



Corporate information

Headquarters

Clemex Technologies Inc.
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Subsidiary

Clemex Corp
5965-A Wilcox Place, Dublin, OH
43016-6788 USA

Transfer Agent

CIBC Mellon Trust
Montreal, QC

Auditors

KPMG LLP
Chartered Accountants
Montreal, Quebec

Solicitors

Pouliot, Mercure
Montreal, Quebec

Bankers

Royal Bank of Canada
Montreal, Quebec

Trading Symbol

Clemex Technologies Inc.
is listed on The Canadian Venture
Exchange (CDNX)
under the symbol CXG.A

Authorized Number of

Class A Shares
unlimited

Issued Class A Shares

18,543,560

Board of Directors

Clément Forget
Chairman, President and CEO
Clemex Technologies Inc.

Normand Labonté
Vice-President, International Sales
Clemex Technologies Inc.

Sylvain Laroche
Vice-President,
Research & Development
Clemex Technologies Inc.

Renaud Caron
Senior Vice-President
Business Engineering
CGI Group, Inc.

Pierre Coutou
Consultant
Innovatech du Grand Montréal

Me Lisane Dostie
Director, Corporate Affairs and Secretary
Labopharm Inc.

Jacqueline Serres
Portfolio Manager
Fonds de Solidarité
des Travailleurs du Québec

Officers

Clément Forget
President, Chairman and CEO
Clemex Technologies Inc.

Normand Labonté
Vice-President, International Sales
Clemex Technologies Inc.

Sylvain Laroche
Vice-President,
Research & Development
Clemex Technologies Inc.

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Quarterly Report

2002

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Message to Shareholders

This past period can be described by one word - breakthrough. I can say that we are starting to realize the benefits of a carefully planned strategy we began to implement in our last fiscal year. Cost containment initiatives, new market diversification efforts, and the modularization of our software products, are the main reasons for which we were successful in improving our figures.

For the first quarter ended July 31st, 2001, the Company's revenues remained relatively unchanged, reaching \$ 1.52 million when compared to the same reporting period of last year. However, gross margin increased from 52 % to 57 %, with a net profit of \$ 122,536 compared to the previous year's first quarter loss of \$ 65,128.

With the ongoing investments made in the commercialization of our products in the pharmaceutical and biotechnology markets, we are beginning to benefit from our market development activities starting with system sales to Pfizer and others currently in the works. The early success we've encountered in this market is just a start. Up to date much interest has been generated and we continue create interest around our products in this market, which we believe will translate into additional wins in the very short term.



Notes to Consolidated Financial Statements

For period of three months ended July 31st (unaudited)

1. Basis of presentation

These consolidated financial statements have been prepared in conformity with Canadian generally accepted accounting principles. The same accounting policies as described in the latest annual report have been used, with exception of the change in accounting policy described in note 2a). However, these consolidated financial statements do not include all disclosures required under generally accepted accounting principles and accordingly should be read in connection with the consolidated financial statements and the notes thereto included in the Corporation's latest Annual report.

2. Accounting policies

a) Change in accounting policy

In the first quarter, the Corporation's has adopted the new recommendations of the Canadian Institute of Chartered Accountants ("CICA") concerning earnings per share. These new recommendations, described in the new version of section 3500 of the CICA Handbook harmonize the Canadian standard with the United States standard, particularly as to the determination of the diluted earnings per share. All earnings per share amounts disclosed for comparison purposes have been restated. This change had no impact on comparatives earnings per share amounts.

Diluted Earnings per Share

As at July 31st, 2001, 1,480,379 options granted to acquire common shares of the Corporation at prices ranging from \$0.25 to \$0.60 - were outstanding. The options were not "in the money" for the current period and options for the comparable period were antidilutive.

b) Restatement

The Corporation has restated its financial statements to reflect a change in the method of accounting for the development expenditures during the fourth quarter of 2001. This change has been applied retroactively and, thus, deferred development cost at July 31st 2000 and retained earnings as of April 30, 2000 have been reduced by \$1,953,614 and \$1,846,334, respectively.

Consequently, the financial statements for period of three months ended July 31st, 2000 have been restated to be in accordance with the new accounting policy adopted during the fourth quarter of 2001.

Consolidated Balance Sheet

July 31, 2001 with comparative figures for April 30, 2001

	July 31 st 2001 (unaudited)	April 30 th 2001 (audited)
Assets		
Current assets:		
Cash and cash equivalents	\$ 8,153	\$ 27,685
Accounts receivable	1,312,587	1,172,021
R&D tax credits receivable	367,186	320,794
Inventories	873,188	899,681
Prepaid expenses	31,009	13,239
	<u>2,592,123</u>	<u>2,433,420</u>
Capital assets	516,226	533,953
Intangible assets	10,510	11,485
Future income taxes	<u>355,601</u>	<u>355,601</u>
	<u>\$ 3,474,460</u>	<u>\$ 3,334,459</u>

Liabilities and Shareholders' Equity

Current liabilities:		
Bank indebtedness	\$ 692,870	\$ 689,721
Accounts payable and accrued liabilities	855,614	836,593
Customer deposit	38,250	-
Current portion of long-term debt	<u>129,564</u>	<u>149,686</u>
	<u>1,716,298</u>	<u>1,676,000</u>
Long-term debt	327,667	350,500
Shareholders' equity:		
Share capital	4,184,429	4,184,429
Deficit	<u>(2,753,934)</u>	<u>(2,876,470)</u>
	<u>1,430,495</u>	<u>1,307,959</u>
	<u>\$ 3,474,460</u>	<u>\$ 3,334,459</u>

See accompanying notes to consolidated financial statements.

Consolidated Statement of Operations

For period of three months ended July 31st 2001 (unaudited)

	2001	2000 (Restated - see note 2)
Sales	\$ 1,522,792	\$ 1,530,404
Cost of sales	<u>656,133</u>	<u>734,131</u>
Gross Profit	866,659	796,273
Expenses:		
Commercial	359,924	368,259
Research and development, net of tax credits	149,601	232,380
Administrative	157,523	192,503
Depreciation	40,685	37,538
Financial	<u>36,390</u>	<u>30,721</u>
	<u>744,123</u>	<u>861,401</u>

Net earnings (net loss) \$ 122,536 \$ (65,128)

Earnings (loss) per share \$ 0.01 \$ (0.004)

Weighted average number of common shares outstanding 18,543,560 18,371,904

See accompanying notes to consolidated financial statements.

Consolidated Statement of Deficit

For period of three months ended July 31st 2001 (unaudited)

	2001	2000 (Restated - see note 2)
Deficit, beginning of year:		
As previously stated	\$(2,876,470)	\$ (781,323)
Restatement (note 2)	-	(1,846,334)
Deficit, restated	<u>(2,876,470)</u>	<u>(2,627,657)</u>
Net earnings (net loss)	<u>122,536</u>	<u>(65,128)</u>
<u>Deficit, end of year</u>	<u>\$(2,753,934)</u>	<u>\$(2,692,785)</u>

See accompanying notes to consolidated financial statements.

Consolidated Cash Flow

For period of three months ended July 31st 2001 (unaudited)

	2001	2000 (Restated - see note 2)
Cash flow from operating activities		
Net earnings (net loss)	\$ 122,536	\$ (65,128)
Adjustments for:		
Depreciation	40,685	37,538
Gain on disposal of capital assets	<u>(2,400)</u>	<u>(899)</u>
	160,821	(28,489)
Net change in non-cash operating assets and liabilities	<u>(120,964)</u>	<u>92,680</u>
	39,857	64,191
Cash flow from financing activities:		
Net change in bank indebtedness	3,149	-
Reimbursement of long-term debt	(42,955)	(42,514)
Issue of Class A shares	-	15,279
	<u>(39,806)</u>	<u>(27,235)</u>
Cash flow from Investing activities:		
Purchase of capital assets	(35,770)	(80,744)
Proceeds from disposal of capital assets	<u>16,187</u>	<u>4,083</u>
	<u>(19,583)</u>	<u>(76,661)</u>
Net decrease in cash and cash equivalents	(19,532)	(39,705)
Cash and cash equivalents, beginning of year	<u>27,685</u>	<u>175,331</u>
Cash and cash equivalents, end of year	\$ 8,153	\$ 135,626

See accompanying notes to consolidated financial statements.

From a research and development perspective, a French cancer research center - "Centre Alexis Vautrin - Université Henri Poincaré" of Vandoeuvre-Nancy, mandated Clemex to build a prototype imaging system for the automatic analysis of cancer cell spheroids. Once completed, this automated system will be a welcome addition to our product line, helping us better serve the biotechnology market.

Evaluating our core markets, the Company secured important image analysis system sales in the aerospace industry bringing on board The Boeing Company and GE Aircraft Engines. With respect to international distribution, we signed an exclusive distribution agreement with a well-respected Japanese agent - ABBE Science Company, Ltd. of Tokyo.

We are confident that with our superior technology backed by the dedication of our team, we will be able to faced head on the challenges in the short to mid-term in an effort to maximize shareholder equity.

September 5th, 2001



Clément Forget
Président du Conseil et chef de la direction