Bellair Ventures Inc.

Condensed Consolidated Interim Financial Statements

For the three months ended November 30, 2012 and 2011

(Unaudited)

(Expressed in Canadian Dollars)

Notice of No Auditor Review of Interim Financial Statements

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

The accompanying condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed an audit or review of these condensed consolidated interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants.

Condensed Consolidated Interim Statements of Financial Position

(Unaudited - Expressed in Canadian Dollars)

	November 30, 2012	August 31, 2012
Assets		
Current assets		
Cash	$ 242,786	$ 1,383,371
Accounts receivable, net of allowance of $nil	1,804,236	1,317,330
Inventories *(note 6)*	137,590	102,943
Note receivable *(note 5)*	500,000	500,000
Prepaid expenses	49,387	70,763
	2,733,999	3,374,407
Equipment *(note 7)*	73,611	68,768
Goodwill and unallocated purchase price *(note 8)*	4,935,003	4,935,003
	$ 7,742,613	$ 8,378,178
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ 1,062,467	$ 831,786
Due to related party *(note 10)*	388,226	1,142,714
Finance lease obligation *(note 12)*	2,625	4,266
	1,453,318	1,978,766
Shareholders' equity		
Share capital *(note 9)*	7,901,791	7,901,791
Contributed surplus	242,103	242,103
Deficit	(1,854,599)	(1,744,482)
	6,289,295	6,399,412
	$ 7,742,613	$ 8,378,178

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

Subsequent events (Note 14)

Approved by the Board

Signed: *"Emlyn J. David"*
Director

Signed: *"Michael Galloro"*
Director

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
For the three months ended November 30,
(Unaudited - Expressed in Canadian Dollars)

		2012		2011
Sales	$	**1,081,870**	$	-
Cost of sales		**620,455**		-
Gross margin		**461,415**		-
General and administrative *(note 13)*		**530,095**		23,300
Transaction costs *(note 14)*		**32,770**		-
Depreciation		**5,840**		-
Finance expense		**2,827**		-
		571,532		23,300
Net loss and comprehensive loss for the period	**$**	**(110,117)**	$	(23,300)
Net loss per share - basic and diluted	**$**	**(0.01)**	$	(0.01)
Weighted Average shares outstanding - basic		**17,308,600**		1,956,600

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

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

For the three months ended November 30,

(Unaudited - Expressed in Canadian Dollars)

	Share Capital	Contributed Surplus	Deficit	Total
Balance, August 31, 2011	$ 773,977	$ 116,340	$ (805,418)	$ 84,899
Net loss for the period	-	-	(23,300)	(23,300)
Balance, November 30, 2011	**$ 773,977**	**$ 116,340**	**$ (828,718)**	**$ 61,599**
Balance, August 31, 2012	$ 7,901,791	$ 242,103	$ (1,744,482)	$ 6,399,412
Net loss for the period	-	-	(110,117)	(110,117)
Balance, November 30, 2012	**$ 7,901,791**	**$ 242,103**	**$ (1,854,599)**	**$ 6,289,295**

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

Condensed Consolidated Interim Statements of Cash Flows
For the three months ended November 30,
(Unaudited - Expressed in Canadian Dollars)

		2012		2011
Cash flow from operating activities				
Net loss for the period	**$**	**(110,117)**	$	(23,300)
Add (deduct) items not involving cash				
Depreciation		**5,840**		-
Change in non-cash working capital				
Accounts receivable		**(486,906)**		-
Prepaid expenses		**21,376**		-
Inventory		**(34,647)**		-
Accounts payable and accrued liabilities and due to related party		**(523,807)**		1,191
		(1,128,261)		(22,109)
Cash flow from financing activities				
Repayment of finance leases		**(1,641)**		-
Cash flow from investing activities				
Investment in property, plant and equipment		**(10,683)**		-
Increase (decrease) in cash		**(1,140,585)**		(22,109)
Cash, beginning of year		**1,383,371**		107,208
Cash, end of year	**$**	**242,786**	$	85,099

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

1. Nature of Operations

Bellair Ventures Inc. ("Bellair") was incorporated under the *Canada Business Corporation Act* on August 22, 2008 and was classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange Inc. (the "TSX-V" or the "Exchange"). On July 30, 2012 the Exchange issued its Final Exchange Bulletin approving the Company's Qualifying Transaction (see Note 4), as the term is defined within the Exchange's corporate finance manual.

Bellair, through its wholly owned subsidiary Clean Energy Developments Corp. ("CleanEnergy") (collectively, the "Company"), is a leading national design builder and distributor of thermal energy systems and solutions.

The address of the Company's corporate office is 10 Bellair Street, Suite 509, Toronto, Ontario, Canada. The Company is listed on the TSX-V under the trading symbol "BVI".

2. Basis of Presentation

Statement of compliance

The Company's condensed consolidated interim financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting". These condensed consolidated interim financial statements do not include all notes of the type normally included within the annual financial report and should be read in conjunction with the audited financial statements of the Company for the year ended August 31, 2012, which has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

These unaudited condensed consolidated interim financial statements were authorized for issue by the Board of Directors on January 28, 2013.

Basis of measurement and functional currency

The condensed consolidated interim financial statements are prepared on the historical cost basis. The accompanying condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which presumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

The condensed consolidated interim financial statements are presented in Canadian dollars, its functional currency.

Principles of consolidation

The Company consolidates its interest in entities which it controls. Control comprises the power to govern an entity's financial and operating policies so as to obtain benefits from its activities. All intercompany balances and transactions have been eliminated.

3. Summary of Significant Accounting Policies

These condensed consolidated interim financial statements have been prepared following the same accounting policies used in the preparation of the audited financial statements of the Company for the year ended August 31, 2012.

4. Qualifying Transaction

On July 26, 2012, Bellair completed its qualifying transaction by acquiring all of the issued and outstanding shares of Clean Energy Developments Corp. ("CleanEnergy") for $5 million in consideration satisfied by the issuance of 10,000,000 of the Company's common shares. In addition, working capital of CleanEnergy in excess of $nil on closing will be paid for in cash by Bellair.

The purchase consideration was as follows:

Purchase price to vendors - 10,000,000 shares @ $0.50 per share	$ 5,000,000
Payment for working capital in excess of $nil	998,738
Total purchase price	**$ 5,998,738**

The total payment for working capital in excess of $nil has not yet been finalized and may be subject to change.

The allocation of the purchase price to the identifiable assets acquired and liabilities assumed is based upon estimated fair values at the date of acquisition as set out below:

Cash	$ (128,172)
Accounts receivable	1,207,179
Inventories	136,636
Restricted cash	107,284
Prepaid expenses	42,862
Property, plant and equipment	69,801
Accounts payable and accrued liabilities	(297,589)
Deferred revenue	(69,463)
Finance lease obligations	(4,803)
Identified net assets acquired	**$ 1,063,735**

Identified net assets acquired	$ (1,063,735)
Consideration paid	5,998,738
Net goodwill and unallocated purchase price	**$ 4,935,003**

The estimated purchase price and purchase price allocation remains subject to the completion of the determination of fair value of the working capital, equipment, intangible assets, goodwill, deferred tax, and consequential adjustments. The majority of the excess purchase price is expected to be allocated to goodwill.

5. Note Receivable

Urban Mechanical note receivable

On August 31, 2012, the Company advanced $500,000 to Urban Mechanical Contracting Ltd. ("Urban Mechanical"). The term loan is repayable on demand at any time after 6 months following the date of advance and is subject to interest charged at a rate of 10% per annum. The amount advanced is subject to a security interest granted over all of the personal property of Urban Mechanical. Refer to Note 14 for additional details.

6. Inventories

The Company maintains inventory, which consist entirely of raw materials, equipment and spare parts for sale.

7. Equipment

	Computer equipment	Drilling equipment	Office furniture & equipment	Total
Cost				
At August 31, 2011	$ -	$ -	$ -	$ -
Additions	19,282	11,075	40,710	71,067
At August 31, 2012	**19,282**	**11,075**	**40,710**	**71,067**
Additions	120	10,561	-	10,681
At November 30, 2012	**$ 19,402**	**$ 21,636**	**$ 40,710**	**$ 81,748**
Depreciation				
At August 31, 2011	$ -	$ -	$ -	$ -
Expense for the year	1,140	336	823	2,299
At August 31, 2012	**1,140**	**336**	**823**	**2,299**
Expense for the period	2,584	1,258	1,996	5,838
At November 30, 2012	**$ 3,724**	**$ 1,594**	**$ 2,819**	**$ 8,137**
Net book value				
At August 31, 2012	$ 18,142	$ 10,739	$ 39,887	$ 68,768
At November 30, 2012	$ 15,678	$ 20,042	$ 37,891	$ 73,611

8. Goodwill and unallocated purchase price

As described in Note 4, the Company completed the acquisition of CleanEnergy. As the Company is still finalizing its valuations, there is an unallocated amount of $4,935,003 on the purchase price allocation.

9. Share Capital

(a) Authorized

An unlimited number of common shares

(b) Issued

	Number of shares		Amount
Issued as at August 31, 2011 & November 30, 2011	1,956,600	$	773,977
Issued as at August 31, 2012 & November 30, 2012	17,308,600	$	7,901,791

(c) Stock options

The Company adopted a stock option plan under which it is authorized to grant options to officers, directors, employees, and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. The options granted can be exercised for a maximum of 5 years and vest as determined by the Board of Directors. The exercise price of each option may not be less than fair market value of the common shares on the date of grant.

The Company uses the Black-Scholes option pricing model to determine the fair value of options granted. The option details of the Company are as follows:

	Number of Options	Weighted average exercise price	Weighted average remaining life (years)	Vested
Outstanding, August 31, 2012 & November 30, 2012	170,440	$0.50	0.99	170,440

(d) Warrants

	Number of warrants	Weighted average exercise price	Weighted average remaining life (years)
Outstanding, August 31, 2012 & November 30, 2012	4,788,000	$0.75	1.65

The Company issued 4,788,000 warrants as a part of the private placement in fiscal 2012. Each warrant is exercisable at $0.75 for one common share of the Company.

9. Share Capital – continued

(e) Agent options

	Number of warrants	Weighted average exercise price	Weighted average remaining life (years)
Outstanding, August 31, 2012 & November 30, 2012	478,800	$0.50	1.65

478,800 agent options were issued as compensation for the private placement in fiscal 2012. Each agent option is exercisable at $0.50 for one common share and one warrant of the Company. Each warrant received from the exercise of the agent option will be exercisable at $0.75 for one common share of the Company. The value of agent options issued of $125,763 was included as contributed surplus.

10. Related Party Transactions

Included in general and administrative expenses is remuneration of key management personnel of the Company. For the three months ended November 30, 2012, remuneration included $121,538 of short-term compensation (November 30, 2011 - $nil).

A corporation that holds significant influence over the Company was owed approximately $388,226 as at November 30, 2012 (November 30, 2011 - $nil) as a result of the qualifying transaction (Note 4). These amounts are non-interest bearing and due on demand.

11. Financial Instruments and Risk Management

Capital Management

The Company's capital currently consists of equity. Its principal sources of cash are from operations and the issuance of common shares. The Company's objective is to maintain a strong capital base so as to maintain investor, creditor and market confidence. The Company is not subject to externally imposed capital requirements.

11. Financial Instruments and Risk Management – continued

Financial instrument risk exposure and management

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due.

The carrying value of accounts receivable, accounts payable and accrued liabilities reflected in the statement of financial position approximates fair value because of the short-term nature of these instruments.

Credit risk

The Company's cash is held at chartered Canadian financial institutions. Management reviews the strength of these institutions on a regular basis.

Accounts receivable subject the Company to credit risk. The Company believes the remaining amounts will be collected.

The maximum exposure is limited to the carrying amount of financial assets on the statement of financial position that includes cash and accounts receivable.

Foreign exchange risk

The Company purchases a large portion of its inventory in United States dollars ("USD") and does not currently engage in hedging activities. Accordingly, the Company is exposed to foreign exchange risk on a portion of its accounts payable and accrued liabilities and its USD bank account balances. The Company had the following foreign exchange exposure:

	US Dollars			
		Nov 30, 2012		**Nov 30, 2011**
Cash	$	5,898	$	1,500
Accounts payable and accrued liabilities		(902)		(2,337)
	$	**4,996**	**$**	**(837)**
Effect of 10% increase or decrease in foreign exchange	$	500	$	(84)

12. Finance Lease Obligations and Commitments

Future minimum payments under finance leases, along with the balance of the obligations under finance leases are as follows:

	November 30, 2012	August 31, 2012
2013	$ 2,760	$ 4,509
Less amounts representing interest	(135)	(243)
Present value of obligations under finance lease	**$ 2,625**	**$ 4,266**

13. General and administrative expense

	November 30, 2012	November 30, 2011
Office expense	$ 66,775	$ 47
Salaries and wages *(note 10)*	232,370	-
Professional fees	178,121	45,747
Travel	28,460	-
Advertising & Promotion	14,908	-
Filing fees	9,461	29,549
Bad debts	-	46,277
	$ 530,095	**$ 121,620**

14. Subsequent Events

Urban Mechanical Acquisition

On December 5, 2012 the Company completed the acquisition of all of the issued and outstanding shares of Urban Mechanical pursuant to the terms and conditions of a share purchase agreement for a purchase price equal to $10,000,000 less all outstanding long term debt of Urban Mechanical as at closing of the Acquisition.

On closing, Urban Mechanical had $1,721,581 of long term debt outstanding. The purchase price was satisfied by the Company through the issuance of 9,597,125 common shares of the Company at an issue price of $0.55 per share, the payment of $500,000 in cash, payable within 90 days after closing and the assignment to the Vendor by the Company of a $500,000 term loan previously advanced by the Company to Urban Mechanical. Up to an additional 3,636,363 common shares of the Company will be issued in satisfaction of the balance of the purchase price. These shares will not be issued at closing but will be issued on the date that is one year following the closing of the transaction to ensure the Vendor's performance of certain obligations under the Agreement, and shall be subject to adjustment in certain events.

Transaction costs of $32,770 incurred during the three months ended November 30, 2012 relate to this acquisition.

14. Subsequent Events – continued

Private placement

On January 15, 2013, the Company completed a brokered private placement of 2,534,492 units of the Company (each, a Unit) at a purchase price of $0.50 per Unit, for gross proceeds of $1,267,246. Proceeds of the private placement will be used for targeted acquisitions and general working capital purposes.

Each Unit shall be comprised of: one common share of the Company (a "Common Share"), and one Common Share purchase warrant (a “Warrant”). Each Warrant shall entitle the holder to purchase one Common Share at an exercise price of $0.75 for a period of 24 months following the closing (the “Closing”), subject to adjustment in certain events. Proceeds of the private placement shall be used for targeted acquisitions and general working capital purposes.

As compensation, the Company paid the agent a cash commission equal to 8% of the gross proceeds. The Agent was also issued 202,759 broker warrants (“Broker Warrant”) at an exercise price of $0.50 per Broker Warrant. Each Broker Warrant is comprised of (a) one Common Share; and (b) one Common Share purchase warrant, which shall entitle the Agent to purchase one Common Share at an exercise price of $0.75 per Common Share for a period of 24 months from date of Closing, subject to adjustment in certain events.