

Bioniche Life Sciences Inc.
Amalgamated under the laws of Ontario

INTERIM CONSOLIDATED BALANCE SHEETS
[Unaudited]

	As at September 30, 2009 \$	As at June 30, 2009 \$
<i>(thousands of Canadian dollars)</i>		
ASSETS		
Current		
Cash and cash equivalents	13,502	5,950
Accounts receivable	4,056	3,720
Inventories	6,012	5,408
Prepaid expenses and deposits	562	569
Restricted cash	1,101	1,227
	25,233	16,874
Long-term		
Property, plant and equipment	9,373	9,494
Intangible assets	6,551	6,792
Goodwill	456	456
Long-term accounts receivable	1,053	1,025
	42,666	34,641
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Revolving credit facility	—	4,448
Accounts payable and accrued liabilities	5,200	11,607
Income and other taxes payable	170	321
Deferred government assistance	311	342
Current portion of long-term debt and obligations under capital leases	626	635
Current portion of repayable government assistance	910	—
Current portion of non-refundable deferred licensing revenue	1,486	—
	8,703	17,353
Long-term		
Long-term debt	1,152	1,149
Obligations under capital leases	1,151	1,225
Repayable government assistance	5,545	2,476
Deferred government incentives	3,164	3,336
Non-refundable deferred licensing revenue	20,467	—
	40,182	25,539
Shareholders' equity		
Share capital	95,959	95,856
Other paid-in capital	8,600	8,540
Deficit	(102,075)	(95,292)
	2,484	9,102
	42,666	34,641

Bioniche Life Sciences Inc.**INTERIM CONSOLIDATED STATEMENTS OF LOSS,
COMPREHENSIVE LOSS, AND DEFICIT***[Unaudited]*

For the three months ended September 30

	2009	2008
<i>(thousands of Canadian dollar, except share and per share amounts)</i>	\$	\$
REVENUE		
Sales	5,906	8,044
Gain on sale of intangible assets	883	—
Licensing	333	—
	7,122	8,044
EXPENSES		
Cost of sales (excluding amortization)	2,771	3,750
Administration	1,785	1,518
Marketing and selling	1,481	1,670
Financial expenses	188	468
Amortization of property, plant and equipment	307	338
Amortization and write-down of intangible assets	241	214
Foreign exchange loss	121	67
	6,894	8,025
Income before research and development expenses and other items	280	19
Research and development expenses, gross	3,401	3,845
Repayable government assistance	3,884	—
Less: government incentives, net	(403)	(516)
Loss before income taxes	(6,654)	(3,310)
Provision for income taxes	130	15
Net loss and comprehensive loss for the period	(6,784)	(3,325)
Transition adjustment due to change in accounting policy	—	(39)
Deficit, beginning of period	(95,291)	(84,752)
Deficit, end of period	(102,075)	(88,116)
Basic and diluted net loss per share	(0.09)	(0.05)
Weighted-average number of common shares outstanding	71,874,883	67,194,886

Bioniche Life Sciences Inc.

**INTERIM CONSOLIDATED STATEMENTS
OF CASH FLOWS**

[Unaudited]

For the three months ended September 30

<i>(thousands of Canadian dollars)</i>	2009	2008
	\$	\$
OPERATING ACTIVITIES		
Net loss for the period	(6,784)	(3,325)
Add (deduct) non cash items:		
Amortization	502	911
Unrealized foreign exchange gain	(24)	(94)
Change in unrealized loss (gain) on foreign currency embedded derivatives	—	60
Accreted interest on discounted receivables	102	(9)
Stock-based compensation	60	62
Employee share ownership plan	—	177
Government assistance obligation	3,884	—
Amortization of deferred government incentive	(177)	—
Licensing revenue	(333)	—
Write-off of intangible assets	52	—
Gain on sale of intangible assets	(883)	—
Deemed government assistance	(59)	—
	(3,660)	(2,218)
Decrease in restricted cash	126	—
Net change in non-cash working capital balances	(4,995)	(567)
Net change in deferred licensing revenue	22,286	—
Cash provided by (used in) operating activities	13,757	(2,785)
INVESTING ACTIVITIES		
Proceeds on sale of intangible assets	606	—
Purchases of property, plant and equipment	(239)	(138)
Cash used in investing activities	367	(138)
FINANCING ACTIVITIES		
Proceeds from repayable government assistance	54	633
Proceeds from revolving credit facility	—	8,385
Repayment of revolving credit facility	(4,416)	(6,119)
Payment of financing fees – revolving credit facility	(2,117)	—
Repayment of capital lease obligations	(84)	(59)
Repayment of senior and other long-term debt	(9)	(33)
Cash provided by (used in) financing activities	(6,572)	2,807
Net increase (decrease) in cash and cash equivalents during the period	7,552	(116)
Cash and cash equivalents, beginning of period	5,950	4,399
Cash and cash equivalents, end of period	13,502	4,283