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## INNOVIUM REPORTS SECOND QUARTER EARNINGS

**Toronto** ... Innovium Capital Corp. ("Innovium", or the "Company") reports its results for the second quarter of 2006. The following describes a few noteworthy highlights:

**Seed** Media Group ("Seed") grew significantly in the second quarter. Important strides are underway which will transform the company from a magazine with a digital exponent into a multimedia company with a digital core. A corporate development department has been created to accelerate the expansion into new digital media platforms.

Revenues are on target and on budget. To increase both operational and cost efficiencies and accelerate new product development, various content-producing teams (editorial departments, art departments, etc.) have been consolidated into one integrated content development group called 'ContentLabs'. This department will contain all in-house and freelance resources and will be responsible for generating material for all content-based products. The infrastructure is designed so that all levels of staff are encouraged to be innovative and generate new product ideas. Claudia Valentino, the newly appointed Managing Editor, will manage the day-to-day operations, staff and budget of ContentLabs. Claudia has over 15 years of editorial management experience at major media properties ranging from Penthouse to Popular Science.

ScienceBlogs' homepage was re-launched with a new design and 25 new blogs were added to the network, resulting in a 52% growth in page views across the ScienceBlogs digital network (Q2 versus Q1).

A good indication of the acceptance of Seed in the media marketplace may be ascertained by the 150% increase in magazine sales at the Borders bookstore chain from the fourth issue (Feb./Mar.) to the fifth issue (April/May).

The second quarter was dominated by significant worldwide interest from carriers, resellers and enterprises for **CablesEdge** Software's ("CablesEdge") *Voice on the Go™* products. Currently, there are over 500 leads at various points in the sales cycle.

In June 2006, CablesEdge completed its Toronto hosting facility providing local number access across North America. In July, a London, England hosting centre also went 'live' and additional hosting centres in other countries are also being explored. Trials have been conducted with carriers, resellers and enterprises in the UK, Canada, USA and Continental Europe. While additional features will continue to be added, the marketability of the technology is increasingly apparent. The company is in contract negotiations with a number of resellers and enterprises that have recently completed trials.

CablesEdge continues to add personnel to its software development team and will be releasing enhanced versions of its Enterprise and Consumer products this fall. An office has been opened in London, England to better service and support the company's European clients.

As expected, and as previously disclosed by Innovium, the Company's agri-products revenue stream after January 2005 declined to more modest levels. Innovium's revenue source from Lallemand has historically consisted of 15% of Lallemand's Levucell sales in Europe and North America. In accordance with Innovium's agreement with Lallemand signed in 1999 (the "Lallemand Agreement"), as of February 1, 2005, this payment is now computed as 2.5% of worldwide Levucell sales. As the market for Levucell has not yet been developed much beyond Europe and North America, Innovium's revenue stream experienced an expected significant decline. Agri-products revenue was \$99,000 in the second quarter of 2006 compared to \$116,000 in the first quarter of 2006 and \$71,000 for the second quarter of 2005. The 15% decrease from the first quarter of 2006 is attributed to seasonality of the underlying sales cycle whereas the 39% year-over-year second quarter increase results from higher sales of the underlying Lallemand products. While Management cannot be certain, we believe that this year-over-year increase is reflective of Innovium's expectation that agri-products revenues will gradually increase over the upcoming 24 years of the Lallemand Agreement as Lallemand continues to expand its sales of Levucell-based products around the world.

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In the second quarter of 2006, Innovium sold 3,071,500 shares of Atlantis System Corp. ("Atlantis") for proceeds of \$1,600,000 resulting in a loss of \$100,000. In the first quarter of 2006, the Company sold 1,928,822 shares of Atlantis for proceeds of \$1,146,000 resulting in a gain of \$79,000. In the first six months of 2006 Innovium sold a total of 5,000,322 shares of Atlantis for proceeds of \$2,746,000 resulting in a loss of \$21,000. In 2005, no gains or losses were realized.

Management believes that it is appropriate to regularly evaluate and analyse the Company's investment portfolio with a view to ensuring that the carrying value of its investments are in line with the fair value of those investments. In the second quarter of 2006, the Company recorded an unrealized gain on venture investments of \$68,000 which consists of a gain of \$191,500, primarily as a result of an increased valuation of its Seed investment, that is partially offset by an unrealized foreign exchange loss of \$123,800 related to a foreign exchange adjustment on Innovium's Seed investment (attributable to the rising Canadian dollar against the US dollar). In the first quarter of 2006, the Company recorded an unrealized gain on venture investments of \$17,200, \$15,700 of which was related to a foreign exchange adjustment on Innovium's Seed investment. In the second quarter of 2006, the Company recorded an unrealized loss on short-term investments of \$513,000 bringing the total unrealized loss on short-term investments for the first six months of 2006 to \$1,108,000. These unrealized losses primarily resulted from the decline in the stock price of Atlantis as well as net decreases in the market value of its investments in Duran Ventures Inc. ("Duran"), and Dentonia Resources Inc. ("Dentonia"). Due to the volatility of Atlantis', Dentonia's and Duran's stock in the market, and the fact that Innovium revalues these investments quarterly based on their stock prices, future significant quarterly unrealized gains or losses may occur. While these gains and losses are unrealized, they are indicative of the potential gains realizable on Innovium's investments in Atlantis, Dentonia and Duran. 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 was due to a decrease in the market value of Atlantis'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. 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 did not permit a write-up in the value of Innovium's investment, consequently resulting in an unrealized loss.

Interest and dividend income increased as a result of dividends accrued on preferred shares of Seed and interest charged on CablesEdge promissory notes and advances to First Person Plural Inc. ("FPP"). For the quarter and six months ended June 30, 2006, the Company recorded interest and dividend income of \$131,000 and \$181,000, respectively, compared to \$7,000 and \$9,000 in the comparative 2005 periods.

Compared to the second quarter of 2005, the Company experienced a \$28,000 increase in general and administrative costs during the first quarter of 2006. The increase is primarily due to \$16,000 of broker fees paid on the sale of Atlantis shares and an increase of \$6,000 of accounting and legal fees. On a six-month comparative basis, Innovium saw general and administrative costs decrease by \$23,000. Increased costs associated with broker fees, interest expense on the note payable, insurance costs, and professional fees was offset by a number of items, among them the fact that non-management directors did not receive cash compensation in 2006 compared to the \$33,000 they received in January 2005. Also, 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. No stock options were granted in 2006.

For the three and six months ended June 30, 2006, the Company recorded a negative operating cash flow, after changes in non-cash working capital items, of \$211,000 and \$399,000 compared to positive operating cash flow of \$474,000 and \$848,000 recorded in the same periods in 2005. The change is primarily attributable to the decline in cash receipts from agri-products revenue year-over-year.

Innovium had a 2006 second quarter loss of \$642,000 compared to a loss of \$2,981,000 in the second quarter of 2005. The loss for the first six months of 2006 was \$1,289,000 compared to net earnings of \$937,000 in the first six months of 2005. The most significant factor affecting the Company's "bottom line" is the fluctuation in the fair value of Innovium's investments.

Table of Highlights of the Financial Statements

	<b>Three months ended June 30</b>		<b>Six months ended June 30</b>	
<i>(in thousands of Canadian dollars, except per share amounts)</i>	<b><u>2006</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>
Agri-products revenue	\$ 99	\$ 71	\$ 215	\$ 560
Losses on investments	<b>(100)</b>	--	<b>(21)</b>	--
Unrealized gains (losses) on investments	<b>(445)</b>	(2,790)	<b>(1,023)</b>	982
Interest and dividend income	<b>131</b>	7	<b>181</b>	9
General and administrative expenses	<b>325</b>	297	<b>631</b>	654
Depreciation	<b>2</b>	3	<b>4</b>	5
Foreign exchange loss (gain)	--	(31)	<b>6</b>	(45)
<b>Net earnings (loss)</b>	<b>\$ (642)</b>	\$ (2,981)	<b>\$ (1,289)</b>	\$ 937
<b>Net earnings (loss) per share</b>	<b>\$ (0.01)</b>	\$ (0.06)	<b>\$ (0.02)</b>	\$ 0.02
<b>Cash provided by (used in) operating activities</b> (after net change in working capital balances)	<b>\$ (211)</b>	\$ 474	<b>\$ (399)</b>	\$ 848

	<b>June 30 <u>2006</u></b>	<b>Dec. 31 <u>2005</u></b>
<i>(Expressed in thousands of Canadian dollars)</i>		
Cash and cash equivalents	\$ 1,335	\$ 889
Accounts receivable and other assets	<b>202</b>	278
Short-term investments	<b>888</b>	977
<b>Total current assets</b>	<b>2,425</b>	2,144
Venture investments	<b>5,513</b>	6,891
Capital assets, net	<b>28</b>	32
<b>Total assets</b>	<b>\$ 7,966</b>	\$ 9,067
Accounts payable and accrued liabilities	\$ 77	\$ 150
<b>Total current liabilities</b>	<b>77</b>	150
Notes payable	--	363
<b>Total liabilities</b>	<b>\$ 77</b>	\$ 513
<b>Shareholders' equity</b>	<b>\$ 7,889</b>	\$ 8,554
<b>Total liabilities and shareholders' equity</b>	<b>\$ 7,966</b>	\$ 9,067

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

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