eurocontrol
TECHNICS GROUP

Management's Discussion and Analysis

For the three and six months ended June 30, 2011

(in Canadian dollars unless otherwise noted)

The following Management's Discussion and Analysis ("MD&A") provides a discussion and analysis of the operations, results, and financial condition of Eurocontrol Technics Group Inc. ("Eurocontrol" or the "Company") for the three and six months ended June 30, 2011. This discussion, dated August 29, 2011, should be read in conjunction with the unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2011 and the audited financial statements for the year ended December 31, 2010, together with notes thereto. Commencing January 1, 2011, the Company reported under International Financial Reporting Standards ("IFRS"). The unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2011 have been prepared in accordance with IFRS with comparative information for 2010 restated under IFRS. Please refer to the Notes of the March 31, 2011 condensed consolidated interim financial statements for disclosure of the Company's significant accounting policies. Further information about the Company and its operations is available online under the Company's profile at www.sedar.com.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Canadian Accounting Standards Board requires publicly accountable enterprises to adopt IFRS for fiscal years beginning on or after January 1, 2011. Accordingly, the Company's consolidated interim financial statements for the six months ended June 30, 2011 have been prepared in accordance with IFRS as published by the International Accounting Standards Board.

For each reporting period in 2011, the Company will also present comparative information for 2010, both for interim and annual financial statements, as applicable, on an IFRS basis. The consolidated financial statements for the year ending December 31, 2011, will be the first annual financial statements that comply with IFRS. As this will be the first year of reporting under IFRS, First time Adoption of IFRS ("IFRS 1"') is applicable.

In accordance with IFRS 1, the Company has applied IFRS retrospectively as of January 1, 2010 (the Transition Date) for comparative purposes. In preparing the opening balance sheet in accordance with IFRS, the Company has adjusted amounts reported previously in the financial statements prepared in accordance with pre-conversion Canadian GAAP (for detailed information see Changes in Accounting Policies).

For further information, please refer to the Company's Condensed Interim Consolidated Financial Statements and Notes for the three and six months ended June 30, 2011.

A Cautionary Note Regarding Forward-looking Information

Except for statements of historical fact contained herein, the information in this press release constitutes "forward-looking information" within the meaning of Canadian securities law. Such forward-looking information may be identified by words such as "plans", "proposes", "estimates", "intends", "expects", "believes", "may", "will" and include without limitation, statements regarding the future operating and financial performance of the Company, the execution of this agreement and its implementation and the impact of this agreement on the performance of the Company. There can be no assurance that such statements will prove to be accurate; actual results and future events could differ materially from such statements. Factors that could cause actual results to differ materially, include, among others, competition risks, execution risks, country risks, and lack of a history of profitability. Most of these factors are outside the control of the Company. Investors are cautioned not to put undue reliance on forward-looking information. Except as otherwise required by applicable securities statutes or regulation, the Company expressly disclaims any intent or obligation to update publicly forward-looking information, whether as a result of new information, future events or otherwise.

BUSINESS OVERVIEW AND STRATEGY

Eurocontrol is a Canadian listed public company with its shares traded on the TSX Venture Exchange under the symbol "EUO". The Company participates in the energy security and authentication markets globally. The Company through its wholly owned subsidiaries Global Fluids International S.A. ("GFI"), and Xenemetrix Ltd. ("Xenemetrix") continues to deploy several Petromark™ marking programs and marketing efforts for its X-Ray Fluorescent ("XRF") analyzer systems in various countries. The Company continues to build-out its XRF systems and hydrocarbon authentication programs.

EXECUTIVE SUMMARY

During the three months ended June 30, 2011, the following occurred at Eurocontrol:

- On June 15, 2011, the Company announced it has signed an exclusive distribution agreement with Veretex Technics ("Veretex") of Spain. Veretex markets, distributes and installs equipment for laboratory research and is the second largest scientific equipment sales organization in Spain. Pursuant to this agreement, Veretex has been granted exclusive rights to promote and distribute Xenemetrix's products in Spain.

- On June 29, 2011, the Company announced that it had received approval from the Romanian government to sell its Energy-Dispersive X-Ray Fluorescence ("EDXRF") technology in the country. This approval opens new horizons in a developing country - the Romanian market for EDXRF analyzers is expected to grow significantly in the next three years and Xenemetrix is well poised to meet the expected demand increase for its technologies.

RECENT DEVELOPMENTS

- On July 18, 2011, the Company announced a private placement of up to 15,000,000 common shares (the "Shares") at a price of $0.10 per Share for gross proceeds of up to $1,500,000 (the "Offering"). The Shares issued pursuant to the Offering will be subject to a four month hold period under applicable Canadian securities laws. Closing of the Offering is expected to occur on or before August 31, 2011 and is subject to receipt of all applicable regulatory approvals, including approval of the TSX Venture Exchange. The Company may pay finder's fees in connection with the Offering, in accordance with the policy of the TSX Venture Exchange. The proceeds will be used for working capital purposes.

SUMMARIZED OF FINANCIAL RESULTS

The Company realized a net loss of $836,852 and $1,734,430 for the three and six months ended June 30, 2011, respectively compared to a net loss of $248,544 and $564,161 for the comparable periods in 2010. The Company recorded sales of $1,065,194 and $2,269,269 for the three and six months ended June 30, 201, respectively compared to sales of $530,976 and $974,183 for the comparable periods in 2010.

The significant increase in revenues for 2011 is primarily the result of sale contracts with Tanzanian Energy and Water Utilities Regulatory Authority ("EWURA"). As announced in June 2010, the EWURA tender was won by GFI. GFI became the sole technology provider for the contract while its consortium partner became the service provider.

In addition, in October 2010, the Company acquired Xenemetrix, a leading designer, manufacturer and marketer of Energy-Dispersive X-ray Fluorescence (EDXRF) systems and components for a wide range of industries and applications. The Company purchased Xenemetrix with the aim to leverage the in-house technology portfolio to revamp the product line to include systems dedicated to anti-counterfeiting and home-land security. Xenemetrix was awarded Frost & Sullivan's "Global Product Line Strategy of the Year Award in the EDXRF Analyzers Market" for the year 2010. The financial results of Xenemetrix have been included since the date of acquisition.

Expenses have increased by $454,630 and $1,496,964 for the three and six months ended June 30, 2011 over the comparable periods in 2010 primarily due to the inclusion of Xenemetrix's operational expenses effective October 2010. Furthermore, expenses for the six months ended June 30, 2011 were higher due to share-based compensation expense in the amount of $519,000 recognized on granting of 3,460,000 stock options.

Additionally, the Company continues to further invest in research and development. The Company through its subsidiary Xenemetrix has replaced its Silicon Lithium ("Si(Li))" liquid nitrogen cooled detector solution, with Silicon Drift Detector ("SDD") technology upgrades to its full suite of Energy Dispersive X-Ray Fluorescence ("EXDRF") analyzers.

Administration expenses for the three months ended June 30, 2011 totaled $152,823 and $266,937 ($182,357 and $277,470 for the three and six months ended June 30, 2010) for the three and six months ended June 30, 2011, respectively. The Company continues to share office space and other resources with companies that have common directors and officers.

The Company also incurred foreign exchange translation losses of $72,621 and of $144,201 for the three and six months ended June 30, 2011 (compared to a gain of $59,719 and $112,793 during the three and six months ended June 30, 2010) as a result of a stronger Canadian dollar compared to the United States dollar. The Company has shareholder loans denominated in US dollars and Euro. The Company's revenue is denominated in US dollars. The Company is therefore subject to gains and losses due to fluctuations in these currencies relative to the Canadian dollar.

Interest expenses of $32,758 and $63,428 for the three and six months ended June 30, 2011, respectively (compared to $28,988 and $57,360 for the three and six months ended June 30, 2010, respectively) mainly related to GFI's shareholder loans, payable to the former shareholders of GFI.

SUMMARY OF QUARTERLY RESULTS

The following table sets forth selected financial information for each of the Company's eight most recently completed quarters:

	Under IFRS (1)						under Cdn GAAP (1)	
	Q2 2011 Jun-11	Q1 2011 Mar-11	Q4 2010 Dec-10	Q3 2010 Sep-10	Q2 2010 Jun-10	Q1 2010 Mar-10	Q3 2009 (2) Dec-09	Q2 2009 Sep-09
Revenue	$ 1,065,194	$ 1,204,075	$ 1,385,952	$ 554,256	$ 530,976	$ 443,207	$ (657,849)	$ -
Cost of sales	(646,323)	(282,691)	(637,307)	(247,523)	(122,338)	(120,605)	(144,917)	(46,406)
Gross profit	418,871	921,384	748,645	306,733	408,638	322,602	(802,766)	(46,406)
Expenses	1,138,181	1,704,738	1,319,864	934,209	683,551	662,404	685,697	727,908
Allowance for bid bond receivable	-	-	-	-	-	-	149,999	-
Writeoff of deposits	-	-	-	33,459	-	-	1,023,893	-
Other expense (income)	129	(121)	(90)	(61)	(32)	(21)	(38)	2
Interest expense	32,758	30,670	35,003	28,982	28,988	28,372	29,810	30,974
Foreign exchange loss (gain)	72,621	71,580	(71,636)	71,410	(59,719)	(53,074)	(63,448)	39,355
Income taxes expense	12,034	12,095	1,096	1,021	4,394	538	(12,118)	10,234
	1,255,723	1,818,962	1,284,237	1,069,020	657,182	638,219	1,813,795	808,473
Net loss	($836,852)	($897,578)	($535,592)	($762,287)	($248,544)	($315,617)	($2,616,561)	($854,879)
Basic and fully diluted loss per share	$ (0.01)	$ (0.01)	$ (0.03)	$ (0.01)	$ -	$ (0.02)	$ (0.05)	$ (0.02)
Total assets	$ 8,372,882	$ 9,100,233	$ 9,930,221	$ 9,295,018	$ 8,103,629	$ 7,540,619	$ 7,876,228	$ 10,471,364

1) The unaudited interim financial statements for the second quarter of 2011 have been prepared in accordance with IFRS with comparative information for 2010 restated under IFRS. Canadian GAAP comparative information for 2009 has not been restated.

2) The Company changed its year-end to December 31 from March 31 in 2009.

LIQUIDITY AND CASH FLOWS

The Company had a working capital deficit of $753,690 as at June 30, 2011 compared to a working capital deficit of $1,243,113 as at June 30, 2010.

Cash used in operating activities before changes in non-cash working capital was $470,240 for the six months ended June 30, 2011 compared to cash used of $99,491 for the comparable period in 2010. The net change in non-cash working capital reported on the cash flow statement identifies the changes in current assets and current liabilities that occurred during the period.

Cash used in investing activities was $64,501 for the six months ended June 30, 2011 compared to the use of $109,242 for the comparable period in 2010. Current quarter's capital expenditures primarily relate to purchase of research and development equipment.

Cash used in financing activities was $137,141 for the six months ended June 30, 2011 compared to the source of $474 for the comparable period in 2010. The Company continued to repays its loans to shareholders. No amounts were paid in the comparable period in 2010.

CARRYING VALUE OF BALANCE SHEET ITEMS

Deferred development costs of $1,031,565 as at June 30, 2011 (December 31, 2010 - $1,201,561) represent fuel marker and analyzing equipment technology development costs that have been deferred and are being amortized over ten years (life of the technology rights) and three years (life of the equipment), respectively.

Technology rights were purchased as part of the 100% acquisition of GFI in previous years and Xenemetrix in 2010, and attributed values of $7,844,267 and $892,184 have been recorded respectively. License of markers and detectors from GFI are amortized over 10 years on a straight line basis. Amortization of License of markers and detectors was charged to operations in the amounts of $227,970 and $455,941 for the three and six months ended June 30, 2011, respectively ($196,107 and $392,214 for the three and six months ended June 30, 2010, respectively). As at June 30, 2011, the carrying value of the technology rights is $4,946,693 (December 31, 2010 - $5,402,634)

Total accounts payable, accrued liabilities, and shareholder loans amounted to $2,943,527 as at June 30, 2011 (December 31, 2010 - $3,280,881). The shareholder loans amounted to $1,725,018 (December 31, 2010 - $1,783,493) and is due to the former shareholders of GFI who advanced funds to GFI prior to its acquisition by the Company. The shareholder loans consist of two amounts:

(a) Principal of €500,000 ($700,520) (December 31, 2010 - €500,000 ($665,940)) and accrued interest of €237,814 ($333,047) (December 31, 2010 - €212,380 ($282,864)) loaned by the former shareholders of GFI in order to post the bid bond in a tender, managed by EMRA (Energy Market Regulatory Authority, a statutory regulatory entity of the Turkish Government). This portion of the shareholder loans is reimbursed by first priority from the earlier of (i) the results of the legal proceedings with EMRA, and/or (ii) the first income generated by GFI. This portion of the loans payable bears an annual interest rate of 7.2%.

(b) Principal of US$850,000 ($819,362) (December 31, 2010 - US$850,000 ($845,410)) and accrued interest of US$331,419 ($319,587) (December 31, 2010 - US$305,844 ($304,192)). This portion of the shareholder loans will be repaid through 25% of the income generated by contracts of GFI. As at June 30, 2011, the Company repaid US$464,065 ($447,498) (December 31, 2010 - US$316,623 ($314,913). This portion of the loans payable bears an annual interest rate of 5.0%.

TRANSACTIONS WITH RELATED PARTIES

For the three and six months ended June 30, 2011, the Company was charged $7,500 and $15,000 respectively ($7,500 and $15,000 for three and six months ended June 30, 2010) for administrative services by Forbes & Manhattan, Inc. a corporation for which Mr. Stan Bharti, a director of the Company, is the Executive Chairman.

The Company shares its premises with other corporations that have common directors and the Company reimburses the related corporations for its proportional share of the expenses. As at June 30, 2011, an amount of $nil was advanced in relation to these expenses (an amount of $8,211 was payable as at December 31, 2010).

For the three and six months ended June 30 2011, $32,758 and $ 63,248 respectively ($28,988 and $57,360 for the three and six months ended June 30, 2010, respectively) in interest was charged on the shareholder loans.

Related party transactions are in the normal course of operations and are measured at the exchange amount established and agreed to by the related parties. The amounts owing from the related parties are unsecured, non-interest bearing with no fixed terms of repayment.

DIRECTORS AND OFFICERS COMPENSATION

The remuneration of directors and other members of key management personnel during the period were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2011	2010	2011	2010
Short-term benefits	$ 139,661	$ 151,552	$ 312,182	$ 299,352
Share-based payments	$ 307,500	$ -	$ 307,500	$ -

OUTSTANDING SHARE DATA

As of August 29, 2011, 69,320,738 common shares of the Company were outstanding. Of the options to purchase common shares issued to service providers under the share option plan of the Company, 6,660,000 remain outstanding with exercise prices ranging from $0.16 to $0.70, with expiry dates ranging between September 28, 2011 and February 23, 2016. If exercised, 6,660,000 common shares would be issued for proceeds of $1,877,600. In addition, 17,294,398 share purchase warrants and broker warrants were outstanding with exercise prices ranging from $0.15 to $0.50, expiring between September 27, 2012 and December 10, 2012. If exercised, 17,294,398 common shares would be issued for proceeds of $3,888,560.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's unaudited consolidated interim financial statements under IFRS 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 consolidated financial statements and reported amounts of revenues and expenses during the reported period. Such estimates and assumptions affect the carrying value of assets such as amounts receivable, inventories, property, plant and equipment, deferred development costs, technology rights and the ultimate liability arising on contingencies. Other significant estimates made by the Company include factors affecting valuations of stock-based compensation, warrants, brokers' warrants, income tax accounts, depreciation and amortization expense, contingencies and the factors considered in determining the Company's functional currency. The Company regularly reviews its estimates and assumptions, however, actual results could differ from these estimates and these differences could be material.

RISKS AND UNCERTAINTIES

Through the Company's subsidiary, GFI, its principal activities include the development and implementation of marking systems for all types of oil products. The Company's ability to continue to generate revenue and achieve positive cash flow in the future is dependent upon various factors, including the level of market acceptance of its products, the degree of competition encountered by the Company, technology risks, general economic conditions, and the stability of foreign governments and regulatory requirements. Moreover, it is also possible that new competitors will enter the marketplace. The Company's future performance depends in part upon attracting and retaining key technical, sales and management personnel. There can be no assurance that the Company can retain these personnel. As such, these new competitors and the loss of the services of the Company's key employees could potentially have a material adverse effect on the Company's business, operating results and financial condition.

For a more comprehensive discussion of the risks faced by the Company, please refer to the Company's MD&A for the year ended December 31, 2010 filed with Canadian securities regulatory authorities under the Company's profile on SEDAR at www.sedar.com.

COMMITMENTS AND CONTINGENCIES

The Company is party to certain management contracts. These contracts contain clauses requiring additional payments of $218,000 be made upon the occurrence of certain events such as change of control. As the likelihood of these events taking place is not determinable, the contingent payments have not been reflected in the accompanying consolidated financial statements. Minimum payments required under these contracts approximate US$82,000 due within one year.

FINANCIAL INSTRUMENTS

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

Credit risk:

The Company's credit risk is primarily attributable to cash, amounts receivable and the bid bond receivable. Financial instruments included in amounts receivable consist primarily of receivables due from two customers. The Company currently transacts with highly rated counterparties for the sale of its marking systems. Management believes that the credit risk concentration with respect to these financial instruments is minimal.

Liquidity risk:

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2011, the Company had a cash balance of $808,695 (December 31, 2010 - $1,779,973) to settle current liabilities of $2,943,527 (December 31, 2010 - $3,280,881). This amount includes $1,725,018 (December 31, 2010 - $1,783,493) in shareholder loans which have a scheduled repayment plan.

Market risk

(a) Interest rate risk

The Company carries shareholder loans with interest and repayment terms as described in note 14 of the Condensed Consolidated Interim Financial Statements. Management believes that interest rate risk is remote as the Company currently does not carry interest-bearing debt at floating rates.

(b) Foreign currency risk

The Company undertakes transactions denominated in foreign currencies, including US dollars and Euros, and as such is exposed to price risk due to fluctuations in foreign exchange rates against the Canadian dollar. The Company does not use derivative instruments to reduce exposure to foreign exchange risk.

The exposure of the Company's financial assets and liabilities to foreign currency risk as at June 30, 2011 are as follows:

	CDN Dollar	US Dollar	Euro	Total (in CDN dollars)
Financial assets				
Cash	$ 144,402	$ 664,293	$ -	$ 808,695
Amounts receivable	31,662	634,672	-	666,334
	$ 176,064	$ 1,298,965	$ -	$ 1,475,029
Financial liabilities				
Accounts payable and accrued liabilities	$ 88,054	$ 1,130,455		$ 1,218,509
Shareholder loans		691,451	1,033,567	1,725,018
Loan		15,891		15,891
	$ 88,054	$ 1,837,797	$ 1,033,567	$ 2,959,418

A 10% change in foreign exchange rates between the Canadian dollar and these foreign currencies over the next year would affect net loss by approximately $160,000 based on the foreign currency balances at June 30, 2011.

(c) Fair value:

The Company has designated cash as held-for-trading measured at fair value. Amounts receivable and bid bond receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities and shareholder loans are classified as other financial liabilities, which are measured at amortized cost.

The carrying value of cash, amounts receivable, bid bond receivable and accounts payable and accrued liabilities approximates fair value because of the limited term of these instruments.

It is not possible to determine if the shareholder loans are at fair value as there is no comparable market value for such loans.

CHANGES IN ACCOUNTING POLICIES

International Financial Reporting Standards ("IFRS")

In February 2008, the Canadian Accounting Standards Board ("AcSB") confirmed that IFRS, as issued by the International Accounting Standards Board ("IASB"), will replace Canadian GAAP for publicly accountable enterprises and must be adopted for fiscal years beginning on or after January 1, 2011. The Company has adopted IFRS for its 2011 fiscal year with comparative information for 2010 restated under IFRS as required by the AcSB. The unaudited interim financial statements for the three and six months ended June 30, 2011 contains a detailed description of the conversion to IFRS, including a line-by-line reconciliation of financial statements previously prepared under Canadian GAAP to those under IFRS.

Accounting Standards Issued But Not Yet Applied

IFRS 7 *Financial instruments - Disclosures* ("IFRS 7") was amended by the IASB in October 2010 and provides guidance on identifying transfers of financial assets and continuing involvement in transferred assets for disclosure purposes. The amendments introduce new disclosure requirements for transfers of financial assets including disclosures for financial assets that are not derecognized in their entirety, and for financial assets that are derecognized in their entirety but for which continuing involvement is retained. The amendments to IFRS 7 are effective for annual periods beginning on or after July 1, 2011. The Company has not yet determined the impact of the amendments to IFRS 7 on its financial statements.

IFRS 9 *Financial Instruments* ("IFRS 9") was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. This standard is required to be applied for accounting periods beginning on or after January 1, 2013, with earlier adoption permitted. The Company has not yet determined the impact of the amendments to IFRS 9 on its financial statements.

IFRS 10 *Consolidated Financial Statements* ("IFRS 10") provides a single model to be applied in the control analysis for all investees, including entities that currently are special purpose entities in the scope of SIC 12. In addition, the consolidation procedures are carried forward substantially unmodified from IAS 27 *Consolidated and Separate Financial Statements*. The Company intends to adopt IFRS 10 in its financial statements for the annual period beginning on January 1, 2013. The Company has not yet determined the impact of the amendments to IFRS 10 on its financial statements.

IFRS 11 *Joint Arrangements* ("IFRS 11") replaces the guidance in IAS 31 *Interests in Joint Ventures*. Under IFRS 11, joint arrangements are classified as either joint operations or joint ventures. IFRS 11 essentially carves out of previous jointly controlled entities, those arrangements which although structured through a separate vehicle, such separation is ineffective and the parties to the arrangement have rights to the assets and obligations for the liabilities and are accounted for as joint operations in a fashion consistent with jointly controlled assets/operations under IAS 31. In addition, under IFRS 11 joint ventures are stripped of the free choice of equity accounting or proportionate consolidation; these entities must now use the equity method. Upon application of IFRS 11, entities which had previously accounted for joint ventures using proportionate consolidation shall collapse the proportionately consolidated net asset value (including any allocation of goodwill) into a single investment balance at the beginning of the earliest period presented. The investment's opening balance is tested for impairment in accordance with IAS 28 *Investments in Associates* and IAS 36 *Impairment of Assets*. Any impairment losses are recognized as an adjustment to opening retained earnings at the beginning of the earliest period presented. The Company intends to adopt IFRS 11 in its financial statements for the annual period beginning on January 1, 2013. The Company has not yet determined the impact of the amendments to IFRS 7 on its financial statements.

IFRS 13 *Fair Value Measurement* converges IFRS and US GAAP on how to measure fair value and the related fair value disclosures. The new standard creates a single source of guidance for fair value measurements, where fair value is required or permitted under IFRS, by not changing how fair value is used but how it is measured. The focus will be on an exit price. IFRS 13 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Company has not yet determined the impact of the amendments to IFRS 13 on its financial statements.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet transactions.

SUBSEQUENT EVENT

As previously noted, on July 18, 2011, the Company announced a private placement of up to 15,000,000 common shares (the “Shares”) at a price of $0.10 per Share for gross proceeds of up to $1,500,000 (the “Offering”). The Shares issued pursuant to the Offering will be subject to a four month hold period under applicable Canadian securities laws. Closing of the Offering is expected to occur on or before August 31, 2011 and is subject to receipt of all applicable regulatory approvals, including approval of the TSX Venture Exchange. The Company may pay finder’s fees in connection with the Offering, in accordance with the policy of the TSX Venture Exchange. The proceeds will be used for working capital purposes.

OUTLOOK

Through its proprietary PetromarkTM integral system, the Company’s subsidiary GFI, has developed a four-part solution consisting of a molecular marker, injection, monitoring and control components. Oil industry cost realities along with GFI’s five-year R&D efforts to create its industry-leading marking solutions will allow the Company to pursue numerous anticipated oil marking opportunities in 2011 and in years to come.

The Company’s subsidiary Xenemetrix remains focused on establishing new marketing and distribution agreements in a wide variety of regions, with agreements recently announced for Switzerland, France, Belgium, Thailand, Spain and the United States. Xenemetrix’s recent Frost & Sullivan Award has been helpful in indentifying the best possible distribution partners in important markets for lab technology. Going forward Xenemetrix plans on further solidifying its European network by sourcing marketing and distribution partnerships with new and well established distributors in Europe and elsewhere.