
NEOTECK SOLUTIONS INC.

(formerly Neodym Technologies Inc.)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THREE AND NINE MONTHS ENDED NOVEMBER 30, 2012

(Unaudited – expressed in Canadian Dollars)

NOTICE TO READER

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

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

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

NEOTECK SOLUTIONS INC.
(formerly Neodym Technologies Inc.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited – expressed in Canadian Dollars)

| | Note | November 30, 2012 \$ | February 29, 2012 \$ |
|--|------|----------------------------|----------------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash | | 320,597 | 11,792 |
| Accounts receivable | 4 | 19,504 | 18,342 |
| | | 340,101 | 30,134 |
| Equipment | 5 | - | 990 |
| Intangible assets | 6 | - | 8,204 |
| | | 340,101 | 39,328 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | | 26,967 | 56,233 |
| Due to related parties | 8 | 7,309 | 987,259 |
| Loans payable | | - | 21,000 |
| | | 34,276 | 1,064,492 |
| SHAREHOLDERS' EQUITY (DEFICIENCY) | | | |
| Share capital | 9 | 2,403,006 | 1,092,985 |
| Contributed surplus | | 189,514 | 24,589 |
| Deficit | | (2,286,695) | (2,142,738) |
| | | 305,825 | (1,025,164) |
| | | 340,101 | 39,328 |

Nature of operations (Note 1)
Commitment (Note 9)

Approved on behalf of the Board of Directors on January 24, 2013

"Gunther Roehlig" Director

"Stephen Pearce" Director

NEOTECK SOLUTIONS INC.
(formerly Neodym Technologies Inc.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited – expressed in Canadian Dollars)

| | Note | Three months ended | | Nine months ended | |
|---|------|--------------------|-----------|-------------------|-----------|
| | | November 30, | | November 30, | |
| | | 2012 | 2011 | 2012 | 2011 |
| | | \$ | \$ | \$ | \$ |
| REVENUE | | | | | |
| Sales | | - | 32,544 | 69,758 | 143,270 |
| Cost of sales | 8 | - | (10,635) | (26,382) | (51,885) |
| Gross profit | | - | 21,909 | 43,376 | 91,385 |
| ADMINISTRATIVE EXPENSES | | | | | |
| Amortization | | - | 4,234 | 3,029 | 6,490 |
| Accounting and audit | 8 | 11,515 | 850 | 28,965 | 4,950 |
| Bank charges and interest | | 197 | 1,269 | 2,524 | 4,114 |
| Customer support | | - | 4,369 | 12,056 | 14,909 |
| Foreign exchange loss | | - | 2,238 | 182 | 3,006 |
| Legal | | 18,298 | - | 58,298 | - |
| Management fees | 8 | 11,037 | 17,055 | 50,500 | 52,355 |
| Marketing | 8 | 787 | 5,838 | 13,682 | 17,440 |
| Office and miscellaneous | | 217 | 3,106 | 8,107 | 11,794 |
| Regulatory and stock transfer | | 9,375 | 2,220 | 19,951 | 8,459 |
| Rent | 8 | - | 750 | 1,500 | 2,250 |
| Research and development | 8 | - | 2,931 | 2,079 | 9,066 |
| | | (51,426) | (44,860) | (200,873) | (134,833) |
| OTHER INCOME | | | | | |
| Gain on sale of subsidiary | 3 | 13,540 | - | 13,540 | - |
| NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD | | | | | |
| | | (37,886) | (22,951) | (143,957) | (43,448) |
| NET LOSS PER SHARE – BASIC AND DILUTED | | | | | |
| | | (0.00) | (0.00) | (0.01) | (0.00) |
| WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING | | | | | |
| | | 30,921,400 | 5,075,960 | 14,297,542 | 5,075,960 |

NEOTECK SOLUTIONS INC.
(formerly Neodym Technologies Inc.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Unaudited – expressed in Canadian Dollars)

| | Number of Shares | Share Capital \$ | Contributed Surplus \$ | Deficit \$ | Total \$ |
|--|---------------------|------------------------|------------------------------|---------------|-------------|
| Balance, February 28, 2011 | 6,075,966 | 1,092,985 | 24,589 | (2,124,562) | (1,006,988) |
| Net loss for the period | - | - | - | (43,448) | (43,448) |
| Balance, November 30, 2011 | 6,075,966 | 1,092,985 | 24,589 | (2,168,010) | (1,050,436) |
| Net loss for the period | - | - | - | 25,272 | 25,272 |
| Balance, February 29, 2012 | 6,075,966 | 1,092,985 | 24,589 | (2,142,738) | (1,025,164) |
| Shares repurchased for cash | (1,000,000) | (20,000) | - | - | (20,000) |
| For cash pursuant to private placement | 30,000,000 | 1,350,000 | 150,000 | - | 1,500,000 |
| Share issuance costs – cash | - | (5,054) | - | - | (5,054) |
| Share issuance costs – finders units | 2,985,000 | (14,925) | 14,925 | - | - |
| Net loss for the period | - | - | - | (143,957) | (143,957) |
| Balance, November 30, 2012 | 38,060,966 | 2,403,006 | 189,514 | (2,286,695) | 305,825 |

NEOTECK SOLUTIONS INC.
(formerly Neodym Technologies Inc.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
For the nine months ended November 30, 2012 and 2011
(Unaudited – expressed in Canadian Dollars)

| | 2012 | 2011 |
|--|------------------|-----------------|
| | \$ | \$ |
| Operating activities: | | |
| Net loss for the period | (143,957) | (43,448) |
| Items not affecting cash: | | |
| Amortization | 3,029 | 6,490 |
| Unrealized foreign exchange loss | - | 2,973 |
| Gain on sale of subsidiary | (13,540) | - |
| | (154,468) | (33,985) |
| Changes in non-cash working capital related to operations: | | |
| Accounts receivable | (13,042) | (1,601) |
| Inventory | (5,711) | (2,926) |
| Accounts payable and accrued liabilities | (15,278) | (8,845) |
| Net cash used in operating activities | (188,499) | (47,357) |
| Investing activities: | | |
| Product development | (7,107) | (4,183) |
| Net cash used in investing activities | (7,107) | (4,183) |
| Financing activities: | | |
| Proceeds from issuance of common shares | 1,500,000 | - |
| Share issuance costs | (5,054) | - |
| Repurchase of common shares | (20,000) | - |
| Transfer of cash on sale of subsidiary | (9,276) | - |
| Repayment of loans payable | (21,000) | - |
| Due to related parties | (940,259) | 43,949 |
| Net cash provided by financing activities | 504,411 | 43,949 |
| Increase (decrease) in cash during the period | 308,805 | (7,591) |
| Cash – beginning of the period | 11,792 | 14,830 |
| Cash – end of the period | 320,597 | 7,239 |
| Supplemental disclosure of cash flow information: | | |
| Interest paid | 504 | 3,000 |
| Non-cash financing and investing activities: | | |
| Forgiveness of debt owed to related party in exchange for shares of subsidiary | 47,000 | - |

NEOTECK SOLUTIONS INC.
(formerly Neodym Technologies Inc.)
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the nine months ended November 30, 2012 and 2011
(Unaudited – expressed in Canadian Dollars)

1. NATURE OF OPERATIONS

Neoteck Solutions Inc. (formerly Neodym Technologies Inc.) (“the Company”) was incorporated under the Company Act of British Columbia and changed its name to Neoteck Solutions Inc. on September 10, 2012. Prior to the September 10, 2012 divestiture of its gas detection equipment and operations (Note 3), its principal business activity was the development and sales of gas safety and loss control systems. The Company is currently determining the direction of its future operations. The Company is listed for trading on the TSX Venture Exchange (“TSX-V”) under the symbol “NEO”. The Company’s registered and records office is located at 2600 - 1066 West Hastings Street, Vancouver Canada V6B 1N2.

2. BASIS OF PRESENTATION

These condensed interim consolidated financial statements have been prepared in conformity with International Accounting Standard (“IAS”) 34, Interim Financial Reporting, using the same accounting policies as detailed in the Company’s audited annual financial statements for the year ended February 29, 2012. They do not include all the information required for complete annual financial statements in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) and therefore should be read together with the audited annual financial statements for the year ended February 29, 2012.

These financial statements were approved by the board of directors for issue on January 24, 2013.

The preparation of these condensed interim consolidated financial statements in accordance with IFRS requires management to make certain critical accounting estimates and to exercise judgment in applying the Company’s accounting policies. A significant area requiring the use of management estimates related to the valuation of warrants. As new data or information is received this estimate may change.

3. SALE OF SUBSIDIARY

On September 10, 2012, the Company completed the sale of shares in its wholly owned subsidiary, Neodym Systems Inc. (“Neodym”) to its former President and CEO in exchange for \$47,000 payable by forgiveness of debt owed to the purchaser. The sale price was considered to be fair value as determined by an independent valuator. Accordingly the financial results of Neodym were consolidated in the financial statements of the Company up to September 10, 2012. The proceeds on sale of the subsidiary were allocated as follows:

NEOTECK SOLUTIONS INC.
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| | \$ |
|--|---------|
| Fair value of shares sold in subsidiary | 47,000 |
| Net identifiable assets disposed of: | |
| Cash | 9,276 |
| Accounts receivable | 11,880 |
| Inventory | 5,711 |
| Equipment | 845 |
| Intangible assets | 12,427 |
| Accounts payable | (6,679) |
| | 33,460 |
| Unrecognized goodwill recognized as gain on sale of subsidiary | 13,540 |
| | 47,000 |

4. ACCOUNTS RECEIVABLE

| | November 30, 2012 | February 29, 2012 |
|-------------------|-------------------|-------------------|
| | \$ | \$ |
| HST recoverable | 19,504 | 4,074 |
| Deposit | - | 250 |
| Trade receivables | - | 14,018 |
| | 19,504 | 18,342 |

5. EQUIPMENT

| | Communication Equipment \$ | Computers \$ | Machinery and Equipment \$ | Total \$ |
|---------------------------------|----------------------------------|-----------------|----------------------------------|-------------|
| Cost | | | | |
| Balance, February 29, 2012 | 557 | 14,844 | 572 | 15,973 |
| Disposals on sale of subsidiary | (557) | (14,844) | (572) | (15,973) |
| Balance, November 30, 2012 | - | - | - | - |
| Accumulated Depreciation | | | | |
| Balance, February 29, 2012 | 523 | 13,906 | 554 | 14,983 |
| Depreciation | 3 | 140 | 2 | 145 |
| Disposals on sale of subsidiary | (526) | (14,046) | (556) | (15,128) |
| Balance, November 30, 2012 | - | - | - | - |
| Net Book Value | | | | |
| Balance, February 29, 2012 | 34 | 938 | 18 | 990 |
| Balance, November 30, 2012 | - | - | - | - |

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6. INTANGIBLE ASSETS

| | Deferred Product Development Costs | Patent | Total |
|---------------------------------|---|---------------|--------------|
| | \$ | \$ | \$ |
| Cost | | | |
| Balance, February 29, 2012 | 916,171 | 7,883 | 924,054 |
| Additions | 7,107 | - | 7,107 |
| Disposals on sale of subsidiary | (923,278) | (7,883) | (931,161) |
| Balance, November 30, 2012 | - | - | - |
| Accumulated Depreciation | | | |
| Balance, February 29, 2012 | 909,180 | 6,670 | 915,850 |
| Depreciation | 2,782 | 102 | 2,884 |
| Disposals on sale of subsidiary | (911,962) | (6,772) | (918,734) |
| Balance, November 30, 2012 | - | - | - |
| Net Book Value | | | |
| Balance, February 29, 2012 | 6,991 | 1,213 | 8,204 |
| Balance, November 30, 2012 | - | - | - |

7. LOANS PAYABLE

| | November 30, 2012 | February 29, 2012 |
|---|------------------------------|------------------------------|
| | \$ | \$ |
| Repayable on demand, bearing interest at 5% per annum | - | 10,000 |
| Repayable on demand, bearing interest at 5% per annum | - | 10,000 |
| Accrued interest | - | 1,000 |
| | - | 21,000 |

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8. RELATED PARTY TRANSACTIONS

The Company incurred charges to directors and officers and former directors and officers, or to companies associated with these individuals as follows:

| | Three months ended November 30, | | Nine months ended November 30, | |
|-------------------------------------|------------------------------------|--------|-----------------------------------|--------|
| | 2012 | 2011 | 2012 | 2011 |
| | \$ | \$ | \$ | \$ |
| Accounting | 6,515 | - | 6,515 | - |
| Cost of sales | - | 2,367 | 6,046 | 11,110 |
| Management fees | 5,000 | 15,000 | 29,463 | 47,513 |
| Marketing, research and development | - | 9,000 | 18,000 | 27,000 |
| Rent | - | 750 | 1,500 | 2,250 |
| | 11,515 | 27,117 | 61,524 | 87,873 |

The amount due to related parties at February 29, 2012 included \$987,259 due to former directors and officers or companies associated with these individuals. These amounts were repaid during the nine months ended November 30, 2012. The amount due to related parties at November 30, 2012 is non-interest bearing and payable on demand and relates to amounts owed to a company in which the CFO is an associate. Related party transactions are conducted in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

Key management of the Company includes the President, CFO and the Directors. During the nine months ended November 30, 2012, compensation in respect of services provided by key management consists of management fees of \$5,000 paid to the President and \$24,463 paid to the former President, and accounting fees paid to a company in which the CFO is an associate. Other than as reflected above, there were no other transactions with key management, or compensation paid or payable for their services.

9. SHARE CAPITAL

- a) Authorized – Unlimited common shares without par value.
- b) Issued – 38,060,966 common shares

On August 20, 2012, by a special resolution approved at the Company's annual general and special meeting of the shareholders, the Company consolidated its issued and outstanding common shares into one new share for each two pre-consolidated common shares.

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On September 20, 2012, the Company closed a non-brokered private placement of 30,000,000 units at \$0.05 per unit for gross proceeds of \$1,500,000. Each unit consisted of one post-consolidation share of the Company and one warrant to buy one additional post-consolidation share of the Company for \$0.10 on or before September 20, 2013. As provided by the terms of the subscription agreement a value of \$150,000 has been attributed to the warrants and \$1,350,000 has been attributed to the shares. In connection with the private placement, an additional 2,985,000 units with identical terms were issued as finder's fees with a value of \$14,925 attributed to the warrants and \$134,325 attributed to shares.

On October 26, 2012, the Company repurchased and cancelled 1,000,000 post-consolidation shares owned by a former director and officer. These shares had been held in escrow as performance shares, and were cancelled for an amount equal to their initial issued cost basis of \$20,000. Performance shares were excluded from the calculation of weighted average number of shares outstanding in determining basic and diluted loss per share.

c) Warrants:

A summary of the status of the share purchase warrants is presented below:

| | Number of warrants | Weighted average exercise price \$ |
|---|-------------------------------|---|
| Balance outstanding – February 29, 2012 | - | - |
| Issued – expire September 20, 2013 | 32,985,000 | 0.10 |
| Balance outstanding – November 30, 2012 | 32,985,000 | 0.10 |

The weighted average remaining contractual life of the outstanding warrants is 0.81 years.