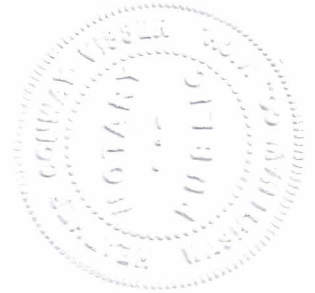


This is exhibit "D" referred to in the Affidavit of Howard Elliott sworn before me on March 13, 2013 at the City of Ann Arbor, Michigan.



A Notary Public in and for the State of Michigan, United States of America

HEATHER CONWAY-VISSER  
NOTARY PUBLIC, STATE OF MI  
COUNTY OF WASHTENAW  
MY COMMISSION EXPIRES Aug 12, 2017  
ACTING IN COUNTY OF *Washtenaw*



Unaudited Condensed Interim Consolidated Financial Statements of

# **RS TECHNOLOGIES INC.**

For the Three and Nine Month Periods Ended  
September 30, 2012 and 2011

# RS Technologies Inc.

Consolidated Statement of Financial Position (unaudited)

(Amounts are stated in thousands of Canadian dollars except for per share amounts)

	Note	September 30, 2012	December 31, 2011
<b>Assets</b>			
<b>Current assets</b>			
Cash		\$ 257	\$ -
Accounts receivable		464	2,307
Inventories	6	2,279	2,625
Prepaid expenses and deposits		240	204
<b>Total current assets</b>		<b>3,240</b>	<b>5,136</b>
<b>Non-current assets</b>			
Restricted cash		147	146
Property, plant and equipment		1,290	1,377
<b>Total non-current assets</b>		<b>1,436</b>	<b>1,523</b>
<b>Total assets</b>		<b>\$ 4,676</b>	<b>\$ 6,659</b>
<b>Liabilities and shareholders' deficiency</b>			
<b>Current liabilities</b>			
Overdraft		\$ -	\$ 28
Accounts payable and accrued liabilities		1,935	2,991
Bank loans		7,000	7,000
Province of Ontario loan	12	-	2,000
Current portion of long-term debt		266	254
Unsecured promissory notes	10	297	553
Other current liabilities	11	658	70
<b>Total current liabilities</b>		<b>10,156</b>	<b>12,896</b>
<b>Non-current liabilities</b>			
Secured convertible debenture	8	3,475	2,048
Long-term debt		338	539
Redeemable preference shares		2,059	1,614
Other long-term liabilities		124	87
<b>Total non-current liabilities</b>		<b>5,996</b>	<b>4,288</b>
<b>Shareholders' deficiency</b>			
Share capital		194,039	194,039
Warrants		5,807	5,807
Equity component of convertible debentures		2,022	1,638
Contributed surplus		11,578	11,427
Deficit		(224,922)	(223,436)
<b>Total shareholders' deficiency</b>		<b>(11,476)</b>	<b>(10,525)</b>
<b>Total liabilities and shareholders' deficiency</b>		<b>\$ 4,676</b>	<b>\$ 6,659</b>

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

# RS Technologies Inc.

Consolidated Statement of Income (loss) and Comprehensive Income (loss) (unaudited)  
 For Three and Nine Month Periods Ended September 30, 2012 and 2011  
 (Amounts are stated in thousands of Canadian dollars except for per share amounts)

	Note	Three Months Ended		Nine Months Ended	
		2012	2011	2012	2011
Sales		964	1,250	4,679	2,788
Cost of sales		974	1,552	4,061	5,988
Gross margin		(10)	(302)	618	(3,200)
Other Income		91	79	265	236
Expenses					
Selling, general and administrative		1,036	1,383	3,394	4,104
Depreciation		13	20	44	72
Stock-based compensation		(44)	49	420	287
Impairment of property, plant and equipment		-	-	-	26
Loss from operating activities		(924)	(1,675)	(2,975)	(7,453)
Finance income		(64)	(63)	(283)	(126)
Finance expenses	5	524	326	1,416	1,296
Loss before income tax, gain on loan forgiveness and conversion of notes payable		(1,384)	(1,938)	(4,108)	(8,623)
Gain on loan forgiveness	12	-	-	2,492	-
Gain on conversion of notes payable		-	2,793	-	2,793
Deferred tax benefit		54	344	130	344
Income (loss) and comprehensive income (loss)		(1,330)	1,199	(1,486)	(5,486)
Basic and diluted income (loss) per share		(0.07)	0.07	(0.08)	(0.39)
Basic and diluted weighted average number of shares outstanding (in thousands)		17,964	17,604	17,964	13,953

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

# RS Technologies Inc.

## Consolidated Statement of Changes in Deficiency (unaudited)

(Amounts are stated in thousands of Canadian dollars except for per share amounts)

	Number of Shares (thousands)	Share capital	Number of Warrants (thousands)	Warrants	Equity component of convertible debentures	Contributed surplus	Deficit	Total
Balance January 1, 2012	17,964	194,039	6,278	5,807	1,638	11,427	(223,436)	\$ (10,525)
Loss and comprehensive loss for the period	-	-	-	-	-	-	(1,486)	\$ (1,486)
Equity portion of debentures, net of tax	-	-	-	-	384	-	-	\$ 384
Stock-based compensation relating to equity-settled awards	-	-	-	-	-	151	-	\$ 151
<b>Balance - September 30, 2012</b>	<b>17,964</b>	<b>\$ 194,039</b>	<b>6,278</b>	<b>\$ 5,807</b>	<b>\$ 2,022</b>	<b>\$ 11,578</b>	<b>\$ (224,922)</b>	<b>\$ (11,476)</b>

	Note	Number of Shares	Share capital	Number of Warrants	Warrants	Equity component of convertible debentures	Contributed surplus	Deficit	Total
Balance - January 1, 2011		11,149	\$ 191,569	4,978	\$ 5,497		\$ 10,163	\$ (216,241)	\$ (9,012)
Loss and comprehensive loss for the period		-	-	-	-	-	-	(5,486)	\$ (5,486)
Common shares issued for cash		1,300	1,092	1,300	310	-	(310)	-	\$ 1,092
Common shares converted from loans		5,515	1,378	-	-	-	442	-	\$ 1,820
Equity portion of debentures, net of tax		-	-	-	-	1,012	-	-	\$ 1,012
Forgiveness of debts		-	-	-	-	-	828	-	\$ 828
Stock-based compensation relating to equity - settled awards		-	-	-	-	-	255	-	\$ 255
<b>Balance - September 30, 2011</b>		<b>17,964</b>	<b>\$ 194,039</b>	<b>6,278</b>	<b>\$ 5,807</b>	<b># \$ 1,012</b>	<b>\$ 11,378</b>	<b>\$ (221,727)</b>	<b>\$ (9,491)</b>

# RS Technologies Inc.

Consolidated Statement of Cash Flows (unaudited)

For Nine Month Periods Ended September 30, 2012 and 2011

(Amounts are stated in thousands of Canadian dollars except for per share amounts)

	Note	For the nine months	
		2012	2011
<b>Cash flows from operating activities</b>			
Loss for the period		\$ (1,486)	\$ (5,486)
Adjustments for			
Depreciation of property, plant and equipment		86	118
Deferred tax benefit		(130)	(344)
Finance expenses		1,382	817
Stock-based compensation		420	287
Impairment of property, plant and equipment		-	26
Write down of inventories		(490)	-
Non-cash loan forgiveness	12	(2,492)	-
Gain on conversion of financial instruments		-	(2,793)
Other non-cash items		-	(29)
		(2,711)	(7,404)
Change in non-cash operating working capital	7	2,377	2,058
<b>Net cash used in operating activities</b>		<b>(333)</b>	<b>(5,346)</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		-	(26)
<b>Net cash used in investing activities</b>		<b>-</b>	<b>(26)</b>
<b>Cash flows from financing activities</b>			
Issue of share capital, net of issue costs		-	1,092
Secured convertible debenture	8	1,280	2,450
Proceeds from issue of unsecured promissory notes		150	1,820
Repayment of mortgage and leases		(230)	(178)
Repayment of note payable		(427)	-
Repayment of NRC advances		-	(18)
Finance costs		(183)	(393)
<b>Net cash from financing activities</b>		<b>591</b>	<b>4,773</b>
Net change in cash		257	(599)
Cash, beginning of period		-	1,238
<b>Cash, end of period</b>		<b>\$ 257</b>	<b>\$ 639</b>

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

# RS Technologies Inc.

Notes to the Interim Consolidated Financial Statements (unaudited)

For the Three and Nine Month Periods Ended September 30, 2012 and 2011

(Amounts are stated in thousands of Canadian dollars except for per share amounts)

## 1. Reporting entity

RS Technologies Inc. ("RS" or the "Company"), a company incorporated pursuant to the laws of Alberta, is a reporting issuer in British Columbia, Alberta, Ontario and Nova Scotia. Effective June 27, 2011, the common shares of RS are no longer listed and posted for trading on the NEX board of the Toronto Stock Exchange Venture Exchange. There is no public liquid market on which to trade the common shares. RS is an ISO 9001:2008 certified technology innovator that develops advanced composite material products for infrastructure markets.

The composite products manufactured using the Company's proprietary resins and processes are typically lighter, more durable and longer-lasting than competing products made from traditional building blocks of wood, steel or concrete. RS's flagship product is its award-winning composite pole which is used in transmission and distribution projects to carry electric grids and as communication structures for various uses including wireless networks and microwave communications systems. RS designs, engineers, manufactures and markets its products worldwide. These interim consolidated financial statements include the accounts of the Company and its subsidiaries.

## 2. Going concern

These interim condensed consolidated financial statements have been prepared on a going concern basis, which assumes the Company will realize its assets and discharge its liabilities and commitments in the normal course of business. The application of the going concern assumption in preparation of these interim consolidated financial statements is dependent upon the Company successfully raising equity and/or debt financing in the near term, and the ability of the Company to generate profitable operations. For the nine month period ended September 30, 2012, the Company reported a loss of \$1,486 and had a cash outflow from operations of \$333. At September 30, 2012 the Company had negative working capital of \$6,916, an accumulated deficit of \$224,922 and shareholders' deficiency of \$11,476.

These interim condensed consolidated financial statements do not reflect any adjustments should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities outside the normal course of business.

In parallel with its commercial activities and the pursuit of orders from utility companies, RS continues to focus on cost reduction and cash management strategies to preserve current cash reserves. These strategies include negotiating more favorable terms with suppliers, reducing discretionary and operational spending, maintaining weekly cash flow budgets, monetizing existing inventories and reducing head-count and general and administrative expenses.

Management acknowledges that there is material uncertainty which casts significant doubt about the Company's ability to discharge its current liabilities through the normal course of operations and is exploring possible alternatives to ensure that its current obligations will be met. These alternatives include, but are not limited to, additional equity and debt financing, achieving positive gross margin and implementing cost reduction measures.

# RS Technologies Inc.

Notes to the Interim Consolidated Financial Statements (unaudited)

For the Three and Nine Month Periods Ended September 30, 2012 and 2011

(Amounts are stated in thousands of Canadian dollars except for per share amounts)

## 2. Going concern (continued)

There can be no assurance that management's plans will be successful as such plans may be dependent upon additional financing as well as market acceptance of the Company's products and the implementation of manufacturing improvements that enable the Company to realize sustained positive margins at levels that ultimately allow it to achieve profitability.

## 3. Basis of preparation

### (a) Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all of the information required for full annual financial statements.

These interim condensed consolidated financial statements were approved by the board of directors on November 26, 2012.

### (b) Basis of measurement

The interim condensed consolidated financial statements have been prepared on the historical cost basis except for liabilities for cash-settled share-based payment arrangements and redeemable preference shares that are measured at fair value.

### (c) Functional and presentation currency

These interim condensed consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information presented in dollars has been rounded to the nearest thousand except for share and per share amounts.

### (d) Use of estimates and judgments

The preparation of these interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions.

In preparing these interim consolidated financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied by the Company in Note 3 of the consolidated financial statements as at and for the year ended December 31, 2011.

## 4. Significant accounting policies

The accounting policies applied by the Company in these interim condensed consolidated financial statements are the same as those applied by the Company in Note 4 of its consolidated financial statements as at and for the year ended December 31, 2011.



# RS Technologies Inc.

Notes to the Interim Consolidated Financial Statements (unaudited)  
For the Three and Nine Month Periods Ended September 30, 2012 and 2011  
(Amounts are stated in thousands of Canadian dollars except for per share amounts)

## 5. Finance expenses

	For the Three Months		For the Nine Months	
	2012	2011	2012	2011
Net change in fair value of preferred shares	\$ 161	\$ 94	\$ 445	\$ 94
Interest on long-term notes payable	-	22	-	737
Accretion on convertible debenture	273	73	662	73
Other interest	90	137	309	392
	\$ 524	\$ 326	\$ 1,416	\$ 1,296

## 6. Inventories

	September 30, 2012	December 31, 2011
Raw materials and consumables	\$ 444	\$ 394
Work in progress	-	-
Finished goods	1,835	2,231
	\$ 2,279	\$ 2,625

During the nine month period, the Company wrote up inventories in the amount of \$490 (Q1 2011 - \$110 write down), included in cost of sales, to net realizable value.

## 7. Change in operating non-cash working capital

	Nine Months Ended September 30	
	2012	2011
Change in accounts receivable	\$ 1,845	\$ (548)
Change in inventories	836	1,810
Change in prepaid expenses and deposits	(35)	(102)
Change in accounts payable and accrued liabilities	(269)	898
	\$2,377	\$ 2,058

## 8. Secured convertible debenture

During the nine month period to September 30, 2012 the Company received an advance of \$1,280 against the debenture which was bifurcated at inception into a liability component and an equity component as well as the related deferred taxation of \$765, \$384 and \$130, respectively. The discount rate of 35% was used. Refer to note 11 for further details on the secured convertible debenture.

# RS Technologies Inc.

Notes to the Interim Consolidated Financial Statements (unaudited)

For the Three and Nine Month Periods Ended September 30, 2012 and 2011

(Amounts are stated in thousands of Canadian dollars except for per share amounts)

## 9. Deferred share units

As at September 30, 2012 there were 1,719,531 DSUs outstanding (December 31, 2011 - 1,719,531). The liabilities for DSUs are revalued to market on a quarterly basis; as at September 30, 2012, \$329 and as at December 31, 2011, \$59 is included in other current liabilities. The DSUs of the three directors who resigned on July 7, 2011 have not yet been converted to cash; the liability of \$67 was included within the \$329 DSU liability, within other current liabilities at September 30, 2012 (December 31, 2011 - \$21).

Number of DSU in thousands	Number of units	\$
Outstanding, January 1, 2011	127,445	120
Granted	1,592,086	243
Market value adjustment	-	(303)
Outstanding, January 1, 2012	1,719,531	59
Granted	462,619	69
Market value adjustment	-	201
Outstanding September 30, 2012	2,182,150	\$ 329

## 10. Unsecured promissory note

	September 30, 2012	December 31, 2011
Unsecured promissory note – Directors i)	\$ 150	\$ -
Unsecured promissory note – Supplier ii)	147	553
	\$ 297	\$ 553

- i) On May 30, 2012 the Company issued unsecured promissory notes to certain directors, who each individually advanced funds in an amount totaling \$150. The notes are repayable on demand and bear interest at 12% per annum compounded monthly.
- ii) In October 2010, in exchange for settlement of invoices for raw materials the company issued an unsecured promissory note in the amount of \$500 plus interest at bank prime plus 5% to a supplier. The unsecured promissory note principal and interest is due January 2, 2013.

## 11. Related party transactions

On September 4, 2012, the Corporation announced, together with Werklund Capital Corporation ("WCC"), that Melbye Skandinavia AS ("Melbye") had executed a Debenture Syndication and Agency Agreement (the "Agreement") with WCC pursuant to which Melbye had acquired a 50% interest in WCC's existing \$6 million secured convertible debenture in RS (the "Convertible Debenture") and that Melbye had acquired a 50% interest in the security provided in the Convertible Debenture, which is a charge on all property of RS, including the intellectual property of RS. The Corporation is not a party to the Agreement.

Pursuant to the Syndication Agreement and based on a deposit by Melbye to WCC in the amount of \$500 in June 2012 (such funds already having been advanced by WCC to RS at the time of the announcement), Melbye paid a total of \$2,390 million to WCC in consideration for the 50%

# RS Technologies Inc.

Notes to the Interim Consolidated Financial Statements (unaudited)

For the Three and Nine Month Periods Ended September 30, 2012 and 2011

(Amounts are stated in thousands of Canadian dollars except for per share amounts)

interest in the Convertible Debenture and the Security. On the basis that RS had received a total of \$4,780 of the \$6,000 authorized amount of the Convertible Debenture prior to the transaction, it had been the intention of Melbye and WCC to jointly fund, in equal amounts, the \$1,220 remaining in the Convertible Debenture based on the requirements of the Company, subject to the terms of the Convertible Debenture. An additional advance of \$550 was made jointly by WCC and Melbye on August 31, 2012, leaving approximately \$700 subject to being advanced under the Convertible Debenture.

Under the Syndication Agreement, WCC was appointed as an agent of Melbye and has certain obligations relating to such agency relationship, including the appointment of a representative of Melbye as one of WCC's three nominees to the board of directors of RS. On September 20, 2012 following RS's annual meeting of shareholders, representatives of Melbye were appointed to the board of directors. On a day to day basis, and based upon WCC acting as agent for Melbye, RS shall continue to interface with WCC in relation to Convertible Debenture matters.

With respect to the rights under the Convertible Debenture for either of WCC or Melbye to convert all or any part of any indebtedness outstanding at any time at the \$0.33 per share conversion price contemplated in the Convertible Debenture, any such conversion shall occur only upon the mutual agreement of WCC and Melbye. Regarding the Security, each of WCC and Melbye rank equally and pari passu with one another and are secured equally and pro rata based on their respective amounts of funds advanced to the Company. As between Melbye and WCC, there is a restriction on transfer of either party's interest in the Convertible Debenture. At or after maturity of the Convertible Debenture, which is January 5, 2014, the Agreement permits a sale subject to a right of first refusal to a party where the other party has proposed to sell its interest, or any part of its interest, to a third party.

Regarding termination of the Syndication Agreement:

- it may terminate upon the consent of WCC and Melbye;
- it may terminate, at the option of Melbye, in the event that WCC sells some or all of its interest in the Convertible Debenture; and
- it shall terminate automatically: (i) in the event that either WCC or Melbye converts the entire amount of their respective debt into common shares of RS; (ii) upon the repayment in full by RS of all obligations under the Convertible Debenture; or (iii) upon one party acquiring the interest of the other party in the Convertible Debenture and in certain related documents.

At September 30, 2012, RS had drawn \$5,300, leaving \$700 remaining in the Convertible Debenture. A discount rate of 35% was used to estimate the liability portion. Since the closing and announcement of the Convertible Debenture on July 6, 2011 and as at the date of these financial statements, RS has been and is in compliance with all terms of the Convertible Debenture.

Subsequent to the end of the quarter, RS received additional funding from WCC and Melbye under the Convertible Debenture. As at the date these interim consolidated financial statements were approved by the board of directors, there remains approximately \$200 available in the Convertible Debenture. As previously disclosed by RS, any and all additional disbursements may be made at the sole discretion of WCC and Melbye as participants in the Convertible Debenture.

RS made management fee payments in the amount of \$53 to WCC in Q3 2012 and \$158 year to date in 2012 (2011 - \$nil).

On September 27, 2012, Melbye paid RS \$319 in advance for a purchase order which was filled on October 24, 2012. Refer to note 10(i) for the unsecured promissory notes issued to certain directors.

# RS Technologies Inc.

Notes to the Interim Consolidated Financial Statements (unaudited)

For the Three and Nine Month Periods Ended September 30, 2012 and 2011

(Amounts are stated in thousands of Canadian dollars except for per share amounts)

## 12. Loan Forgiveness

On May 23, 2012, the Company was released by the government of Ontario from any obligation that may have arisen in connection with the loan guarantee previously provided by the company to the government of Ontario in support of a loan from the government of Ontario to RS's previous contract manufacturer. As a result, during the quarter ended June 30, 2012, the company extinguished the principal amount of \$2 million from its balance sheet and reversed a related \$492 in interest that had been accrued based on the terms of the original loan from the government of Ontario to RS's previous contract manufacturer. That original loan contemplated becoming an interest-bearing loan in the event that the previous contract manufacturer did not achieve and maintain certain milestones, including those relating to the creation of certain numbers of jobs. As a result, a gain of \$2,492 was recognized in profit or loss in Q2 2012.