years subsequent to September 30, 2012 are as follows:

Quarters Ending September 30:	Operating Leases
	<hr/>

2012	5,250
2013	2,872
	<hr/>
Total	<u>\$11,445</u>

Rental agreements for office spaces are on a month to month basis with no automatic renewal clause. The Company expects to rent space in the future but had not signed any lease agreement at the date of the issuance of the financial statements.

9. Capital Stock

Preferred Stock

Shareholders of the Company exchanged 1,605,097,000 shares of Common Stock for 16,050,970 shares of Series A Convertible Preferred Stock during 2008. Additionally, the Company issued 200,000 shares of Series B Preferred Stock at \$1 per share in December 2008. In 2009 shareholders reconverted 1,631,779 shares of Series A Preferred Stock to 103,000,348 shares of Common Stock. In 2010 shareholders reconverted 14,414,191 shares of Series A Preferred Stock to 1,915,576,022 shares of Common Stock. The par value of both Series A and Series B is \$.00001 per share, and the authorized shares for issuance of Series A Preferred Stock and Series B Preferred Stock are 20,000,000 and 1,000,000, respectively. The rights, preferences, privileges and other matters relating to the two series of preferred stock are as follows:

Dividends – The Series B Preferred Stock accrues dividends monthly at \$.010833 per share of outstanding Series B Preferred Stock. The dividends are payable each month. The holders of Series A Preferred Stock participate equally with holders of the Company's Common Stock with respect to dividends, if and when declared by the Board of Directors. No dividends have been paid with respect to the Series A Preferred or the Common Stock, and \$0 and \$6,500 of dividends were paid with respect to the Series B Preferred during the quarters ending September 30, 2012 and 2011, respectively.

Redemption – Each share of Series B Preferred Stock is redeemable at the option of the Company beginning after December 15, 2009. The redemption price is the original issuance price of the Series B Preferred Stock, amounting to \$1.00 per share at December 31, 2008. In January, 2012, the remaining 5,000 outstanding shares of Series A Preferred Stock were subjected to mandatory redemption. The Company also exercised its option to redeem all 200,000 shares of Series B Preferred stock during first quarter of 2012 and subsequently retired all shares. As a result of these actions, at this time there are no outstanding shares of either Series A Preferred Stock or Series B Preferred Stock.

Conversion – Each share of Series A Preferred Stock is convertible, at the option of the holder, at any time after March 15, 2009, into such number of shares of Common Stock as is determined by dividing the initial value of the Series A Preferred Stock (\$1.00 at issuance and December 31, 2008) by the conversion price in effect at the

time of conversion. The conversion price is calculated based on the average closing bid price of the Company's Common Stock of the 10 trading days prior to the conversion. The Series B Preferred Stock is not convertible.

Liquidation – In the event of any liquidation, dissolution or winding up of the Company, either voluntary or involuntary, assets or funds would be distributed ratably to the Series A Preferred stock holders and common stockholders.

Voting – The holder of each share of Series A Preferred Stock has the right to one vote for each whole share of Common Stock into which such holder's shares of Series A Preferred Stock would be convertible on the record date for the vote.

Common Stock

111,724 shares of Common Stock issued were issued in first quarter 2012. No shares were issued during fiscal year 2011, nor was there a change in the amount the Company was authorized to issue in second quarter 2012 and during fiscal year 2011, respectively

10. Income Taxes

Income taxes are paid to the respective tax authorities in the segment's functional currency. The corporate income tax rate for Canada and Alberta is 15% and 10% for the quarter ending September 30, 2012, and 16.5% and 10% for the year ending December 31, 2011, respectively.

The Company booked a deferred tax asset for \$886 to recognize a consolidated 35% United States federal and an \$18,499 provision for 6.6% State/Local income tax expense. This provision may be adjusted up or down depending on future gain or loss positions.

	September 30, 2012	December 31, 2011
Current tax expense:		
Federal	\$143,531	\$10,500
Provincial	6,609	6,087
State/Local	11,900	6,432
	<u>\$162,041</u>	<u>\$23,019</u>
Deferred tax expense:		
Federal (35%)	\$(886)	\$63,721
Provincial	-	-
State (6.6%)	18,498	12,013
	<u>\$17,612</u>	<u>\$75,737</u>

The following is a summary of the Company's deferred tax assets and liabilities at September 30, 2012 and December 31, 2011, respectively:

	September 30, 2012	December 31, 2011
Deferred Tax Asset		
Unadjusted balance	\$188,031	\$263,768
Provision	17,612	75,737
	<u>\$170,419</u>	<u>\$188,031</u>
Reconciliation		
Current (35% of tax asset)	\$59,647	\$65,811
Long-term (65% of tax asset)	110,772	122,220
	<u>\$170,419</u>	<u>\$188,031</u>

11. Concentration of Revenue

The Company has one customer in Ft. McMurray, Alberta that accounts for approximately 98.59% and 97.96% of total sales for third quarters ending September 30, 2012 and 2011, respectively.

12. Revenue Reporting

During third quarters 2012 and 2011, the three individual companies had the following revenues in their individual segments, respectively:

9/30/2012	MetaPower, Inc.	MetaPower Canada, LTD	MetaPower Int'l, Inc.	Total of Segments
Revenues	\$13,398	\$4,061,798		\$4,075,196
COGS		3,089,441		3,089,441
General/Administrative		811,718		811,718
Operating Income/(Loss)	13,398	160,639		174,037
Other Income/(Expense)		7,672		7,672
ITDA	15,076	73,331	\$8,533	96,940
Net Income/(Loss)	<u>\$(1,678)</u>	<u>\$94,980</u>	<u>\$(8,533)</u>	<u>\$84,769</u>

9/30/2011	MetaPower, Inc.	MetaPower Canada, LTD	MetaPower Int'l, Inc.	Total of Segments
Revenues	\$76,796	\$3,684,880		\$3,761,676
COGS		2,832,357		2,832,357
General/Administrative		765,552		765,552
Operating Income/(Loss)	76,796	86,972		163,768
Other		(852)		(852)

Income/(Expense)				
ITDA	12,018	90,717	\$27,007	129,742
Net Income/(Loss)	<u>\$64,777</u>	<u>\$(4,597)</u>	<u>\$(27,007)</u>	<u>\$33,174</u>

13. Subsequent Events

Litigation was brought against the Company in 2010 against the validity of the Convertible Notes Payable, and a settlement was tentatively agreed upon in October 2010. The Company will pay \$40,000 cash against these notes and recognize the balance of principal and accrued interest as debt forgiveness when a final settlement is reached. As of September 30, 2012, a final settlement has not been reached.

The Company has entered into a Letter of Intent with a property management company for new office space. The Company plans to consolidate its current offices in Vancouver, Washington and Portland, Oregon with an expected move in date of March 2013.

Management has determined that there are no further events subsequent to the balance sheet date that should be disclosed in these financial statements.