



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



Message to Shareholders

Reflecting on our activities for this past quarter, I am pleased to report a net profit of \$103,182 compared to the previous year's third quarter loss of \$171,790. Gross Margins for the third quarter ended January 31st, 2002 significantly improved reaching 55% of sales versus 48% for the same period last year.

With the combination of our relatively new initiative targeting the life science and pharmaceutical marketplace, coupled with our continued efforts in upgrading our customer base of over 500 clients, we have effectively managed our operations when taking into account the economic slow-down, which was exacerbated by the tragic events that took place on September 11th, 2001.

Demonstrated by recent sales, our upgrade program continues to gain momentum as we approach the fiscal year end. Both on the international and domestic fronts, our clients have remained loyal upgrading their systems with great enthusiasm. Some of these customers include Indoshell Cast (India), Shell International Chemicals B.V. (Netherlands), Algoma Steel (Canada), Novartis Pharmaceuticals (USA), US Army (USA) and others.

With respect to the life science and pharmaceutical marketplace, we attended a major industry trade show and participated in numerous on-site demonstrations of our systems on the west and east coast of the United States. Most recently during the course of the quarter, we were successful in securing major sales to divisions of Sepracor Inc. and Abbott Laboratories in the US. We anticipate that our sales efforts will accelerate in the short-term, given that we have received positive feedback from major players in the industry.

Furthermore, adding to our product line, we officially launched the Clemex RoboScope C-2002 - a highly advanced imaging system that uses a robotic arm to manipulate micro-plates. Mandated by a world-renowned cancer research center, "Centre Alexis Vautrin - Université Henri Poincaré" of Vandoeuvre-Nancy, France, the system will be used to automate the process of analyzing cancer cells. Although a prototype, management believes that this new product has significant potential given the wide spread applications in which it can be used.

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

March 4th, 2002



Clément Forget
President, CEO and Chairman



Notes to Consolidated Financial Statements

For period of three months ended Januar 31st 2002 (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 2 a). 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 January 31st, 2002, 1 519 311 options granted to acquire common shares of the Corporation at prices ranging from \$0.22 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 January 31st 2001 and retained earnings as of April 30, 2000 have been reduced by \$2,217,251 and \$1,846,334, respectively.

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

Consolidated Balance Sheet

January 31st 2002 with comparative figures for April 30th, 2001

	January 31 st	April 30 th
	2002	2001
	(unaudited)	(audited)
Assets		
Current assets:		
Cash and cash equivalents	\$ 7,624	\$ 27,685
Accounts receivable	1,234,055	1,172,021
Research & development tax credits receivable	548,800	320,794
Inventories	865,821	899,681
Prepaid expenses	38,118	13,239
	<u>2,694,418</u>	2,433,420
Capital assets	432,341	533,953
Intangible assets	8,560	11,485
Future income taxes	<u>355,601</u>	355,601
	<u>\$ 3,490,920</u>	\$ 3,334,459

Liabilities and Shareholders' Equity

Current liabilities:		
Bank indebtedness	\$ 688,653	\$ 689,721
Accounts payable and accrued liabilities	642,551	836,593
Customer Deposit	21,924	-
Current portion of long-term debt	270,768	149,686
	<u>1,623,896</u>	1,676,000
Long-term debt	117,001	350,500
Shareholders' equity:		
Share capital	4,184,429	4,184,429
Deficit	(2,434,406)	(2,876,470)
	<u>1,750,023</u>	1,307,959
	<u>\$ 3,490,920</u>	\$ 3,334,459

See accompanying notes to consolidated financial statements.

Consolidated Statement of Operations

For period of three months ended January 31st 2002 (unaudited)

	third quarter		nine months	
	2002	2001	2002	2001
		(Restated - see note 2)		(Restated - see note 2)
Sales	\$ 1,398,452	\$ 1,822,679	\$ 4,571,035	\$ 5,262,023
Cost of sales	<u>623,527</u>	947,188	<u>1,936,851</u>	2,596,147
Gross Profit	774,925	875,491	2,634,184	2,665,876
Expenses:				
Commercial	402,779	459,749	1,130,710	1,303,469
Research & development, net of tax credits	45,968	240,576	340,298	746,214
Administrative	162,746	206,396	502,474	634,135
Depreciation	37,616	46,973	119,758	123,376
Financial	22,634	93,587	98,880	110,515
	<u>671,743</u>	1,047,281	<u>2,192,120</u>	2,917,709
Net earnings (net loss)	<u>\$ 103,182</u>	\$ (171,790)	<u>\$ 442,064</u>	\$ (251,833)
Earnings (loss) per share	\$ 0.01	\$ (0.01)	\$ 0.024	\$ (0.014)

Weighted average number of common shares outstanding	18,543,560	18,539,179	18,543,560	18,460,232
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See accompanying notes to consolidated financial statements.

Consolidated Statement of Deficit

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

	third quarter		nine months	
	2002	2001	2002	2001
		(Restated - see note 2)		(Restated - see note 2)
Deficit, beginning of year:				
As previously stated	\$ (2,537,588)	\$ (861,366)	\$ (2,876,470)	\$ (781,323)
Restatement (note 2)	-	(1,846,334)	-	(1,846,334)
Deficit, restated	<u>(2,537,588)</u>	(2,707,700)	<u>(2,876,470)</u>	(2,627,657)
Net earnings (net loss)	<u>103,182</u>	(171,790)	<u>442,064</u>	(251,833)
Deficit, end of year	<u>\$ (2,434,406)</u>	\$ (2,879,490)	<u>\$ (2,434,406)</u>	\$ (2,879,490)

See accompanying notes to consolidated financial statements.

Consolidated Cash Flow

For period of three months ended January 31st 2002 (unaudited)

	third quarter		nine months	
	2002	2001	2002	2001
		(Restated - see note 2)		(Restated - see note 2)
Cash flow from operating activities				
Net earnings (net loss)	\$ 103,182	\$ (171,790)	\$ 442,064	\$ (251,833)
Adjustments for:				
Depreciation	37,616	46,973	119,758	123,376
Gain on disposal of capital assets	(71)	228	(3,794)	524
	<u>140,727</u>	<u>(124,589)</u>	<u>558,028</u>	<u>(127,933)</u>
Net change in non-cash operating assets and liabilities	<u>(37,589)</u>	<u>109,609</u>	<u>(453,178)</u>	<u>(573,886)</u>
	<u>103,138</u>	<u>(14,980)</u>	<u>104,850</u>	<u>(701,819)</u>
Cash flow from financing activities:				
Net change in bank indebtedness	(70,604)	117,647	(1,068)	853,265
Increase in long-term debt	-	80,000	-	80,000
Reimbursement of long-term debt	(34,845)	(205,924)	(112,416)	(284,856)
Issue of Class A shares	-	1,929	-	62,207
	<u>(105,449)</u>	<u>(6,348)</u>	<u>(113,484)</u>	<u>710,616</u>
Cash flow from Investing activities:				
Purchase of capital assets	(4,936)	(49,201)	(89,584)	(190,197)
Proceeds from disposal of capital assets	7,609	1,600	78,157	19,867
	<u>2,673</u>	<u>(47,601)</u>	<u>(11,427)</u>	<u>(170,330)</u>
Net decrease in cash and cash equivalents	362	(68,929)	(20,061)	(161,533)
Cash and cash equivalents, beginning of year	<u>7,262</u>	<u>82,727</u>	<u>27,685</u>	<u>175,331</u>
Cash and cash equivalents, end of year	<u>\$ 7,624</u>	<u>\$ 13,798</u>	<u>\$ 7,624</u>	<u>\$ 13,798</u>

See accompanying notes to consolidated financial statements.

Management Discussions & Analysis

Description of Business

Clemex Technologies Inc. ("Clemex" or "the Company") develops, manufactures and markets image analysis systems and software used by quality control and research microscopy laboratories. The Company is also involved in the distribution of equipment and consumables for specimen preparation of solid metals and materials. It is exclusive representative in Canada for the Struers product line. Clemex's customer base spans the globe and encompasses large manufacturing concerns in numerous industries including automotive, aerospace, raw materials manufacturing, pharmaceuticals, mining and other sectors.

The Company's notable accomplishments during the third quarter 2002 included:

- The expansion of the pharmaceutical market, landing a sale with Sepracor Inc.
- The launching of the RoboScope C-2002 - a highly advanced imaging system that uses a robotic arm to manipulate micro-plates.
- The securing of numerous upgrade sales to the Company's existing customer base.

Discussion of Operations and Financial Condition

During the second quarter ended January 31st, 2002, the Company generated sales of \$ 1.4 million versus \$ 1.8 million for the same period of last year. Falling short of management's expectations, the Company believes that sales remained flat as a result of the current economic slowdown exacerbated by the tragic events that took place on September 11th, 2001. Nevertheless, the Company significantly improved its gross margin, attaining a figure of 55% - an improvement of 7% when compared quarter-to-quarter, mainly due to an increase in the Company's software sales.

When looking at the same quarter of last year, overall expenses decreased by approximately \$ 375,500 with a significant portion attributed to R&D and commercial expenditures.

Net income reached \$ 103,182 versus a loss for the same period of last year of \$ 171,790. Over a nine month reporting period ending January 31st, 2002 net income reached \$ 442,064 versus a loss of \$ 251,833 reported for the nine-month period ending January 31st, 2001.

Subsequent Events

No significant events occurred after the period ended January 31st, 2002.

Financings, Principal Purposes and Milestones

No significant events occurred during the fiscal 3rd quarter 2002.

Liquidity and Solvency

As at January 31st, 2002, the Company had a working capital position of \$ 980,422. With the Company's projected earning, management expects to have sufficient working capital to meet its current and ongoing obligations as they come due. The current and quick ratio stood at 1.6 and 1.07 respectively.