



... *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)

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## INNOVIUM REPORTS THIRD QUARTER EARNINGS

**Toronto ...** Innovium Capital Corp. reports its results for the third 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

- Agri-products revenues earned by Innovium were US\$80,000 in the third quarter of 2005, reflective of a 2.5% rate on gross sales that will continue for the next 25 years.
- Levucell SC sales growth mainly came from Europe, where permanent approval obtained last June was received positively, and from North America, where the product continues to increase its market share.
- Levucell SB sales are up from the same period last year, reflecting growth in the sows and piglets market.

### Atlantis Systems

- Revenue for the third quarter was \$7.7 million, vs. \$3.7 million for 2004. Year to date, revenue was \$24.9 million vs. \$13.4 million for the same period in 2004.
- Contracted Flying Training and Support (CFTS) contract with Department of National Defence continued on time and on budget.
- Placed 19<sup>th</sup> in Canada in Deloitte and Touche's annual "Technology Fast 50" program for companies with a demonstrated track record of consistent growth, operational excellence, and financial strength.
- For the second year in a row, awarded the prestigious Blue Ribbon for Innovation by Military Training Technology Magazine, ranking Atlantis in the top 100 simulation companies worldwide.
- Awarded a follow-on contract from the Canadian Forces, to upgrade their five existing Integrated Maintenance Training System (IMTS) suites and to provide a desktop version of the graphical interface.
- Announced a Memorandum of Understanding with GSE Systems Inc. of Columbia, Maryland, to license certain GSE proprietary simulation technology and to gain better access to the U.S. Government Military market.
- Atlantis is in the final phase of completing its first state-of-the-art, full-motion, virtual-reality Helicopter Vocational Trainer (HVT) which will be demonstrated at the I/ITSEC conference in Orlando, Florida in November. I/ITSEC is the largest military and civilian simulation conference in North America.

### Seed Media Group

- Appointed Nobel Prize Winner James Watson as Special Advisor to the Board. Dr. Watson is the co-discoverer of DNA.
- Signed newsstand distribution agreement with Time Warner.
- First issue of Seed Magazine under Seed Media Group banner was rolled out to strong initial sales.
- Initiated development of new digital platform.
- Partnered with JWT Group Inc. (J. Walter Thompson) to publish ground-breaking study on attitudes towards science in US.
- The Dalai Lama penned an article in Seed Magazine devoted to science and the transcendental experience.

### CablesEdge Software

- CablesEdge is actively working with a number of carriers throughout Europe and North America, and is currently involved in two European trials.
- CablesEdge is an alliance partner with both HP and RIM.

### First Person Plural

- Working prototype of HumanLimit™ adver-game completed.
- Aggressive marketing of HumanLimit to North American advertising community initiated.
- Appointment of PricewaterhouseCoopers for interactive advertising placement audit and verification.
- Pillsbury Winthrop Shaw Pitman appointed to advise on intellectual property and advertising law.

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RxRite

- RxRite is beta testing the upgraded version of its Blackberry ePrescribing solution which allows for integrated access to Canadian and US drug information with key industry participants.
- RxRite is currently in discussions regarding commercial deployment opportunities for the product in 2006.

Fly America Furniture

- In October 2005, Fly announced that it was attempting to restructure its operations and that it would be making a proposal to its creditors. To date, the creditors have not received any acceptable offers to refinance, reinvigorate or acquire the business. As a result, the creditors have voted to liquidate Fly's assets while still allowing for the possibility that a purchaser may buy the company and continue to operate the business.
- As Fly's outstanding liabilities exceed the value of its assets, its shareholders are unlikely to receive any value for their shares. In light of these facts, Innovium has taken a third quarter write-down of its entire \$1.1 million investment in Fly.

Innovium had a 2005 third-quarter loss of \$1,382,000, compared to earnings of \$1,153,000 in the same three-month period of 2004. This results in a nine-month loss of \$445,000 for 2005 compared to earnings of \$2,102,000 for the first nine months of 2004. In the third quarter of 2005, the Company recorded an unrealized loss on investments of \$1,245,000 due primarily to the \$1,148,000 write-down in Innovium's investment in Fly. As was reported subsequent to the quarter-end at September 30, 2005 Fly was unable to meet its commitments as they came due, ultimately resulting in bankruptcy proceedings in October of 2005. The balance of \$97,000 was due to a decrease in the market value of its investment in Atlantis Systems Corp. ("Atlantis") as at September 30, 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 these gains and losses are unrealized, they are 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 third quarter of 2005 was \$97,000 compared to \$416,000 in the third quarter of 2004. 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. 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 increased by \$5,000 in the third quarter of 2005 compared to the same comparable period in 2004 as a result of maintaining a larger cash balance compared to the same time period in 2004. For the comparable nine month periods, interest and dividend income decreased by \$161,000 in 2005 primarily as a result of the 2004 conversion of the Atlantis special shares, note receivable, and accrued interest and dividends into Atlantis equity.

Compared to the third quarter of 2004, the Company experienced an \$82,000 increase in general and administrative costs in the third quarter of 2005. Innovium moved offices in September 2004, resulting in an increase in rent expense of \$20,000 in the third quarter of 2005 compared to the same quarter in 2004. 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 three 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 \$14,000 and public company reporting costs decreased by \$1,000 due to the timing of the Company's activities in 2005. Travel costs for the quarter increased by \$1,000 as a result of increased activity in our investee companies. Other general and administrative costs did not significantly increase or decrease year-over-year in the second quarter.

General and administrative costs reported for the first nine months of 2005 are double those for the same period of 2004. The increase in general and administrative expenses in this quarter is similar to the increase experienced in the first two quarters. Also, as reported in 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.

For the three months ended September 30, 2005, the Company recorded negative operating cash flow, after changes in non-cash working capital items, of \$220,000 compared to positive operating cash flow of \$211,000 recorded in the same period in 2004. Positive cash flow from operations, after changes in non-cash working capital items, of \$628,000 was achieved for the first nine months of 2005 down 23% from the same period in 2004. These changes are a result of the reduction in payments received from Lallemand.

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

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Table of Highlights of the Interim (Unaudited) Financial Statements

(in thousands of Canadian dollars, except per share amounts)	Three months ended September 30		Nine months ended September 30	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Agri-products revenue	\$ 97	\$ 416	\$ 657	\$ 1,341
Unrealized gains (losses) on investments	(1,245)	992	(263)	1,183
Interest and dividend income	8	3	17	178
General and administrative expenses	246	164	900	450
Depreciation and amortization	2	40	7	120
Foreign exchange loss (gain)	(6)	54	(51)	30
<b>Net earnings (loss)</b>	<b>\$ (1,382)</b>	<b>\$ 1,153</b>	<b>\$ (445)</b>	<b>\$ 2,102</b>
<b>Net earnings per share</b>	<b>\$ (0.03)</b>	<b>\$ 0.03</b>	<b>\$ (0.01)</b>	<b>\$ 0.05</b>
<b>Cash provided by (used in) operating activities</b> (after net change in non-cash working capital balances)	<b>\$ (220)</b>	<b>\$ 211</b>	<b>\$ 628</b>	<b>\$ 820</b>
		<b>Sept. 30</b>		<b>Dec. 31</b>
		<b><u>2005</u></b>		<b><u>2004</u></b>
Cash and cash equivalents		\$ 846		\$ 626
Accounts receivable and other assets		281		1,075
<b>Total current assets</b>		<b>1,127</b>		<b>1,701</b>
Investments		6,383		5,002
Capital assets, net		32		33
<b>Total assets</b>		<b>\$ 7,542</b>		<b>\$ 6,736</b>
Accounts payable and accrued liabilities		\$ 48		\$ 82
Notes Payable		355		-
<b>Total liabilities</b>		<b>\$ 403</b>		<b>\$ 82</b>
<b>Shareholders' equity</b>		<b>\$ 7,139</b>		<b>\$ 6,654</b>
<b>Book value per share</b>		<b>\$ 0.13</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

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

Jamie Macintosh, President and COO

(416) 862-7444

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

Julio DiGirolamo, CFO and Corporate Secretary

(416) 862-7444

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