

Revised consolidated interim financial statements of

NOVEKO INTERNATIONAL INC.

Periods ended December 31, 2007 and 2006

NOVEKO INTERNATIONAL INC.

Revised consolidated interim financial statements

Periods ended December 31, 2007 and 2006

Revised interim financial statements

Consolidated balance sheets	1
Consolidated statements of operations.....	2
Consolidated statements of comprehensive loss	3
Consolidated statements of deficit and contributed surplus	4
Consolidated statements of cash flows.....	5
Notes to consolidated financial statements.....	6

NOVEKO INTERNATIONAL INC.

Consolidated balance sheets

As at December 31, 2007 and June 30, 2007

	December 31, 2007	June 30, 2007
	(unaudited) (revised)	(audited)
Assets		
Current assets:		
Cash and cash equivalents	\$ 370,040	\$ 2,668,494
Short-term investments	13,027,389	14,291,887
Accounts receivable (note 5)	4,081,631	2,494,052
Inventories	4,340,890	3,276,904
Prepaid charges	415,759	502,982
Investment in Canadian Immigrant Investor Program	3,158,754	3,087,423
	25,394,463	26,321,742
Fixed assets	6,724,571	5,605,250
Intangible assets	4,531,461	1,656,586
Other assets	1,188,857	911,354
Future income taxes	790,208	680,706
Goodwill	10,612,097	7,067,385
	\$ 49,241,657	\$ 42,243,023
Liabilities and shareholders' equity		
Current liabilities:		
Bank advances	\$ 360,972	\$ 18,287
Bank loan (note 6)	144,280	-
Accounts payable and accrued liabilities (note 7)	2,757,256	2,422,273
Loans under Canadian Immigrant Investor Program	3,158,754	3,087,423
Current portion of long-term debt	560,801	801,029
	6,982,063	6,329,012
Long-term debt	3,086,104	3,158,442
Secured convertible debentures	3,059,297	4,389,576
Future income taxes	1,931,138	1,014,814
Shareholders' equity:		
Capital stock (note 8)	44,373,998	33,570,722
Portion of the secured convertible debentures included in equity	735,017	918,735
Warrants (note 10)	3,921,251	4,667,446
Contributed surplus	3,399,342	1,325,504
Deficit	(17,851,663)	(12,672,254)
Accumulated other comprehensive loss (note 11)	(394,890)	(458,974)
	34,183,055	27,351,179
Financial statement disclosure (note 1)		
Subsequent events (note 14)		
	\$ 49,241,657	\$ 42,243,023

See accompanying notes to unaudited consolidated financial statements.

ON BEHALF OF THE BOARD,

_____, director

_____, director

NOVEKO INTERNATIONAL INC.

Consolidated statement of operations

Six and three month periods ended December 31, 2007 and 2006
(unaudited)

	Three months		Six months	
	2007	2006	2007	2006
	(revised)		(revised)	
Revenues	\$ 3,808,735	\$ 3,474,406	\$ 6,611,083	\$ 6,361,858
Cost of sales	2,196,698	1,874,655	4,054,739	3,512,596
	1,612,037	1,599,751	2,556,344	2,849,262
Operating expenses:				
Administrative and selling expenses	2,601,532	1,480,099	4,883,077	2,559,227
Stock-based compensation	1,813,239	-	2,378,406	-
Research and development	220,255	178,453	279,745	199,998
Research and development tax credits	(242,587)	(189,341)	(252,587)	(189,341)
	4,392,439	1,469,211	7,288,641	2,569,884
Income (loss) before amortization, financial expenses and income taxes	(2,780,402)	130,540	(4,732,297)	279,378
Amortization (note 4)	256,358	151,087	491,106	443,785
Financial expenses (note 4)	(56,402)	245,283	39,222	496,475
	199,956	396,370	530,328	940,260
Loss before income taxes	(2,980,358)	(265,830)	(5,262,625)	(660,882)
Income taxes:				
Current	2,058	160,817	2,058	235,891
Future	(20,013)	(86,276)	(107,203)	(198,070)
	(17,955)	74,541	(105,145)	37,821
Net loss	\$ (2,962,403)	\$ (340,371)	\$ (5,157,480)	\$ (698,703)
Basic and diluted earnings per share	\$ (0.06)	\$ (0.01)	\$ (0.10)	\$ (0.02)
Weighted average number of outstanding shares basic and diluted	53,727,729	41,212,252	52,712,744	40,500,241

See accompanying notes to consolidated financial statements.

NOVEKO INTERNATIONAL INC.

Consolidated statements of comprehensive loss

Six and three month periods ended December 31, 2007 and 2006
(unaudited)

	Three months 2007 (revised)	2006	Six months 2007 (revised)	2006
Net loss	\$ (2,962,403)	\$ (340,371)	\$ (5,157,480)	\$ (698,703)
Other comprehensive loss, net of income taxes:				
Change in unrealized gains on translation of financial statements of self-sustaining foreign operations	167,440	533,018	64,084	489,707
Comprehensive loss	\$ (2,794,963)	\$ 192,647	\$ (5,093,396)	\$ (208,996)

See accompanying notes to unaudited consolidated financial statements.

NOVEKO INTERNATIONAL INC.

Consolidated statement of deficit and contributed surplus

Six-month periods ended December 31, 2007 and 2006
(unaudited)

	December 31, 2007 (revised)	December 31, 2006
DEFICIT		
Deficit, beginning of period	\$ (12,672,254)	\$ (5,693,747)
Restatement related to the new accounting policies regarding financial instruments (note 2)	3,161	-
Restated balance	(12,669,093)	(5,693,747)
Net loss	(5,157,480)	(698,703)
Share issuance fees	(25,090)	(5,398)
Deficit, end of period	\$ (17,851,663)	\$ (6,419,179)
CONTRIBUTED SURPLUS		
Contributed surplus, beginning of period	\$ 1,325,504	\$ 85,673
Fair market value of stock options granted	2,378,406	-
Fair value of stock options exercised	(304,568)	(9,000)
Contributed surplus, end of period	\$ 3,399,342	\$ 76,673

See accompanying notes to unaudited consolidated financial statements.

NOVEKO INTERNATIONAL INC.

Consolidated statement of cash flows

Periods ended December 31, 2007 and 2006
(unaudited)

	Three months		Six months	
	2007 (revised)	2006	2007 (revised)	2006
Cash flows from operating activities:				
Net loss	\$ (2,962,403)	\$ (340,371)	\$ (3,870,407)	\$ (698,703)
Adjustments for :				
Future income taxes	(20,013)	(86,276)	(107,203)	(198,070)
Accreted interest on secured convertible debentures	113,465	69,572	261,374	155,720
Stock-based compensation	1,813,239	-	2,378,406	-
Amortization (note 4a)	256,358	151,087	491,106	443,785
Amortization – deferred financing costs	-	17,515	-	35,030
Loss (gain) on disposal of fixed assets	-	(53)	-	(2,115)
Gain on fair value of short-term investments	(77,345)	-	(31,591)	-
Foreign exchange loss (gain)	252	(1,479)	1,835	5,921
	(876,447)	(190,005)	(2,163,553)	(258,432)
Net change in non-cash working capital	(1,550,432)	345,076	(2,177,086)	(267,715)
	(2,426,879)	155,071	(4,340,639)	(526,147)
Cash flows from financing activities :				
Net changes in bank advances	346,813	(51,055)	278,597	203,206
Increase in bank loan	2,620	-	144,280	-
Increase in long-term debt	-	307,540	-	307,540
Principal repayment on long-term debt	(209,418)	(390,694)	(526,863)	(744,076)
Proceeds of secured convertible debentures issued less related fees	-	2,178,669	-	2,178,669
Interest paid on secured convertible debentures	(119,400)	(51,712)	(176,147)	(120,000)
Proceeds of Class A shares and warrants issued less related expenses	2,998,385	15,000	3,382,117	849,602
	3,019,000	2,007,798	3,101,984	2,674,941
Cash flows from investing activities:				
Business acquisition including bank overdraft assumed (note 3)	-	-	(525,403)	-
Acquisition of fixed assets	(93,816)	(380,104)	(1,408,277)	(472,684)
Proceeds from disposal of fixed assets	-	1,024	-	10,787
Government assistance related to acquisition of fixed assets	47,500	-	47,500	-
Acquisition of intangible assets	(2,250)	(32,294)	(9,750)	(32,294)
Proceeds from disposal of short-term investments	19,256,074	-	20,259,564	-
Acquisition of short-term investments	(18,982,559)	-	(18,982,559)	-
Deferred charges	-	(98,599)	-	(98,599)
Acquisition of other assets	(276,647)	-	(276,647)	-
Deferred development costs	(105,919)	25,565	(164,949)	(94,145)
	(157,617)	(484,408)	(1,060,521)	(686,935)
Foreign exchange loss on cash in foreign currencies	12,630	58,649	722	46,774
Net change in cash and cash equivalents	447,134	1,737,110	(2,298,454)	1,508,633
Cash and cash equivalents, beginning of period	(77,094)	397,618	2,668,494	626,094
Cash and cash equivalents, end of period	\$ 370,040	\$ 2,134,728	\$ 370,040	\$ 2,134,728

Cash flows related to operating activities include interest paid for \$217,488 (\$298,723 in 2006) and income taxes paid for \$114,089 (\$124,225 in 2006).

See accompanying notes to consolidated financial statements.

NOVEKO INTERNATIONAL INC.

Notes to consolidated financial statements

December 31, 2007
(unaudited)

Noveko International Inc. ("the Company"), is incorporated under the Canada Business Corporations Act, and operates in the following reportable segments:

- development, manufacturing and marketing of medical equipment;
- custom processing and distribution of steel products; and
- development and marketing of products in the biomedical and environmental fields.

1. Financial statements disclosure:

The unaudited interim financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles. The financial information was prepared in accordance with the same accounting policies and methods as the audited annual financial statements for the year ended June 30, 2007. The unaudited interim financial statements should be read in conjunction with the audited annual financial statements and accompanying notes. The results of operations for the interim period presented do not necessarily reflect results for the full year.

2. Changes in accounting policies:

On July 1, 2007, the Company adopted the Canadian Institute of Chartered Accountants (CICA) Handbook Section, 1530, *Comprehensive Income*, Section 3251, *Equity*, Section 3855, *Financial Instruments – Recognition and Measurement*, Section 3861, *Financial Instruments – Disclosure and Presentation*, and Section 3865, *Hedges*. Changes in accounting policies in conformity with these new accounting standards are as follow:

a) Comprehensive Income

Section 1530 introduces the concept of comprehensive income, which is calculated by including other comprehensive income with net income. Other comprehensive income represents changes in shareholders' equity arising from transactions and other events with non-owner sources, such as unrealized gains and losses in financial assets classified as available-for-sale, changes in translation adjustment of self-sustaining foreign operations, and changes in fair value of effective portion of cash flow hedging instruments. With the adoption of this section, the consolidated financial statements now include consolidated statements of comprehensive income. The comparative statements were restated solely to include the translation adjustment of self-sustaining foreign operations as provided by transition rules.

NOVEKO INTERNATIONAL INC.

Notes to consolidated financial statements (cont'd)

December 31, 2007
(unaudited)

2. Changes in accounting policies (cont'd):

b) Financial instruments

Section 3855, *Financial Instruments – Recognition and Measurement*, and Section 3861, *Financial Instruments – Disclosure and Presentation* describe standards for the classification, recognition, measurement, disclosure and presentation of financial assets, financial liabilities and derivatives. Under this standard, financial instruments are now classified as: held-for-trading, financial assets available-for-sale, investments held-to-maturity, loans and receivables, or other financial liabilities. The financial assets and liabilities are initially recorded at fair value. Transaction costs are expensed as incurred for financial instruments classified as held-for-trading. For other financial instruments, transaction costs are capitalized on initial recognition and presented as a reduction of the underlying financial instruments.

Financial assets and financial liabilities held-for-trading are measured at fair value with changes recognized in income. Available-for-sale financial assets are measured at fair value or at cost, in the case of financial assets that do not have a quoted market price in an active market, and changes in fair value are recorded in comprehensive income. Financial assets held-to-maturity, loans and receivables, and other financial liabilities are measured at amortized cost, using the effective interest method amortization.

The new standards require derivative instruments to be recorded as either assets or liabilities measured at their fair value unless exempted from derivative treatment as a normal purchase and sale. Certain derivatives instruments embedded into hosts contracts must be separately recorded at fair value if the economic characteristics and risks of the embedded derivative instrument and the host contract are not closely related and if the host contract is not already recorded at fair value. This change had no impact on the Company's consolidated financial statements.

The adoption of these new standards resulted in the following changes in the classification and measurement of the Company's financial instruments:

- Cash and cash equivalents, short-term investments, investment in Canadian immigrant investor program and loans under Canadian immigrant investor program are classified as assets and liabilities held-for-trading. This change resulted in a decrease of \$19,105 in short-term investments and an increase of \$12,988, net of future income taxes in opening deficit;
- Accounts receivable are classified as loans and receivables. This change had no impact on the Company's consolidated financial statements;
- Bank overdraft, bank advances, bank loan, accounts payable and accrued liabilities, long-term debt and secured convertible debentures are classified as other financial liabilities. This change resulted in a decrease of \$163,096 in deferred financing costs previously included in other assets, an increase of \$23,755 in secured convertible debentures and a decrease of \$16,149, net of future income taxes in opening deficit.

NOVEKO INTERNATIONAL INC.

Notes to consolidated financial statements (cont'd)

December 31, 2007
(unaudited)

2. Changes in accounting policies (cont'd):

c) Equity

Section 3251, *Equity*, describes standards for the presentation of equity and changes in equity for the reporting period as a result of application of Section 1530, *Comprehensive Income*.

d) Hedges

Section 3865, *Hedges*, specifies the criteria under which hedge accounting may be applied, how hedge accounting should be performed under permitted hedging strategies and the required disclosures. This standard did not have an impact on the Company's consolidated financial statements for the three-month ended September 30, 2007.

3. Business combination:

On July 26, 2007, the Company acquired 100% of outstanding shares of Laboratoire Syma Inc., a company operating in the manufacture of sanitizer products. The operations of this company were grouped in the segment of development and marketing of products in the biomedical and environmental fields. The acquisition was settled by a cash consideration of \$500,000 and by the issuance of 745,156 Class A shares accounting to \$4,932,933. The acquisition fees of \$16,976 are included in the acquisition price. The acquisition was accounted for under the purchase method and the operating results of the subsidiary are included in the consolidated financial statements from the acquisition date.

NOVEKO INTERNATIONAL INC.

Notes to consolidated financial statements (cont'd)

December 31, 2007
(unaudited)

3. Business combination (cont'd):

The fair value of the net assets acquired is attributed as follows and is subject to certain subsequent adjustments once all the expenses related to the transaction are known and a final evaluation of intangible assets has been completed:

Assets acquired:	
Accounts receivable	\$ 58,166
Inventories	117,922
Fixed assets	78,824
Intangible assets	3,033,390
Future income taxes	62,157
Goodwill	3,526,041
	<hr/>
	6,876,500
Liabilities assumed:	
Bank overdraft	8,427
Bank advances	64,088
Accounts payable and accrued liabilities	170,587
Long-term debt	209,111
Future income taxes	974,378
	<hr/>
	1,426,591
Net assets at fair value	<hr/>
	\$ 5,449,909
Consideration:	
Cash, including acquisition fees	\$ 516,976
Common shares issued (note 8 c))	4,932,933
	<hr/>
	\$ 5,449,909

NOVEKO INTERNATIONAL INC.

Notes to consolidated financial statements (cont'd)

December 31, 2007
(unaudited)

4. Information on operations:

	Three months		Six months	
	2007	2006	2007	2006
a) Amortization:				
Amortization of fixed assets	\$ 162,185	\$ 72,028	\$ 321,703	\$ 281,052
Amortization of intangible assets	94,173	40,148	168,406	79,468
Amortization of deferred development costs	-	38,911	997	83,265
	\$ 256,358	\$ 151,087	\$ 491,106	\$ 443,785
b) Financial expenses:				
Interest on loan due to a shareholder exercising significant influence	\$ -	\$ 4,568	\$ 819	\$ 10,137
Interest on long-term debt	50,710	120,650	125,431	220,271
Accreted interest on convertible debentures	113,465	69,572	261,374	155,720
Amortization of deferred financing costs	-	17,515	-	35,030
Interest on bank loans and bank charges	23,812	47,363	36,827	81,189
Exchange loss	(33,656)	(14,385)	(14,139)	(5,872)
Investment revenues	(210,733)	-	(371,090)	-
	\$ (56,402)	\$ 245,283	\$ 39,222	\$ 496,475

5. Accounts receivable:

	December 31 2007	June 30 2007
Trade	\$ 3,324,867	\$ 1,898,335
Sales taxes	175,617	113,203
Research and development tax credits	60,000	40,000
Advances to shareholders exercising significant influence	44,957	22,349
Receivable interest	79,546	134,319
Income taxes receivable	334,767	222,736
Others	61,877	63,110
	\$ 4,081,631	\$ 2,494,052

NOVEKO INTERNATIONAL INC.

Notes to consolidated financial statements (cont'd)

December 31, 2007
(unaudited)

6. Bank loan:

The bank loan of an initial amount of \$100,000 euros (\$141,660) bearing interest at prime rate of the financial institution plus 1.0 % is payable in March 2007.

7. Accounts payable and accrued liabilities:

	December 31 2007	June 30 2007
Trade	\$ 1,912,208	\$ 1,301,315
Accrued liabilities	350,902	539,589
Advances from a shareholder exercising significant Influence without interest	46,354	-
Salaries and deductions at source payable	446,792	581,369
	\$ 2,757,256	\$ 2,422,273

8. Capital stock:

a) Authorized:

On December 31, 2007, authorized capital stock includes the followings:

Unlimited number of Class A shares, voting, participating, without par value;

Unlimited number of Class B shares, non-voting, non-participating, dividends at prime rate of Bank of Canada plus variable rates from 0% to 5% of issuance value cumulative or non cumulative, at board of directors' discretion, dividend with priority rank to Class A shares, redeemable at the option of the Company at an amount equal to the consideration received at issuance, without par value;

Unlimited number of Class C shares, non-voting, non-participating dividends at prime rate of Bank of Canada plus variable rates from 0% to 5% of issuance value cumulative or non cumulative, at board of directors' discretion, dividend with priority rank to Class A shares, redeemable at the option of the Company at an amount equal to the consideration received at issuance, without par value;

NOVEKO INTERNATIONAL INC.

Notes to consolidated financial statements (cont'd)

December 31, 2007
(unaudited)

8. Capital stock (cont'd):

b) Issued:

	December 31 2007	June 30 2007
54,276,671 Class A shares (50,615,881 in June 2007)	\$ 44,373,998	\$ 33,570,722

c) Transactions during the period ended December 31, 2007:

- i) Issuance of 745,156 Class A shares for a total amount of \$4,932,933, in consideration of the acquisition of all the outstanding shares of Laboratoire Syma Inc.
- ii) Issuance of 433,406 Class A shares subsequent to the exercise of 433,406 stock options for a cash consideration of \$455,232 and a transfer of \$304,568 from contributed surplus.
- iii) Issuance of 934,500 Class A shares subsequent to the exercise of 934,500 warrants for a cash consideration of \$2,951,975 and a transfer of \$746,195 from warrants.
- iv) Issuance of 1,547,728 Class A shares subsequent to the exercise of conversion right of \$1,362,000 of convertible debenture. Amounts of \$1,228,655 and of \$183,718 were transferred from secured convertible debentures and from portion of secured convertible debentures included in equity, respectively.

d) Transactions during the year ended June 30, 2007:

- i) Issuance of 1,800,000 units for a total amount of \$900,000, of which \$840,000 in cash and \$60,000 in consideration of an amount owed to a supplier. Each unit includes one Class A share and one fifth of a warrant, each complete warrant allowing for the purchase of a single Class A share of the Company at a price of \$1 per share, and that, for a period of 24 months following its issuance. A value of \$144,000 was attributed to the warrants granted and the difference of \$756,000 was recorded in the capital stock.
- ii) Issuance of 9,200,000 units for a total amount of \$23,000,000 in consideration of \$23,000,000 in cash. Each unit includes one Class A share and one half of a warrant, each complete warrant allowing for the purchase of a single Class A share of the Company at a price of \$3.35 per share, and that, for a period of 24 months following its issuance. A value of \$3,420,886 was attributed to the warrants granted and the difference of \$19,579,114 was recorded in the capital stock.
- iii) Issuance of 80,002 Class A shares subsequent to the exercise of 80,002 stock options for a cash consideration of \$58,502 and a transfer of \$39,502 from contributed surplus.
- iv) Issuance of 52,000 Class A shares subsequent to the exercise of 52,000 warrants for a cash consideration of \$52,000 and a transfer of \$20,800 from warrants.

NOVEKO INTERNATIONAL INC.

Notes to consolidated financial statements (cont'd)

December 31, 2007
(unaudited)

8. Capital stock (cont'd):

d) Transactions during the year ended June 30, 2007 (cont'd):

- v) Issuance of 100,000 Class A shares subsequent to the exercise of conversion right of \$88,000 of convertible debenture. Amounts of \$76,130 and of \$11,870 were transferred from secured convertible debentures and from portion of secured convertible debentures included in equity, respectively.

e) Escrowed shares:

In accordance with the requirements of the TSX inc. Venture Exchange, all of the 7,000,000 issued Class A shares resulting from the acquisition of Lapjack (Canada) Ltée will be held in escrow under a securities escrow agreement. Under the terms of the agreement, 10% of Class A shares held in escrow have been released upon publication of the Final Exchange Bulletin and 15% of the additional Class A shares will be released at six months intervals on the 6th, 12th, 18th, 24th, 30th et 36th months following the initial release. As at December 31, 2007, 3,150,000 Class A shares were still held in escrow.

9. Stock option plan:

The Company instituted a fixed stock option plan according to which options can be granted to its managers, directors, employees and to persons providing services on a continuous basis to the Company. Under this plan, 10,698,780 Class A shares were reserved. The exercise price of the options is equal to the Company's quoted share price at the date on which the options are granted.

The following summarizes the changes in the plan position between June 30, 2007 and December 31, 2007:

	December 31, 2007		June 30, 2007	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Balance, beginning of period	4,394,998	\$ 1.17	225,000	\$ 0.50
Granted	2,200,000	7.06	4,250,000	1.19
Exercised	(433,406)	1.05	(80,002)	0.73
Expired	(125,000)	2.12	-	-
Balance, end of period	6,036,592	\$ 3.30	4,394,998	\$ 1.17
Options that can be exercised at period-end	2,211,595	\$ 1.01	1,303,333	\$ 0.87

NOVEKO INTERNATIONAL INC.

Notes to consolidated financial statements (cont'd)

December 31, 2007
(unaudited)

9. Stock option plan (cont'd):

The following is a summary of the information on the outstanding stock options as at December 31, 2007:

		Outstanding options	Exercisable options
Exercise price	Number	Weighted average outstanding maturity period (year)	Number
\$ 0.50	150,000	1.08	150,000
0.87	2,726,327	4.00	1,404,164
1.31	476,933	4.17	201,934
2.75	483,332	4.42	150,000
6.80	2,000,000	4.83	-
9.68	200,000	5.00	-
	6,036,592	4.43	2,211,595

a) Transactions during the period ended December 31, 2007:

During the period ended December 31, 2007, the Company has granted 2,200,000 stock options allowing the acquisition of 2,200,000 Class A share at a weighted average exercise price of \$7.06 with a vesting period extending over 18 months.

b) Transaction during the year ended June 30, 2007:

During the year, the Company has granted 4,250,000 stock options allowing the acquisition of 4,250,000 Class A share at a weighted average exercise price of \$0.99 with a vesting period extending over 18 months.

c) Compensation cost:

Compensation costs related to the stock option plan amount to \$2,378,406 for the period ended December 31, 2007 (\$- for the period ended December 31, 2006).

NOVEKO INTERNATIONAL INC.

Notes to consolidated financial statements (cont'd)

December 31, 2007
(unaudited)

9. Stock option plan (cont'd):

d) Fair value of the options:

The weighted average fair value of the 2,200,000 stock options granted during the period ended December 31, 2007 is \$5.23 each. This fair value was estimated as at the date on which the options were granted by using the Black-Sholes' options pricing model with the following assumptions:

Weighted average expected dividend rate	Nil
Weighted average volatility	95%
Weighted average risk-free interest rate	4.20%
Weighted average expected life of options	60 months

The weighted average fair value of the 4,250,000 stock options granted during the year ended June 30, 2007 is \$0.99 each. This fair value was estimated as at the date on which the options were granted by using the Black-Sholes' options pricing model with the following assumptions:

Weighted average expected dividend rate	Nil
Weighted average volatility	82%
Weighted average risk-free interest rate	3.99%
Weighted average expected life of options	60 months

10. Warrants:

The following summarizes the changes in the warrants position between June 30, 2007 and December 31, 2007:

	December 31, 2007		June 30, 2007	
	Warrant Number	Amount	Warrant Number	Amount
Balance, beginning of period	7,792,000	\$ 4,667,446	3,915,000	\$ 1,090,000
Granted	-	-	5,604,000	4,170,246
Exercised	(934,500)	(746,195)	(52,000)	(20,800)
Expired	-	-	(1,675,000)	(572,000)
Balance, end of period	6,857,000	\$ 3,921,251	7,792,000	\$ 4,667,446

NOVEKO INTERNATIONAL INC.

Notes to consolidated financial statements (cont'd)

December 31, 2007
(unaudited)

10. Warrants (cont'd):

The following is a summary of the information on the outstanding warrants as at December 31, 2007:

Exercise price	Number	Weighted average outstanding maturity period (months)
\$ 1.00	2,200,000	4
1.00	40,000	7
1.00	232,000	9
3.35	4,385,500	17
	6,857,500	13

a) Transactions during the year ended June 30, 2007:

- i) Simultaneously with the issuance of 1,800,000 Class A shares, the Company granted 360,000 warrants allowing the purchase of 360,000 Class A shares at a price of \$1.00 per share until September 2008. A value of \$144,000 was attributed to the warrants granted.
- ii) Simultaneously with the issuance of 9,200,000 Class A shares, the Company granted 4,600,000 warrants allowing the purchase of 4,600,000 Class A shares at a price of \$3.35 per share until May 2009. A value of \$3,420,886 was attributed to the warrants granted. These warrants bear a provision for early exercise at the option of the Company, if the average price of Class A shares is or exceeds \$4.00 for 20 consecutive trading days commencing the 20th trading day prior to the expiry of the four month hold period to which those securities are subject.

NOVEKO INTERNATIONAL INC.

Notes to consolidated financial statements (cont'd)

December 31, 2007
(unaudited)

10. Warrants (cont'd):

a) Transactions during the year ended June 30, 2007 (cont'd):

iii) Simultaneously with the issuance of 9,200,000 Class A shares, the Company granted 644,000 warrants to the brokers allowing the purchase of 644,000 Class A shares at a price of \$3.35 per share until May 2009. A value of \$605,360 was attributed to the warrants granted.

The fair value of warrants issued and described at iii) is \$0.94 each. The fair value was estimated at the date on which they were granted by using the Monte Carlo' pricing model with the following assumptions:

Expected dividend rate	Nil
Volatility	100%
Risk-free interest rate	4.57%
Expected life of options	24 months

11. Accumulated other comprehensive loss:

The changes that occurred during the six-month period were as follows:

	December 31 2007
Restated opening balance due to the new accounting policies adopted regarding financial statements (note 2)	\$ (458,974)
Unrealized gain on translation of financial statements of Self-sustaining foreign operations	64,084
Balance, end of period	(394,890)

12. Segmented information:

The segmented information comprises three significant segments: development, manufacturing and marketing of medical equipment, custom processing and distribution of steel products and development and marketing of products in the biomedical and environmental fields.

These segments are managed separately and are assessed individually based on operating income before amortization, financial expenses and income taxes. Most of the businesses were acquired as a unit, and management at the time of the acquisition was retained.

NOVEKO INTERNATIONAL INC.

Notes to consolidated financial statements (cont'd)

December 31, 2007
(unaudited)

12. Segmented information (cont'd):

The accounting policies of each segment are identical to those policies used for the consolidated financial statements.

For the period ended December 31, 2006, there were only two business segments, being the development, manufacturing and marketing of medical equipment and custom processing and distribution of steel products. Consequently, the comparative figures were modified to include the sector of development and marketing of products in the biomedical and environmental fields.

Information on the results and the assets of each segment:

	Three months		Six months	
	2007 (revised)	2006	2007 (revised)	2006
Revenues from external clients :				
Manufacturing and distribution of medical equipment	\$ 2,029,542	\$ 2,011,612	\$ 3,272,196	\$ 3,317,649
Custom processing and distribution of steel products	1,627,104	1,462,794	3,134,370	3,044,209
Development of biomedical and environmental activities	152,089	-	204,517	-
	\$ 3,808,735	\$ 3,474,406	\$ 6,611,083	\$ 6,361,858
Loss before amortization, financial expenses and income taxes :				
Manufacturing and distribution of medical equipment	\$ 221,122	\$ 553,394	\$ 48,200	\$ 761,431
Custom processing and distribution of steel products	199,109	(10,972)	268,778	171,343
Development of biomedical and environmental activities	(1,042,110)	(71,203)	(1,768,878)	(71,203)
Other	(2,158,523)	(340,676)	(3,280,397)	(582,193)
	\$ (2,780,402)	\$ 130,540	\$ (4,732,297)	\$ 279,378
Amortization :				
Manufacturing and distribution of medical equipment	\$ 32,165	\$ 81,962	\$ 67,699	\$ 140,226
Custom processing and distribution of steel products	136,480	54,701	270,471	274,711
Development of biomedical and environmental activities	69,792	14,424	121,039	28,848
Other	17,921	-	31,897	-
	\$ 256,358	\$ 151,087	\$ 491,106	\$ 443,785
Interest expense :				
Manufacturing and distribution of medical equipment	\$ 30,970	\$ 16,722	\$ 50,971	\$ 33,362
Custom processing and distribution of steel products	45,622	115,526	104,897	209,735
Development of biomedical and environmental activities	3,926	-	6,985	-
Other	107,469	109,905	261,598	224,220
	\$ 187,987	\$ 242,153	\$ 424,451	\$ 467,317

NOVEKO INTERNATIONAL INC.

Notes to consolidated financial statements (cont'd)

December 31, 2007
(unaudited)

12. Segmented information (cont'd):

Information on the results and the assets of each segment (cont'd):

	Three months		Six months	
	2007	2006	2007	2006
	(revised)		(revised)	
Income taxes :				
Manufacturing and distribution of medical equipment	\$ 9,491	\$ 169,001	\$ -	\$ 244,075
Custom processing and distribution of steel products	24,045	(94,460)	(16,347)	(206,254)
Development of biomedical and environmental activities	(51,491)	-	(87,309)	-
Other	-	-	(1,489)	-
	\$ (17,955)	\$ 74,541	\$ (105,145)	\$ 37,821
Net profit (loss) :				
Manufacturing and distribution of medical equipment	\$ 156,505	\$ 301,770	\$ (78,534)	\$ 351,192
Custom processing and distribution of steel products	(22,968)	(86,739)	(106,174)	(106,849)
Development of biomedical and environmental activities	(1,066,381)	(85,627)	(1,811,637)	(100,051)
Other	(2,029,559)	(469,775)	(3,161,135)	(842,995)
	\$ (2,962,403)	\$ (340,371)	\$ (5,157,480)	\$ (698,703)
Fixed asset expenditures :				
Manufacturing and distribution of medical equipment	\$ 174,126	\$ 277,782	\$ 241,139	\$ 399,143
Custom processing and distribution of steel products	3,610	109,051	3,885	199,980
Development of biomedical and environmental activities	4,025	-	5,305	-
Other	296,871	98,599	1,609,294	98,599
	\$ 478,632	\$ 485,432	\$ 1,859,623	\$ 697,722
Assets :				
Manufacturing and distribution of medical equipment			\$ 12,430,305	\$ 13,265,390
Custom processing and distribution of steel products			13,381,960	13,233,352
Development of biomedical and environmental activities			8,050,045	1,121,983
Other			15,379,347	892,273
			\$ 49,241,657	\$ 28,512,998

NOVEKO INTERNATIONAL INC.

Notes to consolidated financial statements (cont'd)

December 31, 2007
(unaudited)

12. Segmented information (cont'd):

The geographical distribution of capital assets and goodwill of the Company is as follows:

	December 31 2007	June 30 2007
Canada	\$ 11,646,299	\$ 6,984,628
France	5,690,369	5,688,007
	\$ 17,336,668	\$ 12,672,635

The geographical distribution of revenues of the company is as follows:

	Three months		Six months	
	2007	2006	2007	2006
Canada	\$ 1,852,143	\$ 1,607,941	\$ 3,495,402	\$ 3,292,889
Latin America	12,464	83,351	222,545	91,899
United States	319,645	66,731	430,756	113,303
Europe	989,851	1,392,724	1,709,012	2,145,183
Africa, Asia and Australia	523,632	323,659	753,368	718,584
Total revenues	\$ 3,808,735	\$ 3,474,406	\$ 6,611,083	\$ 6,361,858

13. Related-party transactions:

- a) During the period ended December 31, 2007, the Company paid interest in the amount of \$815 (\$10,120 for the six-month period ended December 31, 2006) to a corporate shareholder exercising significant influence. This amount was charged to financial expenses in the statement of operations. These transactions were concluded in the normal course of operations and are measured at the exchange value, which is the amount of consideration established and agreed to by the related parties.
- b) On July 17, 2007, the Company acquired a building from a company whose shareholders directors exercise significant influence on the Company. This acquisition, not in the normal course of operations, was recorded at the market value determined by an independent real estate appraiser. The acquisition was settled by a cash consideration of \$1,200,000.
- c) During the six-month period ended December 31, 2007, the Company sold medical equipment for an amount of \$350,362 to a company whose shareholders directors exercise significant influence on the Company. These transactions were concluded in the normal course of operations and are measured at the exchange value, which is the amount of consideration established and agreed to by the related parties.

NOVEKO INTERNATIONAL INC.

Notes to consolidated financial statements (cont'd)

December 31, 2007
(unaudited)

14. Subsequent events:

- a) On January 10, 2008, the Company has signed a letter of intent to acquire Purer Life, a Taiwan-based company specialized in the manufacture of filtration fabric. On February 4, 2008, the Company agreed with Purer Life and its shareholders on the terms and conditions of such transaction. The Company will purchase all of the issued and outstanding shares of Purer Life and those of a firm of the same group for a cash consideration of \$2,500,000 and by the issuance of 1,100,000 Class A shares. This transaction is subject to the approval of Taiwan investment authorities and of the TSX Venture Exchange.
- b) On January 25, 2008, the Company has issued 800,001 Class A shares subsequent to the exercise of conversion right of \$762,586 of convertible debenture.

15. Comparative figures:

Certain comparative figures have been reclassified to conform with presentation of the current period.

16. Revised financial statements

The refilling and restatement of these interim financial statements is intended to reflect revised methodology related to the calculation of stock-based compensation expenses and the timing of when such expenses must be recognized. With respect to methodology, the weighted average volatility to be used for the computation of the fair market value of the options granted was increased from 60% to 95% and the expenses for the options to acquire 2,000,000 Class A shares granted on October 25, 2007 at \$6.80 per share, was recognized not in the period where such options began to be vested (During the nine months period ended March 31, 2008 as shown by the Company in its interim financial statements) but in the period where they were granted (The six months period ended December 31, 2007) on a linear basis.

The stock-based compensation expense for the six month period ended December 31, 2007 is increased by \$1,287,073. Consequently, net loss, comprehensive loss, and contributed surplus for the six month period ended December 31, 2007, should be increased by \$1,287,073 to a total of \$5,157,480 or \$0.10 per share, to \$5,093,396 and to \$3,399,342 respectively.