

Catch the Wind Ltd.
(A Development Stage Company)
Interim Consolidated Financial Statements
For the three and nine month periods
ended September 30, 2009

(Expressed in United States dollars)

Unaudited

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Catch the Wind Ltd.
(A Development Stage Company)
Consolidated Balance Sheets

	September 30, 2009	December 31, 2008
(Expressed in United States dollars)	\$	\$
	(unaudited)	
Assets		
Current assets:		
Cash and cash equivalents (Note 3)	14,690,809	9,143,767
Accounts receivable	378,293	-
Inventory (Note 4)	1,627,647	230,931
Prepaid expenses and other assets	116,533	103,902
	16,813,282	9,478,600
Capital assets (Note 5)	6,281,344	28,140
Project development costs (Note 6)	5,432,477	3,075,002
Deposits	68,108	4,499
Total assets	28,595,211	12,586,241
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	1,357,536	826,750
Due to related party (Note 8)	364,777	527,135
Obligations under capital lease - current portion (Note 9)	159,556	-
Long-term debt - current portion (Note 10)	163,269	-
Deferred revenue and deposits	385,750	200,000
	2,430,888	1,553,885
Obligations under capital lease (Note 9)	228,768	-
Long-term debt (Note 10)	4,436,731	-
Total liabilities	7,096,387	1,553,885
Non-controlling interest (Note 12)	179,393	-
Shareholders' Equity		
Capital stock	5,488	3,805
Contributed surplus	30,969,417	13,259,947
Deficit	(9,655,474)	(2,231,396)
Total shareholders' equity	21,319,431	11,032,356
Total liabilities and shareholders' equity	28,595,211	12,586,241

Approved on behalf of the Board:

(signed) "*Philip L. Rogers*"
Director

(signed) "*David A. Samuels*"
Director

See accompanying notes to interim consolidated financial statements.

Catch the Wind Ltd.
(A Development Stage Company)
Interim Consolidated Statements of Loss, Comprehensive Loss and Deficit
(unaudited)

	Three months ended September 30, 2009	Three months ended September 30, 2008	Nine months ended September 30, 2009	Nine months ended September 30, 2008
(Expressed in United States dollars)	\$	\$	\$	\$
Expenses:				
Salaries and benefits	589,293	116,350	1,711,690	117,808
General and administrative	206,813	29,570	737,959	47,647
Inventory valuation - Beta units (Note 4)	2,160,559	-	2,781,937	-
Amortization	74,296	1,220	144,846	1,220
Sales and marketing	54,628	42,870	226,504	194,490
Consulting fees	63,509	24,506	281,984	43,049
Professional fees	122,949	47,840	313,768	77,796
Professional engineering fees (Note 8)	343,222	182,705	1,350,308	221,741
Research	34,030	56,036	34,030	83,459
Interest expense	24,968	5,352	45,727	5,352
Interest income	(52,345)	(4,893)	(78,630)	(4,893)
Foreign exchange gain	(12,731)	(25,028)	(109,545)	(25,028)
	<u>3,609,191</u>	<u>476,528</u>	<u>7,440,578</u>	<u>762,641</u>
Loss before non-controlling interest	(3,609,191)	(476,528)	(7,440,578)	(762,641)
Non-controlling interest	(16,500)	-	(16,500)	-
	<u>(3,592,691)</u>	<u>(476,528)</u>	<u>(7,424,078)</u>	<u>(762,641)</u>
Net loss and comprehensive loss	(3,592,691)	(476,528)	(7,424,078)	(762,641)
Deficit - Beginning of period	(6,062,783)	(286,113)	(2,231,396)	-
Deficit - End of period	<u>(9,655,474)</u>	<u>(762,641)</u>	<u>(9,655,474)</u>	<u>(762,641)</u>
Net loss per common share - basic and diluted	(0.07)	(0.02)	(0.16)	(0.03)
Weighted average number of common shares				
outstanding	54,806,165	26,843,567	46,270,480	25,619,008

See accompanying notes to the interim consolidated financial statements.

Catch the Wind Ltd.
(A Development Stage Company)
Interim Consolidated Statements of Shareholders' Equity
(unaudited)

(Expressed in United States dollars)	Common Shares #	Capital stock \$	Contributed Surplus \$	Deficit \$	Shareholders' Equity \$
Balance at December 31, 2008	38,046,784	3,805	13,259,947	(2,231,396)	11,032,356
Stock based compensation (Note 7)	-	-	334,416	-	334,416
Private placement proceeds ⁽¹⁾	16,743,000	1,674	16,779,042	-	16,780,716
Agent stock options (Note 7)	-	-	508,146	-	508,146
Stock option exercises	94,188	9	87,866	-	87,875
Net loss for the period	-	-	-	(7,424,078)	(7,424,078)
Balance at September 30, 2009	<u>54,883,972</u>	<u>5,488</u>	<u>30,969,417</u>	<u>(9,655,474)</u>	<u>21,319,431</u>

⁽¹⁾ Private placement (as defined in Note 11) of 16,743,000 common shares at \$1.30 (CDN) (\$1.118 converted USD) completed on May 20, 2009, net of \$1,937,958 in private placement costs including \$508,146 of costs related to 1,003,080 compensation options given to placement agents.

See accompanying notes to the interim consolidated financial statements.

Catch the Wind Ltd.
(A Development Stage Company)
Interim Consolidated Statements of Cash Flows
(unaudited)

	For the three months ended September 30, 2009	For the three months ended September 30, 2008	For the nine months ended September 30, 2009	For the nine months ended September 30, 2008
(Expressed in United States dollars)	\$	\$	\$	\$
Operating activities				
Net loss for the period	(3,592,691)	(476,528)	(7,424,078)	(762,641)
Items not affecting cash:				
Amortization	74,296	1,220	144,846	1,220
Non-controlling interest	(16,500)		(16,500)	
Stock-based compensation (Note 7)	135,740	64,671	334,416	64,671
Inventory valuation - Beta units	2,160,559	-	2,781,937	-
Changes in non-cash operating assets and liabilities:				
Accounts receivable	(378,293)	-	(378,293)	-
Inventory	(1,856,919)	(104,124)	(4,553,652)	(163,301)
Prepaid expenses and other assets	(81,437)	(12,293)	(12,632)	(16,714)
Deposits	(2,885)	(34,283)	(63,609)	(34,283)
Accounts payable and accrued liabilities	384,737	961,222	530,786	1,351,394
Due to related party	(46,762)	-	(162,358)	-
Deferred revenue and customer deposits	31,250	100,000	185,750	200,000
Cash provided by (used in) operating activities	(3,188,905)	499,885	(8,633,387)	640,346
Investing activities				
Purchase of capital assets	(5,372,842)	(4,033)	(5,558,807)	(4,033)
Purchase of project development costs	(550,345)	(958,479)	(2,357,476)	(1,311,697)
Non-controlling interest - capital contribution	195,893	-	195,893	-
Deferred issuance costs	-	-	-	(279,424)
Cash used in investing activities	(5,727,294)	(962,512)	(7,720,390)	(1,595,154)

Catch the Wind Ltd.
(A Development Stage Company)
Interim Consolidated Statements of Cash Flows
(unaudited)

(Continued)

	For the three months ended September 30, 2009	For the three months ended September 30, 2008	For the nine months ended September 30, 2009	For the nine months ended September 30, 2008
Financing activities				
Due to related party	-	(221,890)	-	364,495
Cash acquired on reverse takeover	-	905,053	-	905,053
Issuance of common shares	-	12,312,715	-	12,312,715
Proceeds from exercise of stock options	87,875	-	87,875	-
Proceeds from short-term borrowings	-	1,000,000	-	1,000,000
Repayment of short-term borrowings	-	(1,000,000)	-	(1,000,000)
Proceeds from private placements	-	-	17,288,862	-
Proceeds from long-term borrowings	4,600,000	-	4,600,000	-
Payments of capital lease obligations	(34,234)	-	(75,918)	-
Cash provided by financing activities	4,653,641	12,995,878	21,900,819	13,582,263
Increase (decrease) in cash and cash equivalents	(4,262,558)	12,533,251	5,547,042	12,627,455
Cash and cash equivalents, beginning of period	18,953,367	94,204	9,143,767	-
Cash and cash equivalents, end of period	14,690,809	12,627,455	14,690,809	12,627,455
Supplemental disclosure of cash flow information				
Cash paid for interest	15,806	5,352	36,565	5,352
Assets acquired under capital leases	23,839	-	464,242	-
Assets transferred from inventory	250,000	-	375,000	-

See accompanying notes to the interim consolidated financial statements and non-cash transactions.

Catch the Wind Ltd.
(A Development Stage Company)
Notes to Interim Consolidated Financial Statements
For the Three and Nine Month Periods Ended September 30, 2009
(Unaudited)
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1. DESCRIPTION OF BUSINESS AND GOING CONCERN

Catch the Wind, Inc. ("CTW") was incorporated under the laws of the Commonwealth of Virginia on March 18, 2008. CTW operated as an unincorporated entity and affiliate of Optical Air Data Systems, LLC ("OADS"), a Virginia limited liability company, for the period from its inception (on January 1, 2008) to March 17, 2008.

CTW was established to develop, manufacture and sell products based on light detection and ranging ("LIDAR") technology. Its primary product, the Vindicator remote wind sensing system ("the Vindicator"), is a state of the art fiber optic laser sensing system that is capable of measuring real-time horizontal and vertical wind speed and direction data at varying ranges ahead of the sensor location. This system may be located internally or externally on the wind turbine nacelle, and will sense winds at ranges out to 300 meters. When the Vindicator is integrated with a turbine's control system, the result is increased efficiency, greater power production and reduced stress on turbine blades, which should reduce maintenance costs.

As CTW matures, it is expected that this new technology will be integrated into various control and forecasting applications that can be utilized by the wind energy industry and in various other commercial products.

Management of OADS holds a majority of the ownership interests in OADS and also directly or indirectly owns or controls 25,000,000 or 46% of the common shares of Catch the Wind Ltd. ("CWL" or the "Company"). OADS and CWL are, therefore, under common control and OADS is considered a related party for purposes of accounting under Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3840 "Related Party Transactions".

As at September 30, 2009, the Company had no revenues and losses of \$(3,592,691) and \$(7,424,078) for the three and nine month periods, respectively. These unaudited interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a "going concern", which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Continuation of the Company as a going concern is dependent upon the company achieving profitable operations, and/or the ability of the Company to obtain additional financing when necessary. There is no guarantee that the Company's current level of operations will yield positive results. If the "going concern" assumption were not appropriate for these consolidated financial statements, then adjustments would be necessary to the carrying values of assets and liabilities, the reported expenses and the balance sheet classifications used. Such adjustments could be material.

2. BASIS OF FINANCIAL STATEMENT PRESENTATION

The accompanying unaudited interim consolidated financial statements are prepared by management in accordance with Canadian generally accepted accounting principles ("GAAP"). Accordingly, certain disclosures normally included in annual financial statements prepared in accordance with GAAP are not provided. The consolidated financial statements of the Company include the accounts of CTW and its 75% owned subsidiary, Falcon Fifty LLC. The interim consolidated financial statements conform in all material respects to the requirements of GAAP for interim financial statements, and accordingly, do not contain all the note disclosure found in the annual financial statements. Except as described in Note 3, these interim consolidated financial statements follow the same accounting policies and methods of application of those used in the preparation of the audited annual consolidated financial statements and should be read in conjunction with the annual audited consolidated financial statements and the accompanying notes included thereto for the year ended December 31, 2008. The results of operations for the interim period are not necessarily indicative of the results of operations for any other interim period or for a full fiscal year. Note disclosures have been presented for material updates to the information previously reported.

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Notes to Interim Consolidated Financial Statements
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

Included in total cash and cash equivalents of \$14,690,809 at September 30, 2009 are liquidity investment funds of \$4,149,918, compared to \$8,362,877 at December 31, 2008, and a money market account of \$10,604,453 (2008 \$ nil). These balances are redeemable at any time. A remaining credit balance of \$(63,562) at September 30, 2009 is related to the Company's operating accounts. At December 31, 2008 there was a balance of \$780,890 in the Company's operating accounts.

Leases

Leases that transfer substantially all of the benefits, risks and rewards of ownership to the Company are recorded as capital leases and classified as capital assets with a corresponding increase to obligations under capital leases. Amortization will be recorded when the assets are placed into service. All other leases are classified as operating leases under which leasing costs are expensed in the period incurred. Deposits paid, as part of the lease agreements, will be offset against the lease obligations during the term of the lease.

Goodwill and Intangible Assets

On January 1, 2009, the Company adopted CICA Handbook Section 3064, "Goodwill and Intangible Assets", which replaced Section 3062, "Goodwill and Other Intangible Assets", and Section 3450, "Research and Development Costs". This new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill and internally developed intangible assets and requires that research and development expenditures be evaluated against the same criteria as expenditures for intangible assets. The adoption of this new Section did not have an impact on the Company's financial results.

Credit Risk and the Fair Value of Financial Assets and Liabilities

Effective January 1, 2009, the Company adopted CICA Emerging Issue Committee Abstract ("EIC") 173 "Credit Risk and the Fair Value of Financial Assets and Liabilities". EIC 173 recommends that the determination of fair value of financial assets and liabilities take into account a company's credit risk as well as the credit risk of the counterparty. The adoption of EIC 173 did not have an impact on the Company's financial statements.

New Accounting Pronouncements

Financial Instruments

In June 2009, the CICA issued amendments to Handbook Section 3862, "Financial Instruments – Disclosures," to include additional disclosure requirements around fair value measurement for financial instruments and liquidity risk associated with financial instruments. The amendments are effective for annual financial statement for fiscal years ending after September 30, 2009. The Corporation will adopt these amendments in its financial statements for the year ending December 31, 2009.

Business Combinations

In January 2009, the CICA issued Section 1582, "Business Combinations", which replaces former guidance on business combinations. This standard establishes principles and requirements of the acquisition method for business combinations and related disclosures and states that all assets and liabilities of an acquired business will be recorded at fair value. The standard is effective for business combinations for which the acquisition date is on or after January 1, 2011, with earlier adoption permitted.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In January 2009, the CICA issued Section 1601, “Consolidated Financial Statements”, and Section 1602, “Non-controlling Interests”, which replace existing guidance. Section 1602 provides guidance on accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. The standards are effective for fiscal years beginning on or after January 1, 2011, with earlier adoption permitted.

Convergence of Canadian GAAP and International Financial Reporting Standards

In February 2008, the CICA announced that Canadian publicly accountable enterprises would adopt International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") effective January 1, 2011. IFRS will require increased financial statement disclosure. Although IFRS uses conceptual framework similar to Canadian GAAP, differences in accounting policies will need to be addressed. The Company is currently assessing the impact IFRS will have on its consolidated financial statements. The transition from current Canadian GAAP to IFRS is a significant undertaking that may materially affect the Company's reported financial position and results of operations. Although the Company has not completed its IFRS changeover plan, when finalized, it will include an analysis of key Canadian GAAP differences and a phased plan to assess accounting policies under IFRS. The Company anticipates completing its project scoping, which will include a timetable for assessing the impact on data systems, internal controls over financial reporting, and business activities during the first quarter of 2010.

4. INVENTORY

Inventory is comprised of the following categories in accordance with CICA section 3031 “Inventories.” During the three and nine month periods ended September 30, 2009, the Company wrote down its inventory to net realizable value for completed Beta units by \$2,160,559 and \$2,781,937, respectively. There were no inventory valuation adjustments in 2008.

	September 30, 2009	December 31, 2008
	\$	\$
Inventory - components	442,682	230,931
Inventory - work in process	709,965	-
Inventory - completed units	475,000	-
	1,627,647	230,931

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5. CAPITAL ASSETS

Capital assets consist of the following:

	September 30, 2009	September 30, 2009	December 31 2008	December 31 2008
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Furniture and fixtures	30,051	3,880	26,171	-
Computer equipment	5,193	1,154	4,039	-
Test and manufacturing equipment	83,937	7,179	76,758	3,697
Vindicator test units	375,000	13,889	361,111	-
Tradeshow booths	105,581	13,255	92,326	13,586
Software costs	44,880	7,321	37,559	10,857
Aircraft	5,320,283	9,852	5,310,431	-
Test and manufacturing equipment under capital lease	464,242	91,293	372,949	-
	<u>6,429,167</u>	<u>147,823</u>	<u>6,281,344</u>	<u>28,140</u>

6. PROJECT DEVELOPMENT COSTS

Project Development Costs consist of the following:

	September 30, 2009	December 31, 2008
	\$	\$
Project Development costs, beginning of period	3,075,002	-
Development costs incurred	<u>2,357,475</u>	<u>3,075,002</u>
	<u>5,432,477</u>	<u>3,075,002</u>

No amortization expense was recorded with respect to these costs, as the Company has not yet commenced commercial sales of the Vindicator unit. Since inception, the Company has not earned any revenues from the sales of its products. The Company recorded the sale of two of its Vindicator Beta units in the third quarter of 2009 (see Note 8). Proceeds of \$189,696 from these initial sales have been netted against the development costs as required by the Company's status as a development stage enterprise.

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Notes to Interim Consolidated Financial Statements
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7. STOCK OPTIONS

The Company has an Amended and Restated 2008 Stock Option Plan (the “Plan”) for the benefit of the directors, officers, employees and consultants of the Company and its affiliates. Under the Plan, and in accordance with the policies of the TSX Venture Exchange, a maximum of 10% of the common shares outstanding of the Company are from time to time reserved for issuance.

In July 2009, 500,000 stock options were issued to certain senior officers and a director of the Company. The options have a five year life, a four-year vesting period and an exercise price of CDN \$1.50 each, representing the closing price of the common shares on July 15, 2009, the date preceding the date of the grant. In August 2009, 1,090,000 stock options were granted to certain consultants of the Company who are employees of OADS and 10,000 options were granted to an employee of the Company. The options have a five year life, a four-year vesting period and an exercise price of CDN \$1.65 each, representing the closing price of the common shares on the date preceding the date of the grant.

From inception through September 30, 2009, the Company has issued 3,572,094 stock options to directors, officers, employees and consultants of CWL, CTW and OADS. In addition, a total of 2,305,602 options and warrants have been granted to placement agents and Bayview Public Ventures. There were 5,111,384 stock options outstanding at September 30, 2009. Options granted to directors vest over a 2-year period and options granted to officers, employees and consultants vest over a 4-year period, and in each case expire five years from the date of grant thereof. For the three and nine months ended September 30, 2009, the Company determined the fair value of stock options granted under the Plan using the Black-Scholes model with the following weighted average assumptions:

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2009	2008	2009	2008
	%	%	%	%
Risk-free interest rate	1.62	2.38	1.22	2.38
Dividend yield	nil	nil	nil	nil
Expected Volatility	76.92	52.00	81.86	52.00
Expected term (in years)	4	4	4	4

Option pricing models require the use of subjective estimates, including assumptions about the stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates.

A summary of the Company’s stock options activity is as follows:

	Number of	Weighted Average
	Options	Exercise
		Price (\$CDN)
	\$	\$
Balance as at December 31, 2008	3,164,616	1.22
Granted	2,678,080	1.48
Exercised	(94,188)	1.00
Expired	(62,124)	1.00
Forfeited	(575,000)	1.33
Balance as at September 30, 2009 (unaudited)	5,111,384	1.35

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7. STOCK OPTIONS (continued)

During the three month period ended September 30, 2009, 1,600,000 options were issued, 94,188 options previously issued to investors were exercised and 95,000 options were forfeited. There were 2,937,492 options granted during the three-month period ended September 30, 2008. No options were forfeited during the three-month period ended September 30, 2008.

During the nine month period ended September 30, 2009, 2,678,080 options were issued, 94,188 options were exercised, 62,124 previously issued options expired and 575,000 options were forfeited. There were 2,937,492 options granted during the nine-month period ended September 30, 2008. No options were forfeited during the nine-month period ended September 30, 2008.

Stock-based compensation expense for the three and nine months ended September 30, 2009 has been reduced for actual forfeitures. Stock option expense included in salaries and benefits is as follows:

	For the period ended September 30			
	Three month period		Nine month period	
	2009	2008	2009	2008
	\$	\$	\$	\$
Employee stock option expense	135,740	64,671	334,416	64,671

The Company recorded \$508,146 in option expense against contributed surplus in the second quarter of 2009 for the 1,003,080 options granted to placement agents as compensation for the Private Placement that closed on May 20, 2009.

8. RELATED PARTY TRANSACTIONS AND ECONOMIC DEPENDENCE

Management of OADS holds a majority of the membership interests in OADS and also, directly or indirectly, owns or controls 25,000,000 common shares or approximately 46% of the common shares of CWL. Since OADS and the Company are under common control, OADS is considered a related party for accounting purposes under CICA Handbook Section 3840, "Related Party Transactions." Transactions between the Company and OADS are measured at the exchange amount, which is the consideration established and agreed to by the two parties. Pursuant to the terms of an existing licensing agreement, services agreement and sublease agreement, the Company relies upon OADS for research, development and engineering services related to its LIDAR technology, administrative support, and office and support space. The terms of those agreements are further described below.

Licensing Agreement

Effective September 3, 2008, the Company entered into a licensing agreement (the "Licensing Agreement") with OADS under which the Company was granted an irrevocable, transferable, exclusive worldwide right and license to develop, produce and sell products based on fiber optic sensing technology developed by OADS. The license can be used for any and all uses and applications, excluding all military applications and commercial avionics and airborne instrument applications. The Licensing Agreement also provides the Company with the right to sublicense the licensed technology to third parties.

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8. RELATED PARTY TRANSACTIONS AND ECONOMIC DEPENDENCE (continued)

The costs incurred by OADS prior to January 1, 2008 related to the development of the Vindicator remote wind sensor, the underlying LIDAR technology, and the ownership of patents held by OADS are not reflected in these consolidated financial statements.

Services Agreement

Effective September 3, 2008, the Company entered into a services agreement (the "Services Agreement") with OADS under which it engaged OADS, on a non-exclusive basis, to provide technical assistance and other services to the Company as needed on a best-effort, as-available basis. Under the terms of the Services Agreement, OADS' services are billed to the Company on a time and materials basis. The Company also reimburses OADS for direct out-of-pocket expenses incurred on the Company's behalf.

In the second quarter of 2009, CTW became a 75% equity owner in Falcon Fifty LLC, an entity created for the purpose of providing aviation management services. The remaining 25% equity interest in Falcon Fifty LLC is held by Tristar Aviation LLC, a company whose principal shareholders are officers and directors of the Company. On September 21, 2009, Falcon Fifty LLC and its shareholders executed an agreement to purchase a Falcon Fifty aircraft for \$5,000,000. For its legal services related to the aircraft transaction, CTW utilized a firm in which a partner is a spouse of an officer of CTW. Falcon Fifty LLC is considered a subsidiary of CTW, and accordingly the operations of Falcon Fifty LLC have been included in the consolidated financial statements of the Company. Tristar Aviation's proportionate share of Falcon Fifty LLC's net loss and net assets are identified on the Company's financial statements as "Non-controlling interest."

In the third quarter of the current year, OADS and CTW executed a purchase agreement whereby OADS would purchase hardware from CTW. The hardware, which consisted of two modified Vindicator units, was purchased by OADS to fulfill its customer contractual obligations. The modified units were sold from CTW's inventory in the normal course of operations under terms and conditions that would apply to an unrelated party. Proceeds of \$189,696 from these initial sales have been netted against the development costs as required by the Company's status as a development stage enterprise.

The unaudited consolidated financial statements for the three and nine months ended September 30, 2009 reflect the following labor charges from OADS:

Financial Statement Caption	Three months Ended		Nine months ended	
	September 30,		September 30,	
	2009	2008	2009	2008
	\$	\$	\$	\$
Inventory (included in Note 4)	1,115,317	3,681	2,717,266	3,681
Professional engineering fees	343,222	182,705	1,350,308	221,741
Research expense	-	54,187	-	81,610
Project development assets	311,976	720,745	1,389,709	1,211,895
Total labor charges	<u>1,770,515</u>	<u>961,318</u>	<u>5,457,283</u>	<u>1,518,927</u>

At September 30, 2009, the Company owed a balance of \$364,777 to OADS for labor charges and general administrative costs. At September 30, 2008 there was a related party payable balance of \$1,010,050.

All balances payable to OADS are due on demand. During the nine months ended September 30, 2009, the Company paid to OADS an aggregate of \$5,385,898 (\$1,689,026 for project development costs, \$1,230,292 for professional engineering fees, \$2,314,521 for work in progress / completed units, \$108,249 for general administrative expenses and \$43,810 for materials) for expenses incurred in 2009. As of September 30, 2008, no payments had been made to

Catch the Wind Ltd.
(A Development Stage Company)
Notes to Interim Consolidated Financial Statements
For the Three and Nine Month Periods Ended September 30, 2009
(Unaudited)
(Expressed in United States dollars)

OADS on the then outstanding related party payable balances totaling \$1,010,050. The balance was repaid in October 2008 with proceeds from the Company's qualifying transaction.

9. CAPITAL LEASE OBLIGATIONS

The Company has entered into capital leases with the following future minimum lease payments as of September 30, 2009 for the years as follows:

	\$
2009	50,605
2010	205,162
2011	187,764
2012	<u>16,467</u>
Total minimum lease payments	459,998
Amount representing interest (at rates of 15%)	<u>(71,674)</u>
Present value of minimum capital lease payments	388,324
Less current portion of obligations under capital leases	<u>(159,556)</u>
	<u><u>\$ 228,768</u></u>

The obligations under capital lease are secured by the related test and manufacturing equipment.

10. LONG-TERM DEBT

Long-term debt consists of a ten-year note executed by Falcon Fifty LLC, a 75% owned subsidiary of CTW, and a U.S. financial institution. The note in the amount of \$4,600,000 is for the purchase of a Falcon Fifty aircraft. The note bears a fixed interest rate of 7.17% per annum. One hundred twenty consecutive monthly installments of \$40,649 are due commencing November 1, 2009, with a balloon payment of \$2,300,000 due with the final installment. The note is collateralized by the Falcon Fifty aircraft.

The table below summarizes the future cash flow requirements for consolidated long-term debt obligations at September 30, 2009:

	\$
2009	81,299
2010	487,793
2011	487,793
2012	487,793
2013 and beyond	<u>5,633,252</u>
Total minimum payments	7,177,930
Amount representing interest	<u>(2,577,930)</u>
Present value of minimum payments	4,600,000
Less current portion of obligations	<u>(163,269)</u>
	<u><u>\$ 4,436,731</u></u>

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11. PRIVATE PLACEMENT

In the second quarter of 2009, the Company completed a private placement (the "Private Placement") of 16,743,000 shares of common stock at a price of (CDN) \$1.30 per share. In connection with the Private Placement, the Company paid a total commission equal to 6% of the gross proceeds of the brokered portion of the Private Placement to National Bank Financial Inc., Research Capital Corporation and Canaccord Capital Corporation (collectively, the "Agents"), who acted as placement agents for the Private Placement. The Company also granted compensation options to the Agents entitling the holders thereof to acquire an aggregate of 1,003,080 shares of common stock at an exercise price of (CDN) \$1.30 per share, exercisable for the 24-month period following the completion of the Private Placement. Placement costs totaling \$1,937,958 were offset against the proceeds of the Private Placement. Net proceeds recorded to equity in connection with the Private Placement were \$16,779,042.

The net proceeds of the Private Placement are being used to accelerate the next stage of Company growth, complete field trials, expand manufacturing capacity for the Vindicator and other laser based wind sensors, and for general working capital purposes.

12. OWNERSHIP INTEREST IN FALCON FIFTY LLC

On July 6, 2009, CTW became a 75% equity owner in Falcon Fifty LLC, an entity created for the purpose of providing aviation management services. The remaining 25% equity interest in Falcon Fifty LLC is held by Tristar Aviation LLC, a company whose principal shareholders are officers and directors of the Company.

On September 21, 2009, Falcon Fifty LLC and its shareholders executed an agreement to purchase a Falcon Fifty aircraft for \$5,000,000. An initial deposit of \$400,000 was made for the aircraft, with the balance of \$4,600,000 financed over a term of 10 years at a fixed rate of 7.17%. One hundred twenty consecutive monthly installments of \$40,649 are due commencing November 1, 2009, with a balloon payment of \$2,300,000 due with the final installment. The aircraft has been recorded as a fixed asset on the financial statements of Falcon Fifty LLC and is being depreciated using the straight-line method over an estimated useful life of fifteen years.

Falcon Fifty LLC is considered a subsidiary of CTW, and accordingly the operations of Falcon Fifty LLC have been included in the consolidated financial statements of the Company from July 6, 2009. Tristar Aviation's proportionate share of Falcon Fifty LLC's net loss and net assets are identified on the Company's financial statements as "Non-controlling interest."

As a result of CTW's 75% ownership of Falcon Fifty LLC, the following dollar amounts have been recorded in the consolidated financial statements of the Company:

	\$
Prepaid expenses	29,733
Capital assets (net)	5,310,431
Total assets	<u>5,340,164</u>
Accrued expenses	22,589
Long-term debt	4,600,000
Total liabilities	<u>4,622,589</u>
Non-controlling interest	<u>179,393</u>