

Consolidated Cash Flow

For the period of 3 months ended January 31st 2000 (unaudited)

	third quarter 2000	third quarter 1999	nine months 2000	nine months 1999
	\$	\$	\$	\$
Operating Activities				
Net Income (loss)	142,215	(122,935)	216,233	(138,465)
Items not affecting cash resources				
Depreciation of fixed assets	14,506	13,824	44,307	41,473
Depreciation of development expenses	118,410	75,000	337,500	225,000
	275,131	(34,111)	598,040	128,008
Net changes in non-cash working capital balances	64,869	(197,202)	(553,798)	(267,862)
Net funds provided from (used for) operation	340,000	(231,313)	44,242	(139,854)
Financing Activities				
Initial public offering and reorganization fees	-	(40,000)	-	(40,000)
New long-term debt	-	-	122,000	72,000
Reimbursement of long-term debt	(24,062)	(25,741)	(61,010)	(422,002)
New obligations under capital lease	-	-	-	8,855
Reimbursement of obligations under capital lease	(12,215)	(1,711)	(42,372)	(6,818)
Issue of common shares	-	1,500,000	-	1,712,004
	(36,277)	1,432,548	18,618	1,324,039
Investing Activities				
Acquisition of fixed assets	(65,721)	(32,551)	(81,604)	(97,769)
Acquisition of development expenses	(237,314)	(78,668)	(695,371)	(225,568)
Acquisition of other assets	-	(290)	-	(2,158)
	(303,035)	(111,509)	(776,975)	(325,495)
Changes in Cash Ressources	688	1,089,726	(714,115)	858,690
Cash and Cash Equivalents at Begining (97,218)		(63,809)	617,585	167,227
Cash and Cash Equivalents at End (96,530)		1,025,917	(96,530)	1,025,917

Corporate Information

Headquarters

Clemex Technologies Inc.
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Longueuil, Quebec
Canada, J4G 1T5
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Fax: (450) 651-9304
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US Subsidiary

Clemex Corp
5965-A Wilcox Place
Dublin, OH
43016-6788
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Fax: (614) 789-0056

Transfer Agent

CIBC Mellon Trust
Montreal, Quebec

Auditors

KPMG
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
unlimited

Issued
17 878 530

Administrators

Clément Forget
*President ,
CEO & Chairman
Clemex Technologies Inc.*

Pierre Coutou
*Consultant
Innovatech du Grand
Montréal*

Me Lisane Dostie
*Director of Corporate
Affairs and Secretary
Labopharm Inc.*

Normand Labonté
*Director &
VP International Sales
Clemex Technologies Inc.*

Sylvain Laroche
*Director & VP R&D
Clemex Technologies Inc.*

Jacqueline Serres
*Portfolio Manager
Fonds de Solidarité des
Travailleurs du Québec*

Officers

Clément Forget
*President & CEO
Clemex Technologies Inc.*

Normand Labonté
*Director &
VP International Sales
Clemex Technologies Inc.*

Sylvain Laroche
*Director & VP R&D
Clemex Technologies Inc.*

CLEMEX

THE IMAGE ANALYSIS PEOPLE

THIRD
QUARTER REPORT

FISCAL YEAR 2000

Message to Shareholders

We are very pleased with the financial results for the third quarter. A break-through period for the company, we hit record sales of \$ 1,730,500 for the three-month period ended January 31st, 2000, representing an increase of 46% when compared to last year's fiscal third quarter results. Net income for the same period reached \$ 142,215 or \$ 0.01 per share compared to a net loss of \$ 122,935 or \$ 0.01 per share recorded for the period ended January 31st, 1999. This significant leap in profitability translates into an impressive improvement.

A contributing factor to the company's increased profitability can mainly be attributed to its overall top line growth as well as its steady improvements in its gross margins. While revenues were up by 37% for the nine-month period ending January 31st, 2000, gross margins for the three month and nine-month period, improved by 9% and 13% respectively. With the company's product line containing more software and less hardware, we were able to realize these favorable results in gross profitability.

During the third quarter, the sale of turnkey image analysis systems to Algoma Steel Inc. (Sault Ste-Marie, ON) , Ivaco Rolling Mills (L'Original, ON), and Dofasco (Hamilton, ON), led the company to a significant milestone, allowing it to secure ninety percent of the Canadian steel mill market. In addition, this quarter's sale to Dofasco (Hamilton, ON), marks their sixth system purchase for the same plant.

Although the company holds a dominant position in the Canadian steel mill market, we believe that there is still important growth potential for the steel industry in other parts of the world. Our blue-chip portfolio of steel companies will definitely assist us and act as a catalyst for capitalizing on future international opportunities within this sector.

Additional sources of revenue growth originated from existing customers including three notable sales to various General Electric laboratories in North America and additional system sales currently anticipated for two European divisions. Other customers who purchased systems during the quarter included Bodycote Ortech (Mississauga, ON), Johnson Matthey (Brampton, ON), Battelle Pacific Northwest National Laboratories (Richland, WA), and others.

In terms of strategic expansionary initiatives, we hired a new sales person, recruited additional dealers, and formed strategic alliances with some key partners. It is our impression, that the seeds we have planted this period, will undoubtedly assist us in accelerating our growth for the short to mid-term. More specifically, as our dealer network gains momentum, the company's gross margins should continue to increase given that more software sales will be realized.



Clément Forget
President, CEO & Chairman

Consolidated Balance Sheet

Ended January 31st 2000 (*unaudited*)

	2000	1999
	\$	\$
Assets		
Current Assets		
Temporary investments	495,556	1,206,842
Accounts receivable	1,429,014	815,476
Inventories	569,931	477,107
Prepaid expenses	36,484	21,919
Tax credit for research and development	285,875	381,287
	2,816,860	2,902,631
Tax Credit for Research and Development	355,601	355,601
Development Costs	1,589,983	927,076
Fixed Assets and Assets Under a Capital Lease		
	531,302	418,694
Other Assets	16,918	19,231
	5,310,664	4,623,233
Liabilities		
Current Liabilities		
Bank indebtedness	592,086	180,925
Accounts payable	847,115	493,459
Current portion of obligations under capital leases	30,772	13,291
Current portion of long-term debt	295,890	98,612
	1,765,863	786,287
Obligations Under Capital Leases		
	75,907	5,289
Long-Term Debt	379,378	587,340
Shareholders' Equity		
Capital Stock	3,967,480	3,967,464
Deficit	(877,964)	(723,147)
	3,089,516	3,244,317
	5,310,664	4,623,233

Consolidated Statements of Operations & Deficit

For the period of 3 months ended January 31st 2000 (*unaudited*)

	third quarter 2000	third quarter 1999	nine months 2000	nine months 1999
	\$	\$	\$	\$
Sales	1,730,500	1,184,245	4,557,972	3,318,131
Cost of Sales	849,034	623,787	2,177,880	1,780,245
Gross Profit	881,466	560,458	2,380,092	1,537,886
Operating Expenses				
Commercial expenses	356,067	300,895	1,073,337	835,647
Administrative expenses	232,545	624,443	625,463	647,623
Financial expenses	41,952	29,231	131,362	76,605
Depreciation	132,900	88,824	281,791	266,473
	763,464	683,393	2,211,953	1,826,348
Other Income	24,213	-	48,094	-
Income (loss) Before Following Item	142,215	(122,935)	216,233	(288,462)
Gain on long-term debt redemption	-	-	-	149,997
Net Income (net loss)	142,215	(122,935)	216,233	(138,465)
Deficit at Beginning	(1,020,179)	(600,212)	(1,094,197)	(584,682)
Deficit at End	(877,964)	* (723,174)	(877,964)	* (723,147)
Income (loss) per Share (basic)	0. 01	(0. 01)	0. 01	(0. 01)

* Includes IPO fees.