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## **IBEX REPORTS FISCAL 2008 FIRST QUARTER RESULTS**

Sales Up 30%  
Net Loss Reduced

**MONTREAL, Quebec – December 12, 2007** – IBEX Technologies Inc. (TSX: IBT), reported today its financial results for the three-month period ended October 31, 2007.

### **Operational Results**

During the quarter ended October 31, 2007 and up to the date of this release, the following developments are noted:

- On a comparable year-to-year basis, invoiced sales at \$554,587 were 30 % higher than the comparative quarter for the prior year (\$428,068), and up 6% on a 12 months rolling basis. In US\$, the currency of sale, sales were up 54% versus year ago.
- The Company also achieved its previously announced goal to have cash and net working capital in excess of \$1,000,000 at the end of the quarter (at October 31, 2007, the Company's cash and cash equivalents totaled \$1,041,472, and its net working capital was \$1,231,669).
- The Company has been able to execute its restructuring plan effectively, and recorded a net loss of \$188,174, versus a net loss of \$774,527 in the comparative quarter a year ago (and down from a loss of \$5,508,725 in the prior quarter, which had a significant number of one time expenses due to restructuring).
- On September 7, 2007, the TSX advised IBEX that it was reviewing the eligibility of IBEX for continued listing on the TSX as its listed securities did not maintain a market value of at least three million dollars over a period of 30 consecutive trading days. IBEX has been granted 120 days to regain compliance with TSX listing requirements. IBEX is taking steps to ensure that should it not meet the requirements for continued listing, its shares will be tradable on an alternative exchange.

### **Financial Results**

Solely for the convenience of the reader, selected financial results expressed in Canadian dollars on the financial statements, have been translated into U.S. dollars at the October 31, 2007 month-end rate C\$1.00 = US\$ 1.0585. This translation should not be construed as an application of the recommendation relating to the accounting for foreign currency translation, but rather as supplemental information for the reader.

Revenue for the three-month period ending October 31, 2007 totaled \$554,587 (US\$587,030) versus \$428,068 in the same period of the prior year, representing an increase of 30% over the same period of the prior year.

For the three months ended October 31, 2007, IBEX recorded a net loss of \$188,174 (US\$199,182) or (\$0.01) per share, compared to a net loss of \$774,527 or (\$0.03) per share for the same period in fiscal 2007. The net loss for the first quarter is almost entirely attributable to the balance of expenses relating to the completion of the previously announced restructuring plan.

The decrease in net loss versus the same period of the prior year is primarily attributable to the Company's decision in May 2007 to terminate research and development activities related to its arthritis



and cancer programs. The Company did not incur any R&D expenses in the first quarter of fiscal year 2008 versus \$384,252 in the same quarter of the previous year. Other factors contributing to the net loss decrease are: an increase in sales revenues, a decrease in selling, general and administrative expenses partially offset by an increase to foreign exchange loss.

## LOOKING FORWARD

In addition to optimizing its base business, IBEX remains open to exploring opportunities to maximize shareholders' value through discussions with companies interested in the IBEX infrastructure and its accumulated tax loss carry-forwards.

On an operational basis, IBEX expects to achieve a positive EBITDA in the second quarter and to end the fiscal year with working capital in excess of \$1,000,000.

The Company is also seeking cost-sharing arrangements to assist in the development of two low-cost, low-risk projects:

- A heparinase-containing blood collection tube for use in the clinical research market.
- A new arthritis assay based on a recombinant human CP II. This assay is would measure the human type II collagen carboxy propeptide which is cleaved from type II procollagen following release of newly synthesized procollagen into the matrix.

## About IBEX

IBEX is a biopharmaceutical company manufacturing and selling proprietary enzymes and arthritis assays.

IBEX enzymes (heparinases and chondroitinases) are used as research reagents. Heparinase I, the most important of these enzymes is used in many leading hemostasis monitoring devices.

The Company's arthritis assays are used in pharmaceutical research. These assays are based on the discovery of a number of specific molecular biomarkers associated with collagen synthesis and degradation.

For more information, please visit the Company's web site at [www.ibex.ca](http://www.ibex.ca).

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### Safe Harbor Statement

*All of the statements contained in this news release, other than statements of fact that are independently verifiable at the date hereof, are forward-looking statements. Such statements, based as they are on the current expectations of management, inherently involve numerous risks and uncertainties, known and unknown. Some examples of known risks are: the impact of general economic conditions, general conditions in the pharmaceutical industry, changes in the regulatory environment in the jurisdictions in which IBEX does business, stock market volatility, fluctuations in costs, and changes to the competitive environment due to consolidation or otherwise. Consequently, actual future results may differ materially from the anticipated results expressed in the forward-looking statements. IBEX disclaims any intention or obligation to update these statements.*

### Contacts:

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**TO THE SHAREHOLDERS  
OF IBEX TECHNOLOGIES INC.**

The interim consolidated balance sheet of IBEX Technologies Inc. as of October 31, 2007 and the interim consolidated statements of loss and deficit and cash flows for the period then ended have not been reviewed by the Company's auditors, PricewaterhouseCoopers LLP. These financial statements are the responsibility of management and have been reviewed and approved by the Audit Committee.



## CONSOLIDATED BALANCE SHEETS

unaudited	October 31, 2007	July 31, 2007
	\$	\$
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	1,041,472	348,752
Marketable securities (note 3)	-	1,099,673
Accounts receivable	393,033	500,509
Inventories	156,380	164,384
Prepaid expenses	111,660	135,014
	1,702,545	2,248,332
Property and equipment	287,088	303,271
	1,989,633	2,551,603
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities	470,876	845,011
	470,876	845,011
<b>SHAREHOLDERS' EQUITY</b>		
Capital stock	52,660,078	52,660,078
Contributed surplus	380,201	375,151
Deficit	(51,521,522)	(51,328,637)
	1,518,757	1,706,592
	1,989,633	2,551,603

## CONSOLIDATED STATEMENTS OF DEFICIT

For the three months ended October 31st (unaudited)	2007	2006
	\$	\$
Balance - Beginning of period	(51,328,637)	(43,918,975)
Transition adjustment on adoption of financial instrument standard (note 2)	(4,711)	-
Restated balance - Beginning of period	(51,333,348)	(43,918,975)
Net loss for the period	(188,174)	(774,529)
Balance - End of period	(51,521,522)	(44,693,504)



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**CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

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For the three months ended October 31st (unaudited)	2007	2006
	\$	\$
<b>Revenue</b>	<b>554,587</b>	428,068
<b>(Expenses) income</b>		
Research and development expenditures	-	(384,252)
Selling, general and administrative expenses and cost of goods sold	<b>(636,730)</b>	(812,178)
Amortization of property and equipment	<b>(16,182)</b>	(33,511)
Amortization of identifiable intangible assets	-	(809)
Other interest and bank charges	<b>(2,011)</b>	(8,659)
Foreign exchange loss	<b>(101,987)</b>	(2,631)
Investment income	<b>14,149</b>	39,445
	<b>(742,761)</b>	(1,202,595)
<b>Net loss and other comprehensive loss</b>	<b>(188,174)</b>	(774,527)
<b>Net loss and other comprehensive loss per share</b>		
Basic and diluted	\$ <b>(0.01)</b>	\$ (0.03)

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*See accompanying notes*



## CONSOLIDATED CASH FLOW STATEMENTS

For the three months ended October 31st (unaudited)	2007	2006
	\$	\$
<b>Cash flows provided by (used in):</b>		
<b>Operating activities</b>		
Net loss for the period	(188,174)	(774,529)
Items not affecting cash -		
Amortization of property and equipment	16,182	42,284
Amortization of identifiable intangible assets	-	71,308
Stock-based compensation costs	5,050	12,000
Accretion of interest on balance of payments	-	4,550
	<b>(166,942)</b>	<b>(644,387)</b>
Net changes in non-cash working capital items -		
Decrease in accounts receivable	107,476	141,786
Decrease in inventories	8,004	18,805
Decrease in prepaid expenses	23,354	42,711
Decrease in accounts payable and accrued liabilities	(378,845)	(11,735)
	<b>(240,011)</b>	<b>191,567</b>
	<b>(406,953)</b>	<b>(452,820)</b>
<b>Investing activities</b>		
Additions to marketable securities	-	(1,822,051)
Proceeds on disposal of marketable securities	1,099,673	2,411,638
Additions to property and equipment	-	(653)
Increase in other assets	-	(250,000)
	<b>1,099,673</b>	<b>338,934</b>
<b>Increase (decrease) in cash and cash equivalents during the year</b>	<b>692,720</b>	<b>(113,886)</b>
<b>Cash and cash equivalents - Beginning of period</b>	<b>348,752</b>	<b>816,452</b>
<b>Cash and cash equivalents - End of period</b>	<b>1,041,472</b>	<b>702,566</b>

## **1. Interim financial information**

These interim consolidated financial statements do not conform in all respects to the disclosure requirements of Canadian generally accepted accounting principles for annual financial statements and as such the consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the years ended July 31, 2007 and 2006, which do conform to the disclosure requirements. These consolidated interim financial statements have been prepared using the same accounting policies as outlined in note 2 to the consolidated financial statements for the years ended July 31, 2007 and 2006 except as outlined in Note 2 below.

The consolidated interim financial statements as at October 31, 2007 and for the three months ended October 31, 2007 are unaudited and have not been reviewed by the company's auditors. The results of operations for these periods are not necessarily indicative of the trends of the operating results for the full year.

## **2. Accounting Changes**

### Adoption of New Accounting Pronouncements

On August 1, 2007, the company retroactively adopted, without restatement of prior periods, the recommendations included in the following sections of the Canadian Institute of Chartered Accountants ("CICA") Handbook: Section 1530, Comprehensive Income, Section 3251, Equity, and Section 3855, Financial Instruments – Recognition and Measurement and Section 3865, Hedges. These standards provide accounting guidelines for recognition and measurement of financial assets, financial liabilities and non-financial derivatives as well as the introduction of a new statement of comprehensive income. Section 3865, Hedges, did not have an impact on the Company as it does not use hedge accounting.

The Company's adoption of these new Financial Instruments standards resulted in changes in the accounting for financial instruments as well as the recognition of certain transition adjustments that have been recorded in opening retained earnings as described below. The principal changes in the accounting for financial instruments due to the adoption of these accounting standards are as follows:

#### (a) Comprehensive income (loss)

Comprehensive income (loss), established under CICA Section 1530, is defined as the change in equity from transactions and other events and circumstances from sources other than shareholders, and is composed of the Company net earnings (loss) and other comprehensive income (loss). Other comprehensive income (loss) refers to revenues, expenses, gains and losses that are recognized in comprehensive income (loss), but excluded from net earnings (loss). The company does not have any component that qualifies as other comprehensive income (loss).

#### (b) Financial assets and financial liabilities

Under the new standards, financial assets and financial liabilities are initially recognized at fair value and are classified into one of these five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sales financial assets or other financial liabilities. They are subsequently accounted for based on their classification as described below. The classification depends on the purpose for which the financial instruments were acquired and their characteristics. Except in very limited circumstances, the classification is not changed subsequent to initial recognition.

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**Held-for-trading:**

Financial instruments classified as held-for-trading are carried at fair value at each balance sheet date with the changes in fair value recorded in net earnings (loss) in the period in which these changes arise.

**Held-for-maturity investments, loan and receivable and other financial liabilities:**

Financial instruments classified as loans and receivables, held-to-maturity investments and other financial liabilities are carried at amortized cost using the effective interest method. The interest income or expense is included in net earnings (loss) over the expected life of the instrument.

**Available-for-sale:**

Financial instruments classified as available-for-sale are carried at fair value at each balance sheet date with the changes in fair value recorded in other comprehensive income (loss) in the period in which the changes arise. Securities that are classified as available-for-sale securities are written down to fair value through all cumulative gain or loss is then recognized in net earnings (loss).

As a result of the adoption of these new standards, the Company has classified its cash and cash equivalents, short term investments as held-for-trading. Accounts receivable are classified as loans and receivables. Accounts payable and accrued liabilities are classified as other liabilities, all of which are measured at amortized cost.

**(c) Embedded derivatives:**

All derivative instruments are recorded in the consolidated balance sheet at fair value at each balance sheet date. Derivatives may be embedded in other financial instruments (the "host instrument"). Prior to the adoption of the new standards, such embedded derivatives were not accounted for separately from the host instrument. Under the new standards, embedded derivatives are treated as separate derivatives if their economic characteristics and risks are not clearly and closely related to those of the host instrument, the terms of the embedded derivative are the same as those of a stand-alone derivative, and the combined contract is not held for trading or designated at fair value. These embedded derivatives are measured at fair value at each balance sheet date with subsequent changes recognized in net earnings (loss) in the period in which the changes arise. The Company selected August 1, 2002 as its transition date for embedded derivatives, which is the latest date that could be selected according to the accounting standard.

The company enters into certain contracts for the sale of non-financial items that are denominated in currencies other than the Canadian dollar, the Company's functional currency. In cases where the foreign exchange component is not leveraged and does not contain an option feature, the contract is denominated in the functional currency of the counter-party or the non-financial item is routinely denominated in the currency of the contract or the currency of the contract is commonly used in the economic environment in which the transaction takes place, the embedded derivative is considered to be closely related and is not accounted for separately.

Embedded foreign currency derivatives gave rise to transition amounts and were the only items that had an effect on the financial statements as a result of the adoption. The fair value of financial instruments is determined using recognized valuation models using observable market-based inputs.

During the three-month period ended October 31, 2007, the cumulative impact of adopting these new standards for fiscal years prior to the current fiscal year was recognized in the consolidated financial

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statements as an adjustment to opening deficit. The impact of the adoption was a one-time increase of \$4,711 to both deficit and accounts payable.

During the three-month period ended October 31, 2007, the impact of adopting these new standards on the first quarter of fiscal year 2008 was an increase of \$38,837 to foreign exchange. The fair value of the derivatives related to sales contracts is recorded in sales, the variation was \$1,668 and the balance of \$37,169 is recorded to accounts payable.

Accounting Principles Issued and not Adopted

Financial instruments - disclosure and presentation

In December 2006, the CICA published the following two sections of the CICA Handbook: Section 3862, Financial Instruments - Disclosures and Section 3863, Financial Instruments - Presentation. These standards introduce disclosure and presentation requirements that will enable financial statements' users to evaluate, and enhance their understanding of, the significance of financial instruments for the entity's financial position, performance and cash flows, and the nature and extent of risks arising from financial instruments to which the entity is exposed, and how those risks are managed.

Capital disclosures

In December 2006, the CICA published section 1535 of the Handbook, Capital disclosures, which requires disclosure of both qualitative and quantitative information that enables financial statements' users to evaluate the entity's objectives, policies and processes for managing capital.

Inventories

In January 2007, the CICA published section 3031 of the Handbook, Inventories, which prescribes the accounting treatment for inventories. Section 3031 provides guidance on the determination of costs and its subsequent recognition as an expense, and provides guidance on the cost formulas used to assign costs to inventories.

These standards must be adopted for the company's fiscal year beginning on August 1, 2008. While the company is currently assessing the impact of these new recommendations on its financial statements, it does not expect the recommendations to have a significant impact on its financial position, earnings or cash flows.

**3. Marketable securities**

(a) Marketable securities include the following:

	<b>October 31 2007</b>	<b>July 31 2007</b>
	\$	\$
Debt Securities – at cost (which approximates market value (note 2(b)))	-	1,099,673
	<u>-</u>	<u>1,099,673</u>

(b) The marketable security consisted of a discount note which matured on October 9, 2007 and had an annualized yield of 4.3%

**4. Capital stock and contributed surplus**

(a) As at October 31, 2007, the company's authorized capital stock is as follows:

Unlimited as to number

Cumulative, redeemable First preferred shares, issuable in series. The first series consisted of 150,000 shares, convertible into common shares at a rate of 188.68 voting common shares for each preferred share

Cumulative, redeemable convertible Second preferred shares, issuable in series

Third preferred shares, issuable in series

Common shares

(b) Issued

	<b>Book value</b>	
	<b>October 31</b>	<b>July 31</b>
	<b>2007</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
24,703,244 Common shares (2007-24,703,244)	52,660,078	52,660,078

(c) Stock Options

The company has adopted on August 1, 2004 the fair value based method for accounting for its stock options.

The fair value of the options is estimated as at the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk-free interest rate	4.16%
Expected dividend yield	0.00%
Expected life of the options	5 years
Expected volatility	130.00%

During the three months ended October 31, 2007, no stock options were granted.

For the three month period ended October 31, 2007, there was an increase to general and administrative expenses of \$ 5,050 and a corresponding increase to contributed surplus for stock based compensation amortization.

(d) Under the existing IBEX Technologies Inc. ("IBEX") stock option plan, common shares may be issued to full-time employees of the company, directors and consultants, the terms and conditions of grants there under being contingent upon market values, the discretion of the Board of Directors and regulatory requirements. The number of common shares reserved for

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issuance under this stock option plan is 2,000,000. The maximum term permissible under the plan is 10 years which is determined at the date of grant as well as the vesting privileges.

(e) The following table summarizes the IBEX stock option plan:

	<b>October 31 2007</b>		<b>July 31 2007</b>	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
Beginning balance – July 31	1,586,668	0.36	1,826,668	0.69
Granted	-	-	310,000	0.23
Cancelled	(37,500)	0.43	(550,000)	1.36
Ending balance	1,549,168	0.36	1,586,668	0.36

The following table summarizes the IBEX stock options outstanding as at October 31, 2007:

	Options outstanding			Options currently exercisable	
	Number outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Number outstanding	Weighted average exercise price
Range of exercise prices					
			\$		\$
0.18-0.25	855,000	8.45	0.22	764,000	0.22
0.33-0.45	194,500	6.05	0.39	194,500	0.39
0.50-0.70	491,334	4.63	0.56	491,334	0.56
2.55	8,334	0.65	2.55	8,334	2.55
	1,549,168	6.90	0.36	1,458,168	0.37

(f) In 2001, IBEX Pharmaceuticals Inc. (“IBEX Pharma”) created executive and employee stock option plans under which common shares may be issued to full-time employees of the company, directors, and consultants, the terms and conditions of grants thereunder being contingent upon fair market value, the discretion of the Board of Directors and regulatory requirements. Fair market value, unless otherwise determined by the Board of Directors, is defined as a calculation using the closing price of IBEX common shares on the day preceding the grant. The option strike price is fixed by the Board of Directors and shall not be lower than the fair market value. Option holders under the IBEX Pharma option plans are also option holders under the IBEX plan (note 4(d)). Should option holders under the IBEX plan exercise their IBEX options, options of equal value held in IBEX Pharma will be cancelled and vice-versa. The maximum number of common shares reserved for issuance under IBEX Pharma is 5,770,200. The maximum term permissible under the plan is 10 years. The terms as well as the vesting privileges are determined at the date of grant.

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(g) The following table summarizes the IBEX Pharma stock option plan:

		<b>October 31 2007</b>		<b>July 31 2007</b>
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
Beginning balance – July 31	4,577,699	0.13	5,270,120	0.24
Granted	-	-	894,384	0.08
Cancelled	(108,191)	0.15	(1,586,805)	0.47
Ending balance	4,469,508	0.13	4,577,699	0.13

The following table summarizes the IBEX Pharma stock options outstanding as at October 31, 2007:

	Options outstanding			Options currently exercisable	
	Number outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Number outstanding	Weighted average exercise price
Range of exercise prices					
	\$		\$		\$
0.06-0.09	2,466,764	8.45	0.08	2,204,216	0.08
0.11-0.16	561,152	6.06	0.13	561,152	0.13
0.17-0.24	1,417,548	4.63	0.20	1,417,547	0.20
0.88	24,044	0.65	0.88	24,044	0.88
	4,469,508	6.90	0.13	4,206,959	0.13

**5. Loss per share**

Loss per share is calculated using the weighted average number of shares outstanding of 24,703,244 (2007 – 23,070,058). The options that are outstanding (see note 4(e)) have been excluded from the computation of diluted loss per share as they are anti-dilutive.