



... *Creating Value*

130 Adelaide Street West, Suite 3210  
Toronto, Ontario M5H 3P5  
T: (416) 862-7444 F: (416) 862-7007

1 Place Ville Marie, Suite 2736  
Montreal, Quebec H3B 4G4  
T: (514) 281-0481 F: (514) 281-0294

Symbol - *IN* (TSX - V)

05-11

August 11, 2005

## **INNOVIUM REPORTS SECOND QUARTER EARNINGS**

**Toronto** ... Innovium Capital Corp. reports its results for the second 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:

### **Lallemand**

As the second quarter of 2005 was the first full quarter of the reduced payment structure (formerly 15% of Levucell sales, now 2.5% of Levucell sales until 2030) comparative numbers are of little relevance. Payments for the quarter were \$75,000, bringing payments for the first six months to \$560,000. During the second quarter of 2005 gross sales of Levucell increased significantly, dominated by noteworthy sales of Levucell SB, which is used for sows and piglets. In June 2005, Levucell SC gained permanent EU approval for dairy and beef cattle use.

### **Atlantis Systems**

Accounting rules dictate that Innovium's investment be revalued based on the closing price of the stock on the TSX at the end of each quarter, resulting in an unrealized loss for the second quarter of 2005. Innovium is an investor in Atlantis because of its belief in the core capabilities and long-term value of Atlantis, therefore Innovium accepts these equity market-driven fluctuations as "bumps-in-the-road" to realizing on the fundamental value of its investment.

Atlantis has built abundant technical and operational capabilities over the past 20 years. The new management has strengthened relationships with industry, banking and governmental bodies. It is now incumbent upon the Company to leverage this expertise and its technological excellence into sustained equity values.

### **Seed Media Group**

Following the successful closing of the US\$4 million Seed Media Group financing, Adam Bly, CEO of Seed, has focused his attention on revitalizing the Company's corporate identity and strengthening its senior executive team, exemplified by the promotion of Anna Herceg to Vice President, Advertising and Business Development. The Company has appointed Loeb & Loeb, LLP as General Counsel. Loeb & Loeb represent many of the worlds' leading entertainment and media companies. Seed is also engaged in active negotiations regarding US and Canadian newsstand distribution of Seed Magazine.

### **CablesEdge Software**

The Company is actively promoting its products to telecom operators throughout Europe and North America and was selected for a high-profile commercial trial to be implemented in late 2005. Technology and marketing partnership agreements have been signed with both Hewlett Packard (HP) and Research in Motion (RIM). The Company continues to build its "bring-to-market" capabilities and has added a number of senior executives to the management team to execute its business plan.

### **First Person Plural**

Since the last quarterly report, First Person Plural has continued technical development of the Human Limit project and begun implementation of the initial sales rollout phase in accordance with the Business Plan that anticipates the public launch of this project in the second half of 2006. Innovium's Management is pleased with the progress of the project to date.

... 2/

### **Fly America Furniture**

The second quarter of 2005 was positive, with a total sales growth of 52% (including the two new stores) and a same store sales increase of 8%. It is not uncharacteristic for retailers, especially in their early stages, to experiment with different styles and types of merchandise. As a result, Fly chose to heavily discount discontinued merchandise in the second quarter in order to clear out these items, which contributed to a loss for the quarter.

With the fifth store now open, Fly is gaining recognition within the Quebec market. The number of customers increased by 47% during the quarter, and number of sales transactions increased by 56%. This positive response to the Fly concept should contribute to improving the bottom line.

### **RxRite**

RxRite has set its sights on completing a commercial version of its BlackBerry® ePrescribing solution by the fall of 2005. A recently signed agreement with MCS Health of Montreal provides RxRite with access to key drug information for integration into its application. Pending the release of this eHealth solution, the Company is endeavouring to establish distribution and resale opportunities in the United States and Canada.

Innovium had 2005 second-quarter loss of \$2,981,000 compared to earnings of \$217,000 in the same three-month period of 2004. In the second quarter of 2005, the Company recorded an unrealized loss on investments of \$2,790,000. Of this total, \$2,758,000 of the unrealized loss is due to a decrease in the market value of Atlantis Systems Corp.'s shares on the Toronto Stock Exchange as at June 30, 2005. This partially offset the unrealized gain on Atlantis' shares recorded by Innovium in the first quarter of 2005. 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 and loss were unrealized, they are indicative of the potential gains realizable on Innovium's investment in Atlantis and the leverage of Innovium's investment in Atlantis. The remaining \$32,000 unrealized loss in the second quarter of 2005 was on account of CablesEdge. While Innovium made an additional investment in CablesEdge at a price higher than Innovium's book value of its investment, accounting rules do not permit a write-up in the value of Innovium's investment, consequently resulting in the unrealized loss.

Agri-products revenue for the second quarter of 2005 was \$71,000 compared to \$389,000 in the second quarter of 2004. As noted in the Liquidity and Capital Resources section above, the decline in revenue is due to a change in calculating the payments due Innovium and not a result of a decline in Lallemand's sales. On the contrary, to the best of Innovium's knowledge and insight, the market for Levucell continues to increase which should result in growing agri-products revenues for Innovium.

Interest and dividend income decreased by \$80,000 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 second quarter of 2004, the Company experienced a \$69,000 increase in general and administrative costs in the second quarter of 2005. Innovium moved offices in September 2004, resulting in an increase in rent expense of \$15,000 for each of the first two quarters of 2005. Innovium's Management is no longer active in the activities of, and therefore no longer recovers salaries and administrative costs from, Atlantis. This resulted in salaries for each of the first two quarters of 2005 increasing by \$55,000 and administrative costs in the same periods increasing \$21,000 each quarter. Professional fees for the quarter decreased by \$12,000 and public company reporting costs decreased by \$9,000 due to the timing of the Company's activities in 2005. Other general and administrative costs did not significantly increase or decrease year-over-year in the second quarter.

For the three months ended June 30, 2005, the Company recorded positive operating cash flow, after changes in non-cash working capital items, of \$474,000 compared to positive operating cash flow of \$507,000 recorded in the same period in 2004.

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

Table of Highlights of the Financial Statements

(in thousands of Canadian dollars, except per share amounts)	Three months ended June 30		Six months ended June 30	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Agri-products revenue	\$ 71	\$ 389	\$ 560	\$ 925
Unrealized gains (losses) on investments	(2,790)	(3)	982	191
Interest and dividend income	7	87	9	175
General and administrative expenses	297	228	654	286
Depreciation and amortization	3	40	5	80
Foreign exchange gain	(31)	(12)	(45)	(24)
<b>Net earnings (loss)</b>	<b>\$ (2,981)</b>	<b>\$ 217</b>	<b>\$ 937</b>	<b>\$ 949</b>
<b>Net earnings per share</b>	<b>\$ (0.06)</b>	<b>\$ 0.01</b>	<b>\$ 0.02</b>	<b>\$ 0.02</b>
<b>Cash provided by operating activities</b> (after net change in working capital balances)	<b>\$ 474</b>	<b>\$ 507</b>	<b>\$ 792</b>	<b>\$ 609</b>
		<b>June 30</b>		<b>Dec. 31</b>
		<b><u>2005</u></b>		<b><u>2004</u></b>
Cash and cash equivalents		\$ 1,385		\$ 626
Accounts receivable and other assets		210		1,075
<b>Total current assets</b>		<b>1,595</b>		<b>1,701</b>
Investments		7,309		5,002
Capital assets, net		34		33
<b>Total assets</b>		<b>\$ 8,938</b>		<b>\$ 6,736</b>
Accounts payable and accrued liabilities		\$ 49		\$ 82
<b>Total current liabilities</b>		<b>49</b>		<b>82</b>
Notes Payable		368		---
<b>Total liabilities</b>		<b>\$ 417</b>		<b>\$ 82</b>
<b>Shareholders' equity</b>		<b>\$ 8,521</b>		<b>\$ 6,654</b>
<b>Book value per share</b>		<b>\$ 0.16</b>		<b>\$ 0.16</b>

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

For additional information contact: [info@innovium.ca](mailto:info@innovium.ca)

Neil Raymond, Chairman and CEO (514) 281-0481  
 Jamie Macintosh, President and COO (416) 862-7444  
 Julio DiGirolamo, CFO and Corporate Secretary (416) 862-7444

[ceo@innovium.ca](mailto:ceo@innovium.ca)  
[president@innovium.ca](mailto:president@innovium.ca)  
[cfo@innovium.ca](mailto:cfo@innovium.ca)