



... *Creating Value*

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## INNOVIUM ANNOUNCES FIRST QUARTER EARNINGS

**Toronto ...** Innovium Capital Corp. reports its results for the first quarter of 2005. Innovium's long-term goal is to invest in opportunities that are capable of maturing into sustainable equity values. The following updates describe recent noteworthy developments in Innovium's investments:

### **Atlantis Systems Corp.**

The first quarter of 2005 was pivotal in the history of Atlantis Systems. The Allied Wings consortium, of which Atlantis is an integral partner, was awarded the \$1.7 billion Contracted Flying Support and Training (CFTS) contract from the Canadian Forces. This award will result in revenues to Atlantis of approximately \$100 million over the next twenty years of which approximately \$65 million of revenue will be recognized over the coming thirty months. During the quarter, the company also improved its financial flexibility with a new \$4.1 million credit facility, a \$3.0 million subordinated convertible debenture and a \$2.0 million equity financing. Atlantis is now poised for significant growth.

During the quarter, Innovium benefited from holding 15% of the issued and outstanding shares of Atlantis. As the stock price of Atlantis rose by \$0.46 per share, Innovium's position increased in value by roughly \$3.8 million.

### **First Person Plural Inc.**

The company is a developer of new methods of advertising delivery utilizing interactive media technology. During the last three months following financing by Innovium, the company has begun implementation of its first project, HumanLimit™, the world's first interactive global competition. Innovium's Management is pleased with the rapid progress made to date and encouraged by the quality and synergy of the team First Person Plural has built.

Company founders Alexandre Dulude and Darren Henriet have been joined by the following key management personnel: Martin Girard, Head of Software Development, formerly with Autodesk (Discreet Logic), and Dmitri Prykhodko, Head of Network Design, who came to the company from International Systems Solutions, LLC of New York.

### **Lallemand Inc.**

The first quarter marked the beginning of the second phase of the Company's agreement with Lallemand.

While agri-products revenue will initially be lower (2.5% of gross sales versus 10-15% previously), Innovium believes that over the next 25 years Lallemand will continue to grow sales aggressively, as they have done over the last six years.

### **Fly America Furniture Inc.**

In keeping with Fly's original strategy, the company now has five unique furniture and decorative accessories stores open in Quebec. Fly is now focusing on maximizing the return from each of those stores and fine-tuning its long-term strategic plan.

### **CablesEdge Software Inc.**

Having completed its "Voice-on-the-Go" suite of solutions that provide hands-free, real-time interactive access to relevant, filtered email, calendar, news services, or corporate databases, CablesEdge is now working diligently to translate one of its corporate trials into a long-term customer.

### **Seed Media Group, LLC.**

Subsequent to the quarter end, Innovium invested US\$800,000 to purchase 19.8% of the Series A preferred shares of this emerging omnimedia corporation that has Seed Magazine as its core component.

... 2/

Innovium had 2005 first-quarter earnings of \$3,918,000 compared to earnings of \$732,000 in the same period of 2004. Of this increase, \$3,772,000 was due to an unrealized gain on its investment in Atlantis Systems Corp. due to an increase in the market value of Atlantis' shares on the Toronto Stock Exchange. Due to the volatility of Atlantis' stock in the market and the fact that Innovium revalues its investment quarterly based on the stock price, future significant quarterly unrealized gains/losses may occur. While this gain was unrealized, this is indicative of the potential gains realizable on Innovium's investment in Atlantis and the leverage of Innovium's investment in Atlantis.

Agri-products revenue for the first quarter was \$489,000 compared to \$536,000 in the same period in 2004. Innovium's revenue source has predominately consisted of 15% of Lallemand's Levucell sales in Europe. Commencing February 1, 2005, the calculation is based on 2.5% of worldwide Levucell sales. Management expects that the Company's agri-products revenue will decline substantially for the balance of 2005 and then gradually increase over the upcoming 25 years as Lallemand continues to expand its sales of Levucell-based products around the world. Innovium has every confidence in Lallemand's ability to continue to grow Levucell sales, as it has a proven track record of building specialty yeast products into industry leaders.

Interest and dividend income decreased 98% in the same comparable periods as a result of the 2004 conversion of the Atlantis special shares - Series 2, including accrued dividends and the note receivable, including accrued interest, into Atlantis equity.

Compared to the first quarter of 2004, the Company experienced a \$299,000 increase in general and administrative costs during the first quarter of 2005. In the first quarter of 2004, Innovium was able to recover approximately \$105,000 (from ThinWEB Technologies Inc.) of amounts that were previously written off. This was recorded as a reduction in general and administrative costs. In the first quarter of 2005, Innovium granted stock options as noted above. An expense of \$56,000 was recorded related to the vesting of these options. While Innovium's Directors do not receive a normalized fee, in January 2005 non-management Directors received an aggregate of \$33,000 for services rendered. Professional fees for the quarter increased by \$19,000 due to the Company's investment activity in 2005. Innovium moved offices in September 2004, resulting in an increase in rent expense of \$15,000 for the first quarter of 2005. Innovium's Management is no longer active in the activities of, and therefore no longer recovers salaries from, Atlantis. This resulted in salaries for the quarter increasing by \$55,000. The balance of the increase is attributable to the timing of expenses year-over-year.

The cash and cash equivalents balance increased by \$997,000 from year-end. Of this increase, \$600,000 was due to a March private placement, which funds were used in April for an investment in Seed Media Group, LLC. Over the past year, the collection of ongoing payments related to agri-products revenue has allowed for a larger reserve pool of cash. At March 31, 2005, the agri-products receivable due from Lallemand was \$824,000. In April 2005, Innovium received payment of US\$625,000; the largest single-quarter payment received. This amount received (representing amounts due for November and December 2004 along with January 2005) was reflected in the receivable balance at quarter-end with the balance of the March 31, 2005 receivable being amounts due for February and March 2005.

In February 2005, Innovium closed a private placement of \$300,000. The financing resulted in an aggregate of 4,000,000 common share units being issued at \$0.075 per unit, each unit consisting of one common share and one common share purchase warrant. Each warrant is exercisable at \$0.10 per share for a period of three years. An additional 143,500 units were issued to a third party agent in connection with this financing.

In March 2005, Innovium closed a private placement of \$600,000. The financing resulted in an aggregate of 7,500,000 common share units being issued at \$0.08 per unit, each unit consisting of one common share and two-thirds of a common share purchase warrant. Each warrant is exercisable at \$0.10 per share for a period of three years.

Full financial results are available on SEDAR at [www.sedar.com](http://www.sedar.com).

... 3/

Table of Highlights of the Financial Statements

(Expressed in thousands of Canadian dollars, except per share amounts)	<b>Mar. 31</b> <b><u>2005</u></b>	<b>Mar. 31</b> <b><u>2004</u></b>
Agri-products revenue	\$ 489	\$ 536
Unrealized gains on investments	3,772	194
Interest and dividend income	2	88
General and administrative expenses	357	58
Depreciation and amortization	2	40
Foreign exchange gain	(14)	(12)
Earnings before income taxes	3,918	732
Income taxes	---	---
<b>Net earnings</b>	<b>\$ 3,918</b>	<b>\$ 732</b>
<b>Net earnings per share</b>	<b>\$ 0.09</b>	<b>\$ 0.02</b>
<b>Cash provided by operating activities</b> (after net change in working capital balances)	<b>\$ 318</b>	<b>\$ 100</b>
(Expressed in thousands of Canadian dollars, except per share amounts)	<b>Mar. 31</b> <b><u>2005</u></b>	<b>Dec. 31</b> <b><u>2004</u></b>
Cash and cash equivalents	\$ 1,623	\$ 626
Accounts receivable and other assets	917	1,075
<b>Total current assets</b>	<b>\$ 2,540</b>	<b>\$ 1,701</b>
Investments	9,024	5,002
Capital assets, net	32	33
<b>Total assets</b>	<b>\$ 11,596</b>	<b>\$ 6,736</b>
Accounts payable and accrued liabilities	\$ 94	\$ 82
<b>Total current liabilities</b>	<b>\$ 94</b>	<b>\$ 82</b>
<b>Shareholders' equity</b>	<b>\$ 11,502</b>	<b>\$ 6,654</b>
<b>Book value per share</b>	<b>\$ 0.22</b>	<b>\$ 0.16</b>

Innovium Capital trades under the symbol **INV** on the TSX Venture Exchange.

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