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LAB INTERNATIONAL INC.

David Jagodzinski wrote this case under the supervision of Professor James E. Hatch solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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INTRODUCTION

It was early March 2006, and Andrew Reiter, chief financial officer (CFO) of LAB International Inc., was faced with a significant fundraising decision. Although a number of alternatives were being considered, a proposal to sell[1] one of the company's two divisions in the form of an initial public offering (IPO) had been recently presented to the company as part of a pitch by Desjardins Securities (Desjardins). This alternative was the focus of Reiter's attention.

LAB INTERNATIONAL INC.

LAB International Inc. (LAB) was a Canadian health-care company founded in 1998. LAB currently had two distinct operating units: LAB Pharma, which focused on developing drug therapies that could be delivered via inhalation, and LAB Research, which provided preclinical contract research services to the pharmaceutical and biotechnology industry. LAB began as a contract research organization (CRO) and had operations in Canada, the United States, Denmark and Hungary. The LAB Pharma subsidiary was created in 2004, following the acquisition of a Finnish pharmaceutical company focused on inhalation technologies. LAB was based in Laval, Quebec, and had approximately 450 employees.

LAB Pharma

LAB Pharma's focus was the development and manufacture of inhaled therapeutics. The lead product of the subsidiary was a novel fast-acting formulation of fentanyl, a widely used opiod analgesic that was administered using the company's European-approved TAIFUN dry powder inhalation platform. The product was currently in Phase IIa studies for the treatment of breakthrough cancer pain. (See Exhibit 1 for

[1] *In the field of finance, the term "spinoff" usually refers to a new firm created by a company from the assets of a division of the company. The shares are simply given to the company's existing shareholders. Alternatively, if the shares of the new firm are sold to the public through an IPO, the new firm is often called a "carveout."*

a description of the phases of drug development.) The company was near completion of the recruitment of subjects and hoped to have preliminary results by the end of the second quarter of 2006.

If the company's development plan was achieved, the company would then conduct additional Phase II and Phase III trials and be able to have the product on the market by late 2009. The product would likely be licensed to another company, which would result in the receipt of milestone payments at the end of each phase of trials and a royalty stream for numerous years thereafter. Analysts[2] had estimated that if a license were successfully negotiated, it could result in an upfront payment of $US10 million, milestone payments of US$22 million and a royalty rate in the 10 to 15 per cent range, which would amount to roughly US$5 million to $US12 million per year, depending on the market size and competitive environment. The company was in the preliminary stages of seeking out a licensee.

LAB Pharma's pipeline also included growth hormone–releasing hormone (GHRH), a product that targeted malnutrition in patients with chronic renal failure and in persons with other growth-hormone deficiencies. GHRH was currently being studied in a pilot Phase II trial, and results were expected in mid-2006.

Another pipeline product was calcitonin gene-related peptide (CGRP), which had completed Phase I studies for the treatment of asthma. The company had initiated preparation for a Phase II trial and expected to soon begin enrolment of subjects.

LAB Pharma's two proprietary inhaler platforms, TAIFUN and LABHaler, could deliver LAB Pharma's own products and potentially those of third parties. TAIFUN had been approved for use in a number of European countries.

LAB Pharma's main activities took place in Turku, Finland, while a smaller team was based in Laval, Quebec.

Over the next 12 months, the LAB Pharma business unit hoped to achieve a variety of value-creating milestones:

- Completion of the fentanyl TAIFUN Phase II program and preparation for Phase III
- Completion of CGRP Phase II study and the GHRH Phase II pilot study
- Out-licensing of one or more of the development products
- Licensing the use of the inhalation platforms for third-party product development
- Acquisition of additional platform delivery technologies and innovative product offerings through co-sponsored programs, joint ventures and/or strategic alliances
- Increasing the scale of European manufacturing capabilities and identifying a U.S. manufacturing partner
- Aggressively pursuing synergistic acquisition opportunities

Although many potential milestones could occur over the next year, due to the research and development nature of the business, most were uncertain and relied on either positive outcomes from clinical trials or locating potential partners for licensing, manufacturing or distribution.

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[2] *Source: Maher Yaghi, "LAB International Inc. — Is Breaking Up Hard to Do?" Desjardins Securities Inc., February 15, 2006, p. 23.*

LAB Research

LAB Research provided preclinical contract research services to the pharmaceutical industry through five facilities located around the world, a number of which had been recently acquired. The five facilities had a combined space of 269,000 square feet and almost 400 employees. With these acquisitions, LAB Research had a base of more than 500 biotech and pharmaceutical clients worldwide and performed more than 700 studies yearly. (See Exhibit 2 for an overview of the CRO industry and Exhibit 3 for a summary of the company's worldwide facilities.)

The focus of LAB Research was to become the pre-eminent provider of preclinical support services to the bio-pharmaceutical industry worldwide by executing the following business strategy:

- Providing a full spectrum of preclinical services
- Increasing geographical presence in low-cost areas
- Continuing investment in additional capabilities, equipment, processes and facilities necessary to sustain profitable growth, high-quality levels and timely service
- Maintaining strong client relationships by broadening the service offering with an emphasis on timely execution.

LAB Research differentiated itself from the competition:

- The Montreal facility offered tax credit relief and access to university biological expertise (with five major universities).
- LAB's facility in Denmark (Scantox) had an international reputation for scientific expertise in the use of specialized animal models in drug development programs.
- In Hungary, the structure provided an extremely low-cost overhead, easy access to European community markets, and a skilled and stable workforce.

LAB's CRO revenues had significantly increased since the company went public in 2002 as a result of the Danish and Hungarian acquisitions. Revenues in 2005 were more than $46 million, up from just $15 million in 2003. The European operations now provided a significant portion of the CRO's revenue and, thereby, an increased dependence on the European pharmaceutical industry and foreign exchange risk. However, the European acquisitions also acted as a natural hedge to LAB Pharma's Finnish operations.

FINANCIAL STATUS AND CASH FLOW POSITION

LAB's recent income statements, balance sheets and statements of cash flow are seen in Exhibits 4, 5 and 6 respectively.

The LAB Research division provided the company with ongoing access to capital through its ability to generate strong cash flows. LAB International had recently obtained $12.3 million in cash from a private placement. It had also negotiated a sale-leaseback of one of its facilities that netted $2.7 million for the company. As a result, the company currently had approximately $16.9 million in cash. LAB's drug development burn rate[3] was approximately $0.85 million per month, and the company had capital expenditure requirements of approximately $3.5 million for 2006.

[3] *The burn rate refers to the net cash required to operate a company over a period of time, such as one month.*

Stock Price Performance

Andrew Reiter, the CFO, noted that LAB International's stock was trading at $1.09 per share, 5 per cent off its 52-week high of $1.15 per share, which resulted in the company's market capitalization of $76 million. The stock price had been volatile over the past year, trading at a low of $0.63 per share in June 2005. (See Exhibit 7 for recent stock price performance.)

Reiter felt that the current stock price did not accurately reflect the true value of LAB International. His meetings with several institutional investors had reinforced this view. A recent research report by Claude Camiré of Paradigm Capital highlighted the view of "the street."

> We believe LAB trades at a "holding company" discount. As such, we believe the company is ripe for a "shareholder value" maximization strategy, the easiest of which is to monetize its fast growing and profitable LAB Research division.
>
> At the current market capitalization . . . we believe this represents the value solely of the LAB Research segment. If LAB can monetize its value, we believe investors will be left with a well funded innovative drug company with a drug technology platform and three drugs in clinical trials.
>
> In essence, we believe LAB's market cap represents less than the fair value of the LAB Research business offering LAB Pharma as a "Free option."[4]

Another research report by Maher Yaghi at Desjardins Securities echoed this view:

> Our investment thesis for LAB is derived from the fact that the market does not fully value the company's 'hybrid' structure and a catalyst of some sort is required for investors to alter their views on the valuation of the company . . . . As such, we believe that management should consider splitting up the company in order to provide investors with two pure play companies having distinct individual prospects and risk profiles rather than a hybrid company that is not fairly valued by the market.
>
> Reiter was concerned that the market appeared to be focused on the undervalued stock rather than what the company had been attempting to achieve with its two divisions.[5]

ALTERNATIVES BEING CONSIDERED

One option available to Reiter was to continue the company as it was and to keep ownership of both divisions. Under this arrangement, Reiter would continue with the current funding model of using excess cash flows from the CRO division to meet some of the needs of the LAB Pharma division and periodically returning to the market for additional capital to meet the remaining need. However, the LAB Research division was also in need of cash because it planned to expand its Laval facility and the Hungarian and Danish facilities in the future. By transferring much of its cash flows to the LAB Pharma division, LAB Research would have fewer funds to invest in its own facilities and would need to look for alternative ways to raise cash. In January 2006, LAB Research had signed an agreement to expand its Laval facility, and the $8.5 million renovation would soon be under way. An additional $25.5 million in expansions were also

[4] *Claude Camiré, "LAB International Inc. — More Than a Puff," Paradigm Capital Inc., March 16, 2006, p. 3.*
[5] *Maher Yaghi, "LAB International Inc. — Is Breaking Up Hard to Do?" Desjardins Securities Inc., February 15, 2006, p. 28.*

subsidiary would also be issuing additional shares from treasury to use for its own needs. However, by having the secondary component, the size of the issue would also be increased relative to simply selling the company's shares in the subsidiary. Thus, the size of issue that the market was willing to fund at one point needed to be considered.

Another potential alternative would be to spin off a division in the form of a stock dividend to current LAB shareholders. If the company chose this route, no potential valuation issue would need to be considered because the market would price each company automatically. With this option, the company would need to consider the price at which each piece would potentially trade at ex-dividend. Lastly, although avoiding a valuation challenge, this option would not result in any financing to LAB or to the spun-off entity.

At his last meeting with the bankers, Reiter had inquired about the costs of a potential transaction. Desjardins Securities indicated that it would seek cash fees of 6 per cent of gross proceeds in the event that LAB Research was spun off. If LAB Pharma were to be spun off, Desjardins would seek cash fees of 7 per cent of gross proceeds and an additional 7 per cent of issued stock in the form of broker warrants equal to the terms of warrants issued in associated with an the offering, if any.[6] If the dividend option were chosen, Desjardins would seek 2 per cent of the transaction value and act as transaction advisor to the company. Lastly, legal fees associated with drafting a prospectus and documents to split the company up, auditing costs and other transaction costs would total approximately $2 million. If the dividend option were taken, then the costs would be approximately $1.5 million.

Valuation of the Spinoff

While reviewing the Desjardins pitch in more detail, Reiter noticed that the bankers had used several methods to value each subsidiary. For the LAB Research side, the bankers used comparable company analysis and discounted cash flow analysis, whereas for the LAB Pharma side, their primary tool was relative enterprise value analysis.

LAB Research: Comparable Company Analysis

The data on comparable companies is provided in Exhibit 8. When Reiter reviewed the provided comparable companies, he noted that they included many of the public entities in the CRO space. However, he wondered whether the comparables should be further modified in accordance with the size of the company because LAB Research was much smaller than the largest CROs.

LAB Research: Carve-Out Statements

LAB Research was run as a separate operating segment within LAB International. Key information on the assets, liabilities and net income of LAB Research are provided in Exhibit 9.

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[6] Broker warrants are warrants that are issued to dealers in a financing for a company. Broker warrants allow the dealers to purchase one additional common share in the company in the future, typically between one and three years, at a premium to issue price of between 5 per cent and 25 per cent. Broker warrants are usually issued by earlier stage development companies to compensate for the higher risk in completing the transaction.

being contemplated to be carried out over the next three years. These expansions would allow the LAB Research division to increase the number of its animal rooms, which, in turn, would increase revenue.

Moreover, funding the company was expected to become more difficult and, as trials for the three products progressed, further cash needs would increase significantly. Thus, LAB would need to go to the market more frequently. However, the company had just raised $12.3 million in December 2005 and would need to wait until at least the fall before attempting to raise additional capital. The ability to raise capital at that time would be very dependent on the company's research progress and market conditions at the time, both of which were highly uncertain.

A second option was to sell the LAB Research division outright to a private equity firm or to a competing CRO. This option would provide cash fairly quickly; however, given that the competitors knew that LAB was looking to sell one division to raise cash for its other division could mean a reduced selling price, compared with other potential sale options. Attracting the interest of private equity investors in a firm that was as small as LAB could also be difficult. LAB Research generated approximately the minimum level of EBITDA to attract the attention of private equity firms, and its need for additional capital for expansion would make selling the company that much more difficult. This option would have the benefit of providing several years' funding to the cash-intensive Pharma division, the division that had the greatest (albeit risky) upside potential.

A third option would be to sell the LAB Pharma division to another firm, such as a pharmaceutical or a drug delivery company. This option would be attractive because it would result in selling off the division that continually consumed cash and would solve the funding issue at the company. One of the drawbacks to selling the LAB Pharma division would be that LAB would be essentially admitting that it made a mistake in purchasing Focus Inhalation Oy. As a result, investors might be reluctant to fund the company in the future. Second, Reiter did not know what he could receive for the division because the market did not seem to be attributing much value to the LAB Pharma division. Also, with three products in development for three completely different indications, finding a company for which the product portfolio would be a fit could prove to be very challenging.

THE NEW PROPOSAL

Issues to Consider

Over the past several months, Reiter and LAB had been meeting with investment bankers to discuss how to increase shareholder value. A proposal by Desjardins Securities (and one echoed by several research analysts) recommended that LAB spin off one of its divisions into a separate entity, so each division would be valued independently.

In contemplating a spinoff, Reiter and LAB had several issues to consider. The first was whether to sell the entire entity in a single transaction or to arrange a staged transaction. A single transaction would allow LAB to make a clean exit from the business and remove any secondary transaction risk. However, by performing a staged transaction, a depressed valuation at IPO could be corrected in the future after the market became comfortable with the new entity.

A second issue to consider with a spinoff was whether the spinoff would include a treasury or secondary component. By simply selling the stock in the subsidiary, the remaining LAB entity would receive the full amount of funds less the transaction costs. By having a secondary component to the transaction, the

LAB Research: Discounted Cash Flow Analysis

The second method that Desjardins proposed to use in determining a valuation range was a discounted cash flow analysis. LAB had provided to Desjardins the financial projections for LAB Research (see Exhibit 10). The projections provided cash flows until the end of 2010. Reiter wondered what he should employ as a terminal growth rate beyond that date.

He also wondered about the appropriate rate at which cash flows should be discounted. Flipping to the financial pages of his newspaper, Reiter found rates for the 5-, 7-, 10- and 30-year Government of Canada bonds (see Exhibit 11). Reiter noted that the average beta for companies in the CRO sector was 1.30. Reiter also noted that Desjardins estimated the long-term Canadian market risk premium at approximately 5.00 per cent; however, Desjardins also felt that investors would require an additional 1.50 per cent premium because of the small size of the company. The current blended income tax rate for the company was 32 per cent and was not expected to change in the coming years.

LAB Pharma: Relative Valuation Analysis

If LAB Research were spun off, a question arose regarding the value of the remaining LAB Pharma operations. Desjardins valued LAB Pharma as if it were an independent drug development company, by using a relative enterprise value analysis in comparison with other mid-stage drug development companies using proprietary drug delivery technologies. Data for this analysis is seen in Exhibit 12.Relative valuation can be subjective because no two companies are ever the same. Relative valuation is typically used for assessing development companies because their revenues are uncertain and, at best, several years away. However, by accounting for the stage of clinical development, pipeline products and cash levels, the subjectivity can be compensated for because companies of the same developmental stage with similar products tend to have similar risk profiles.

Current Market Conditions

In addition to the technical valuations of the comparable companies and discounted cash flow analyses, Reiter knew that qualitative factors, or "soft" factors, would also influence the valuation that the spinoff and the remaining entity would achieve in the market.

One such factor was market conditions. Recent market performance is shown in Exhibit 13. The S&P/TSX Composite Index was up nearly 50 per cent since the start of 2004, driven primarily by demand for income trust vehicles and rising commodity prices. In the same time period, the technology-heavy NASDAQ Composite Index had increased 17 per cent, whereas the NASDAQ Biotech Index was up 16 per cent. Pharmaceutical and biotechnology company stock performance had been improving since coming off their lows of 2002. Investors were now more optimistic about the sector's prospects for the remainder of 2006. Unfortunately, the S&P/TSX Healthcare Index was not achieving the returns of its peers and was down 14 per cent since the start of 2004. This negative performance was due to the relatively small number of companies included in the index and the negative news that had come from them in recent years.

The financing environment for life sciences offerings in North American markets was rebounding from its lows of 2002. In 2005, these companies raised a total of US$15.1 billion in public equity and debt.[7] Canadian companies were able to raise approximately US$800 million. In the first quarter of 2006, 21 life

[7] Leonard Zehr, "Biotech Deals Could Surpass $1.5 Billion," Globe and Mail, May 15, 2006, p. B3.

sciences companies in Canada had gone to market and raised a total of $375 million. See Exhibit 14 for recent Canadian life sciences financings. This activity signaled that the life sciences financing "window" was open but conditions could quickly change if a string of bad news occurred in the sector, or if conditions in the general market deteriorated. Preparation for a spinoff could take a minimum of one-and-a-half to three months; and the launch, marketing and closing of an IPO could take four to eight weeks. With this timeline, Reiter knew that if the company started to prepare now, the deal would be in the market during the summer months when many fund managers are on vacation.

To a certain extent, market conditions would also affect the IPO discount. In general, IPOs are priced at a discount to their "fair trading value," depending on the particular issue and the market conditions at the time of the offering. Historically, IPO discounts had been in the range of 15 per cent to 25per cent. Reiter wondered how much the market would discount an IPO of one of LAB's subsidiaries.

Although signs pointed to favorable market conditions for an offering, Reiter knew that one other significant factor should be considered if the LAB Research division was spun off. Animal rights organizations had been stepping up their campaigns in recent years against CROs that performed preclinical animal testing. One company in particular, Huntingdon Life Sciences (now publically listed as Life Sciences Research), had borne the brunt of these attacks. In the late 1990s, activists recorded undercover film of mistreated animals. Since then, this company had been a target, and recent attacks had been directed at those said to be customers, including an executive at the Swiss drug firm Novartis and Japanese company Yamanouchi. The past September, the company had attempted to gain listing on the New York Stock Exchange from the over-the-counter (OTC) market in the United States; however, the listing was postponed when activists stepped up their campaign once again. Reiter wondered whether these activists would target LAB if the company were to spin off the LAB Research division.

THE DECISION

Armed with the foregoing data, Andrew Reiter was faced with a number of decisions. These included the action the company should take to increase shareholder value and, if the spin-off approach were to be taken, the price at which a spinoff might take place and how many of the shares to sell to the public. Reiter wanted to be well prepared for next week's meeting with his proposed underwriters.

Exhibit 1

PHASES OF DRUG DEVELOPMENT

PRECLINICAL TRIALS

Early preclinical trials take place on animal models and typically last between one and three years. The main purpose of these tests is to document the scientific composition and safety of the compound being tested. Following successful preclinical trials, the sponsor submits an Investigational New Drug (IND) application to the U.S. Food and Drug Administration (FDA) for review of safety and to assure that human research subjects will not be subjected to unreasonable risk. If the application is approved, the candidate drug usually enters Phase I clinical trials.

CLINICAL AND PHASE I

Early stage clinical development typically consists of testing approximately 20 to 80 healthy volunteers for a drug's safety, dosage and metabolism. These trials sometimes last only a few months and usually do not last longer than one year.

PHASE II

In this stage of development, 100 to 500 target patients are tested over one to two years for safety, appropriate dosage, efficacy (success in improving symptoms) and short-term side effects or adverse reactions.

PHASE III

Phase III trials can last up to several years, testing as many as several thousand patients for more detail and statistical significance on the safety and efficacy of a drug. These trials are usually performed at various sites across different geographies and populations. Following a successful Phase III trial, the sponsor submits a New Drug Application (NDA) to the FDA, which includes the IND and data from clinical trials. The application and approval process may be delayed if additional work is required and may also be expedited via accelerated review or fast track designation, which is typically granted if early trials indicate a large probability of satisfying unmet medical needs.

Exhibit 2

OVERVIEW OF THE CONTRACT RESEARCH ORGANIZATION INDUSTRY

The contract research organization (CRO) industry began in the 1970s, at a time when pharmaceutical companies performed the majority of research and drug development in-house. By the late 1970s, the industry had sales of US$50 million, which were derived mainly from preclinical toxicology screening, the only function at the time that pharmaceutical companies would contract out. Since then, the industry has grown rapidly, reaching sales of more than US$15 billion. To this point, the industry was involved in almost every stage of the drug development process because pharmaceutical companies outsourced this function to cut costs and speed up the long and very expensive process of getting drugs to market.

Over time, CRO companies began to develop specific expertise in particular applications of the drug development process and were eventually able to demonstrate superior expertise and cost effectiveness compared with pharmaceutical companies that were doing the same work internally. This situation had led to an industry that was very fragmented, with smaller companies continuing to focus on niche applications and different geographic markets. Larger players, which tended to be global in scope and supplied services that spanned the range of research requirements to serve the international needs of pharmaceutical clients, also tended to specialize in either early stage (preclinical to Phase IIa trials) or late stage (Phase II to post-marketing studies) research.

CRO industry growth was primarily driven by three main factors:

1. The growth of R&D spending in the pharmaceutical industry
2. The financial health of the biotech industry
3. The continued cost advantage of outsourcing research and development (R&D)

Current outsourced R&D in the pharmaceutical industry was estimated to be in the 20 to 22 per cent range, with later-stage work having a higher penetration rate. The value proposition of CROs was to offer pharmaceutical companies a more cost-effective and faster way to conduct R&D and drug development. Although a significant amount of R&D was already outsourced, ample opportunity continued for growth because the cost advantage for CROs remained significant.

Additionally, drug makers had been slower than other major multinational industries to take advantage of offshoring to lower-cost countries, such as India and China. Currently, only one-quarter of clinical trials for Western pharmaceutical companies took place outside the United States. CROs, however, had been active on a global scale for some time because many countries in Eastern Europe, Latin America and Asia offered greater access to "treatment-naïve" patients, easier patient recruitment and less stringent regulatory environments. If CROs could continue to execute on their expansion into these low-cost centers (where, for example, a well-trained and English-speaking Indian chemist could be hired at less than one-quarter of the cost of an American chemist), the CROs would continue to increase their cost advantage.

Exhibit 2 (continued)

Although the industry had shown some signs of consolidating, the CRO business was still highly fragmented, with no company having greater than 10 per cent market share, and the total number of competitors reaching into the thousands. Nevertheless, numerous players had built global operational capabilities across the entire range of pharmaceutical company R&D requirements. This broadening of scope was part of a larger trend of pharmaceutical companies moving away from contracting out on a transactional basis toward a model of preferred providers, whereby pharmaceutical companies sign longer-term research agreements with a small number of CROs that were best able to serve their needs. Additionally, larger players were able to better position themselves because of their global capacity to meet the need of cost efficiency through offshoring clinical trials to lower-cost countries, such as China and India.

Because different capabilities were required at different stages of the drug development process, CROs have traditionally targeted specific research areas for development of their capabilities. This approach had led to a competitive environment within each segment that was less intense than would be expected by the large number of players overall.

Although the industry was characterized by much specialization, outsourced R&D activities could be broadly grouped into two major segments:

1. **Early stage:** Consists of all research activities up to and including Phase IIa clinical studies. This stage represents approximately 40 to 45 per cent of the market and includes research functions such as discovery, bioanalytical, synthesis, pharmacology, toxicology and formulation.
2. **Late stage:** Encompasses Phase IIb-III clinical trials, Phase IV post-marketing studies and central lab. This segment represents approximately 55 to 60 per cent of the market.

Growth in each segment of the market was quite different. Recently, the segment with the strongest growth was early stage, which could be further subdivided into preclinical and clinical functions. However, most recent industry trends showed that late-stage business was starting to close the gap, with both segments now growing at about the same rate. As mentioned previously, LAB Research focused mainly on the preclinical segment.

The table below highlights the major CRO players and the specific segments in which they are most active.

Market Segment	Key Players
Early Stage: Preclinical	Covance
	Charles River
	LAB Research
Early stage: Clinical trials	MDS Pharma
(Phase I–IIa)	SFBC
	Parexel
	PPD
Late stage: Clinical trials	Quintiles (private)
(Phase IIb–IV) and central lab	PPD
	Icon Clinical

Source: Company Documents, Desjardins Securities Research.

Exhibit 3

LAB RESEARCH FACILITIES

Name	Location	Square Footage	Employees	History	Specialty
LAB Preclinical	Laval, Canada	38,000	180	Built in 2002; sale-lease transaction in 2005 raised CdnS7.8 million for LAB	Preclinical testing
	Laval, Canada	34, 000		Leased since 2002	Preclinical testing
LAB US	San Diego, US	20, 000	8	Leased since 2002	Animal management services
LAB Research Hungary	Veszprem, Hungary	107, 000	95	Acquired TRC in 2003	Full clinical pathology and histopathology suites, long-term carcinogenicity study rooms, inhalation suite, as well as reprotox, ecotox, genetic tox and molecular biology capabilities.
LAB Research Denmark (Scantox)	Copenhagen, Denmark	70, 000	135	Acquired Scantox in 2005	Dermal and inhalation studies, genotoxicity, reproductive toxicity, and pharmacological testing
Total		**269, 000**	**398**		

Source: Company reports, Desjardins Securities Research.

Exhibit 4

CONSOLIDATED STATEMENTS OF OPERATIONS
Years ended December 31, 2005 and 2004
(in thousands of Canadian dollars, except per share data)

	2005	2004
Revenues	46,490	25,188
Expenses:		
Direct costs	26,123	12,746
Selling, general and administrative	18,201	11,738
Research and development	9,373	6,242
Stock-based compensation	802	1,069
Amortization of property and equipment	2,968	1,597
Amortization of intangible assets	1,663	478
Interest on long-term debt	1,816	518
Foreign exchange	(426)	(59)
	60,520	34,329
Loss before income taxes	(14,030)	(9,141)
(Recovery of) provision for income taxes	955	(777)
Net loss	(13,075)	(9,918)
Loss per share:		
Basic	(0.24)	(0.27)
Diluted	(0.24)	(0.27)

Source: LAB International SEDAR Filings.

Exhibit 5

CONSOLIDATED BALANCE SHEETS
December 31, 2005 and 2004
(in thousands of Canadian dollars)

	2005	2004
Assets		
Current Assets:		
Cash and cash equivalents	16,914	12,049
Cash held in escrow	541	0
Accounts receivable	8,469	6,025
Work in progress	2,314	1,381
Research tax credits receivable	1,333	830
Prepaid expenses	1,262	370
Total Current Assets	30,833	20,655
Property and equipment	22,748	19,487
Intangible assets	11,831	9,024
Other assets	1,577	788
Future income taxes	6,957	4,213
	73,946	54,167
Liabilities and Shareholders' Equity		
Current Liabilities:		
Bank loan	432	0
Accounts payable and accrued liabilities	11,046	6,922
Deferred revenue	6,059	3,339
Current portion of long-term debt	2,328	1,200
Current portion of convertible debenture	1,509	0
Future income taxes	688	181
Other current liabilities	609	65
Total Current Liabilities	22,671	11,707
Long-Term Liabilities		
Long-term debt	12,496	11,433
Debt component of convertible debenture	2,510	0
Future income taxes	4,021	2,801
Other long-term liabilities	1,640	0
Total Long-Term Liabilities	20,667	14,234
Shareholders' Equity:		
Share capital	54,380	35,534
Convertible debentures	0	2,720
Warrants and options	1,893	1,986
Additional paid-in capital	8,083	5,427
Cumulative translation adjustment	(1,662)	131
Deficit	(32,086)	(17,572)
Total Shareholders' Equity	30,608	28,226
	73,946	54,167

Source: LAB International SEDAR Filings

Exhibit 6

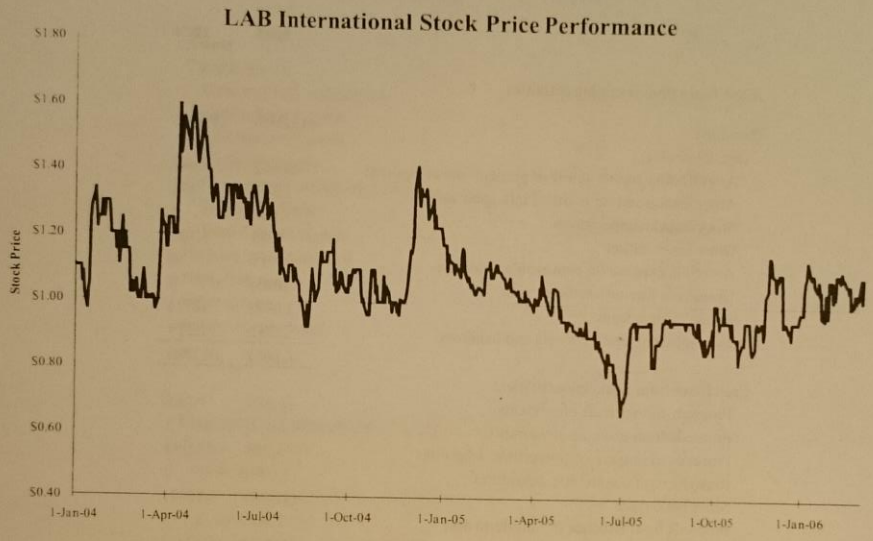
CONSOLIDATED STATEMENTS OF CASH FLOW
Years ended December 31, 2005 and 2004
(in thousands of Canadian dollars)

	2005	2004
Cash flows from operating activities:		
Net Loss	(13,075)	(9,918)
Adjustments for:		
Amortization and write-off of property and equipment	3,032	1,694
Amortization and write-off of intangible assets	1,663	478
Stock-based compensation	802	9
Other amortization	60	1,103
Accretion expense on convertible debenture	915	0
Unrealized foreign exchange gain	(605)	0
Future income taxes	(3,092)	(871)
Net changes in operating assets and liabilities	2,232	1,219
	(8,068)	(6,286)
Cash flows from financing activities:		
Proceeds from private placements	14,683	7,265
Proceeds from exercise of warrants	0	13
Proceeds from issue of convertible debentures	6,243	5,693
Repayment of convertible debentures	(1,079)	0
Share issue costs	(1,430)	(662)
Proceeds from issuance of long-term debt	2,606	5,185
Repayment of long-term debt	(5,332)	(741)
Repayment of capital leases	(311)	0
Proceeds from bank loan	432	0
Repayments under bank credit facilities	(53)	(435)
	15,759	16,318
Cash flows from investing activities:		
Business acquisition, net of cash acquired	(6,171)	913
Other payments	(65)	(500)
Costs related to acquisition of Scantox	0	(51)
Additions to property and equipment	(2,847)	(3,299)
Proceeds from sale lease-back	6,250	0
Fees on sale lease-back transaction	(303)	0
Proceeds from disposal of property and equipment	0	47
Additions to licenses and patents	(327)	(567)
Other fees and assets	(1,156)	(32)
	(4,619)	(3,489)
Net increase in cash and cash equivalents	3,072	6,543
Cash and cash equivalents, beginning of year	12,049	5,656
Effect of exchange rate changes	1,793	(150)
Cash and cash equivalents, end of year	16,914	12,049

Source: LAB International SEDAR Filings

Exhibit 7

RECENT STOCK PRICE PERFORMANCE FOR LAB INTERNATIONAL
AND RELEVANT MARKET PERFORMANCE



Source: Bloomberg

Exhibit 10

LAB RESEARCH PROJECTIONS

	For the year ended Dec 31,				
	2006E	**2007E**	**2008E**	**2009E**	**2010E**
Revenue (CdnS000)	50,000	56,000	65,000	75,000	84,000
EBITDA margin (%)	18	18	18	19	20
Depreciation and amortization (CdnS000)	3,500	4,000	4,500	4,600	4,700
Tax rate (%)	32	32	32	32	32
Capital expenditures (CdnS000)	10,000	12,000	12,000	4,000	4,000
Change in working capital (CdnS000)	400	576	864	960	864

Source: Estimates provided by case writer

Exhibit 11

GOVERNMENT OF CANADA BOND YIELDS

	Yield
5-Year GOC	4.15%
7-Year GOC	4.21%
10-Year GOC	4.26%
30-Year GOC	4.26%

Source: Bank of Canada, as at March 31, 2005

Exhibit 9

LAB RESEARCH CARVE-OUT STATEMENTS

(all figures in thousands of Canadian dollars)

Statement of Earnings Data	**Year Ended December 31,**		
	2005	**2004**	**2003**
	Pro forma (unaudited)		
	$	$	$
Revenues	46,224	23,975	15,026
Direct costs	28,271	12,805	8,030
Gross margin	17,953	11,170	6,996
Selling, general and administrative	7,836	5,422	2,731
Allocated costs	1,100	975	950
Other costs	528	(81)	441
EBITDA	8,489	4,854	2,874
Amortization	3,272	1,412	985
Interest on long-term debt	804	395	312
Earnings before income taxes	4,413	3,047	1,577
Provision for income taxes	1,200	1,083	188
Net earnings	3,213	1,964	1,389
Statement of Cash Flow Data			
Cash flow from operating activities	7,531	4,325	(799)
Capital expenditures	4,055	2,791	654

Balance Sheet Data	**As at December 31,**	
	2005	**2004**
	$	$
Cash and cash equivalents	3,727	1,694
Other current assets	10,099	6,134
Property and equipment	17,937	14,106
Other assets	5,267	1,150
	37,030	23,084
Current portion of long term debt	2,320	1,200
Accounts payable and accrued liabilities	7,165	4,073
Other current liabilities	10,160	4,756
Long term debt	8,049	8,028
Other long term liabilities	3,461	240
Total liabilities	31,155	18,297
Shareholders' equity	5,875	4,787
	37,030	23,084

: LAB Research SEDAR Filings

Exhibit 12

LAB PHARMA RELATIVE VALUATION ANALYSIS

Company	Ticker	Location	Price (US$) 3-Mar-06	Market Cap (C $mm)	Cash (C$mm)	Total Debt (C$mm)	Enterprise Value (C $mm)	Key Product	Indication	Trial Phase
Acura Pharmaceuticals Inc.	ACUR	USA	0.55	206.6	0.3	28.8	235.1	OxyADF (oxycodone)	Acute moderate-to-severe pain	Phase II complete
								Aversion Technology	Abuse deterrant drug formulations	
Advancis Pharmaceutical Corp.	AVNC	USA	2.00	68.6	20.6	1.8	49.7	Amoxicillin PULSYS	Pharyngitis/tonsillitis	Phase III
								Keflex PULSYS (cephalexin)	Skin and skin structure infections	Phase I
Alexza Pharmaceuticals Inc.	ALXA	USA	8.00	214.4	68.4	8.8	153.8	AZ-001 (staccato prochlorperazine)	Acute migraine headaches	Phase II
								AZ-002 (staccato alprazolam)	Acute treatment of panic attacks	Phase I complete
Antares Pharma Inc.	AIS	USA	1.36	81.3	3.1	0.0	78.2	Antares ATD gel (oxybutynin)	Overactive Bladder Syndrome	Phase II
AP Pharma Inc.	APPA	USA	8.64	247.8	6.6	0.0	241.2	Testosterone ATD gel (libi-gel)	Female Sexual Dysfunction	Phase II
								APF530 (granisetron)	Chemotherapy-induced nausea and vomiting	Phase II complete
								APF112 (mepivacaine)	Post-surgical pain	Phase II
BioDelivery Sciences International Inc.	BDSI	USA	2.40	32.4	5.6	3.7	30.1	BEMA Fentanyl, mucosal	Breakthrough cancer pain	Phase III
								BEMA Long Acting Analgesic, mucosal	Chronic osteoarthritis pain	Phase II
Elite Pharmaceuticals Inc.	ELI	USA	2.25	49.2	1.9	4.7	51.4	ELI-154 (oxycontin), once daily	Pain Management	Phase I
								ELI-216 (oxycodone), abuse resistant	Pain Management	Phase I
Javelin Pharmaceuticals Inc.	JAV	USA	4.05	185.6	36.6	0.0	149.0	Rylomine (intranasal morphine)	Acute moderate-to-severe pain	Phase II/III
								Dyloject (injectable diclofenac)	Post-operative pain	Phase IIb
Iomai Corp.	IOMI	USA	6.25	84.4	5.9	4.8	82.7	Flu Vaccine Patch	Needle-free flu vaccine patch	Phase I/II
								IS Patch	Immunostimulant patch for receiving flu vaccines	Phase II
NexMed Inc.	NEXM	USA	1.02	75.3	3.9	6.8	77.4	Alprox-TD (alprostadil), cream	Erectile dysfunction, cream	Phase II complete
								Femprox (alprostadil), cream	Female sexual arousal disorder	Phase II
Average - All companies				124.6			114.9			
Median - All companies				82.8			80.5			
Average - Pain development product				137.7			123.9			
Median - Pain development product				185.6			149.0			
Average - Lead product in Phase II trial or below				107.3			91.6			
Median - Lead product in Phase II trial or below				82.8			80.5			
Average - Sub-$100mm companies				65.2			61.6			
Median - Sub-$100mm companies				72.0			64.4			

Notes: Enterprise Value (EV) = Market Cap + Debt – Cash
The Cdn$/US$ exchange rate as at March 3, 2006 was 1.13450.

Sources: Supplied by case writer using company documents; Historical exchange rate information from OANDA Corp. (http://www.oanda.com/convert/fxhistory), accessed April 4, 2009.

Exhibit 8 (Continued)

COMPARABLE COMPANY FINANCIALS FOR CONTRACT RESEARCH ORGANIZATIONS

Companies	Ticker	Shares Outstanding	Revenue (US$m) 2005	Revenue (US$m) 2006E	EBITDA (US$m) 2005	EBITDA (US$m) 2006E	Earnings (US$m) 2005	Earnings (US$m) 2006E	Cash (US$m)	LT Debt (US$m)
Charles River Laboratories	CRL	73.2	1,122.2	1,180.0	299.7	319.0	146.0	142.1	114.8	296.6
Pharmaceutical Product Development	PPDI	116.5	962.0	1,148.7	229.7	286.4	131.5	160.4	336.8	25.0
Covance Inc.	CVD	64.4	1,193.0	1,366.7	223.0	248.3	123.4	141.0	160.7	0.0
Icon Plc (ADR)	ICLR	14.0	326.7	394.0	43.2	61.0	13.9	33.7	82.2	0.0
Parexel International Corp.	PRXL	26.6	544.7	608.4	54.2	66.2	(35.2)	23.3	112.0	2.0
SFBC International Incorporated	SFCC	18.8	334.8	339.7	63.6	57.1	24.9	25.7	38.8	169.8
PRA International Inc.	PRAI	22.8	295.0	324.3	62.3	63.8	32.2	34.2	76.3	0.0
Kendle International Inc.	KNDL	14.0	202.0	242.8	26.9	38.2	11.8	21.0	48.8	3.8
Life Sciences Research Inc	LSR	12.6	172.0	179.0	30.6	N/A	1.5	N/A	15.4	30.4
Bioanalytical Systems Inc.	BASI	4.9	42.4	47.0	4.7	N/A	(0.1)	N/A	1.3	16.1
LAB Research Inc. (in Cdn$ million)			46.2	50.0	8.5	9.0	3.2	3.2	3.7	10.4

Notes: Enterprise Value (EV) = Market Cap + Debt – Cash
The CDN$/US$ exchange rate at March 3, 2006 was 1.13450.
"N/A" denotes not available information; "N/M" denotes a non-material figure

Sources: Supplied by case writer using company documents, Bloomberg, Thomson First Call; Historical exchange rate information from OANDA Corp. (http://www.oanda.com/convert/fxhistory), accessed April 4, 2009.

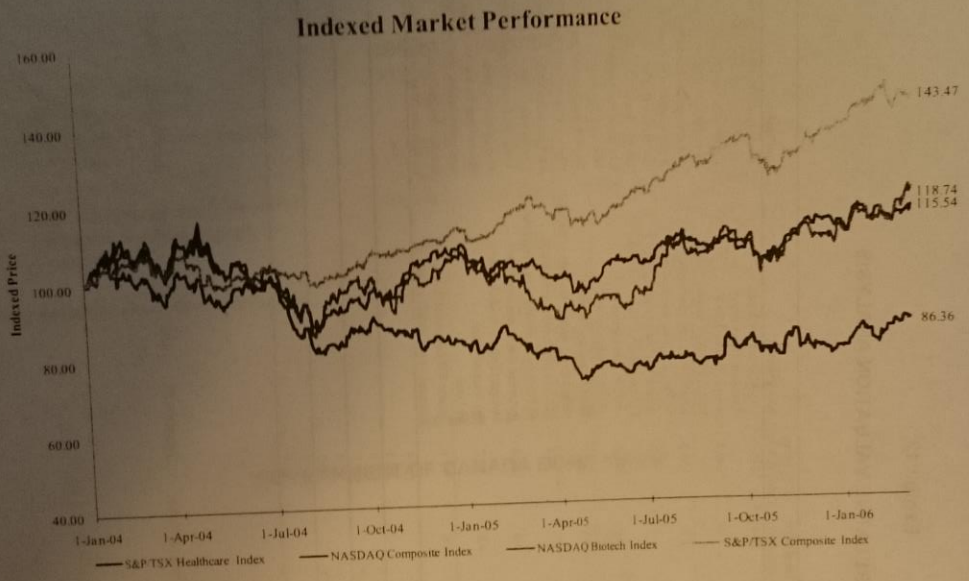
Exhibit 8

COMPARABLE COMPANY VALUATION MULTIPLES FOR CONTRACT RESEARCH ORGANIZATIONS

Companies	Ticker	Price (US$) 03-Mar-06	Market Cap (US$m)	Enterprise Value (US$m)	P/E (x) 2005	P/E (x) 2006E	EV/EBITDA (x) 2005	EV/EBITDA (x) 2006E	EV/Sales (x) 2005	EV/Sales (x) 2006E
Charles River Laboratories	CRL	49.42	3,618	3,799	24.8	25.5	12.7	11.9	3.4	3.2
Pharmaceutical Product Develpmnt	PPDI	34.89	4,065	3,753	30.9	25.3	16.3	13.1	3.9	3.3
Covance Inc.	CVD	56.24	3,622	3,461	29.4	25.7	15.5	13.9	2.9	2.5
Icon Plc (ADR)	ICLR	47.24	661	579	47.7	19.6	13.4	9.5	1.8	1.5
Parexel International Corp.	PRXL	25.94	690	580	N/M	29.6	10.7	8.8	1.1	1.0
SFBC International Incorporated	SFCC	23.16	435	566	17.5	17.0	8.9	9.9	1.7	1.7
PRA International Inc.	PRAI	28.06	640	563	19.9	18.7	9.0	8.8	1.9	1.7
Kendle International Inc.	KNDL	32.09	449	404	38.0	21.4	15.0	10.6	2.0	1.7
Life Sciences Research Inc	LSR	10.70	134	149	N/M	N/A	4.9	N/A	0.9	0.8
Bioanalytical Systems Inc.	BASI	6.57	32	47	N/M	N/A	10.0	N/A	1.1	1.0
Average					29.7	22.8	11.6	10.8	2.1	1.8

Exhibit 13

RECENT MARKET PERFORMANCE



Source: Bloomberg

Exhibit 14

RECENT CANADIAN LIFE SCIENCES FINANCINGS

Legal Name	Announcement	Shares Offered	Issue Price	Total Proceeds	Commission %	Status Date	Deal Terms	Deal Type	Security Type
Medical Pharma Inc.	15-Mar-06	100,000,000	$0.05	$5,000,000	n/a	30-Mar-06	Best Efforts	Private Placement	Common
Response Biomedical Corp.	16-Mar-06	20,080,000	$0.50	$10,000,000	7.00	30-Mar-06	Best Efforts	Private Placement	Unit (Equity And Warrant)
Medical Intelligence Technologies Inc.	02-Mar-06	9,583,410	$0.60	$5,750,046	8.00	29-Mar-06	Best Efforts	Public Offering	Unit (Equity And Warrant)
Arnolfo Life Sciences Ltd.	03-Mar-06	4,058,823	$0.85	$3,450,000	8.00	24-Mar-06	Best Efforts	Private Placement	Common
Evealve Technologies Ltd.	22-Feb-06	13,696,600	$0.50	$6,848,300	8.00	22-Mar-06	Best Efforts	Private Placement	Unit (Equity And Warrant)
Medisys Health Group Income Fund	01-Mar-06	750,000	$13.60	$10,200,000	6.00	22-Mar-06	Bought Deal	Public Offering	Trust Unit
Theratechnologies Inc.	02-Mar-06	11,192,500	$1.95	$21,825,375	5.50	21-Mar-06	Bought Deal	Public Offering	Common
Cipher Pharmaceuticals Inc.	22-Feb-06	2,500,000	$4.80	$12,000,000	5.75	14-Mar-06	Bought Deal	Public Offering	Common
Arius Research Inc.	31-Jan-06	32,729,401	$0.80	$26,183,521	7.00	03-Mar-06	Best Efforts	Private Placement	Unit (Equity And Warrant)
YM BioSciences Inc.	14-Feb-06	9,436,471	US$4.25	US$40,105,002	6.50	17-Feb-06	Bought Deal	Public Offering	Common
Biovail Pharma Inc.	08-Feb-06	13,812,366	$0.34	$4,697,904	4.00	16-Feb-06	Best Efforts	Private Placement	Common
ViRexx Medical Corp.	16-Feb-06	10,909,090	$1.10	$11,999,999	7.00	16-Feb-06	Best Efforts	Private Placement	Unit (Equity And Warrant)
Medical Ventures Corp.	16-Jan-06	18,750,000	$0.40	$7,500,000	7.00	14-Feb-06	Firm Commitment	Private Placement	Unit (Equity And Warrant)
Biomira Inc.	27-Jan-06	10,572,368	US$1.52	US$16,069,999	n/a	08-Feb-06	Best Efforts	Private Placement	Unit (Equity And Warrant)
Medsurge Medical Products Corp.	15-Dec-05	4,540,000	$2.50	$11,350,000	7.00	02-Feb-06	Best Efforts	Private Placement	Common
Imaging Dynamics Company Ltd.	12-Jan-06	4,285,715	$3.50	$15,000,002	5.00	31-Jan-06	Firm Commitment	Public Offering	Common
NeuroMedix Inc.	22-Nov-05	13,200,000	$0.25	$3,300,000	9.25	30-Jan-06	Best Efforts	Initial Public Offering	Common
Ambrilia Biopharma Inc.	19-Jan-06	61,690,785	$0.23	$14,188,881	4.57	19-Jan-06	Best Efforts	Public Offering	Unit (Equity And Warrant)
Futurenet Healthcare Income Fund	28-Nov-05	12,637,395	$10.00	$126,373,950	6.00	06-Jan-06	Firm Commitment	Initial Public Offering	Trust Unit
Medicure Inc.	12-Dec-05	7,750,000	$1.55	$12,012,500	6.00	04-Jan-06	Bought Deal	Public Offering	Common
Transition Therapeutics Inc.	13-Dec-05	15,575,000	$0.69	$10,746,750	6.50	04-Jan-06	Bought Deal	Public Offering	Common
OPMEDIC Group Inc.	14-Oct-05	3,902,700	$1.90	$7,415,130	6.81	23-Dec-05	Best Efforts	Initial Public Offering	Common
NUCRYST Pharmaceuticals Corp.	02-Dec-05	4,500,000	US$10.00	US$45,000,000	7.00	22-Dec-05	Firm Commitment	Initial Public Offering	Common
SemBioSys Genetics Inc.	06-Dec-05	3,864,000	$4.00	$15,456,000	n/a	20-Dec-05	Firm Commitment	Private Placement	Unit (Equity And Warrant)
Tin Bioscience Corporation	01-Dec-05	5,600,000	$1.80	$10,080,000	6.50	19-Dec-05	Bought Deal	Public Offering	Common
Savanta Corporation	01-Dec-05	2,500,000	$2.10	$5,250,000	n/a	15-Dec-05	Firm Commitment	Private Placement	Common
Millenium Biologix Corporation	18-Nov-05	60,573,000	$0.25	$15,143,250	7.00	14-Dec-05	Firm Commitment	Private Placement	Unit (Equity And Warrant)
LAB International Inc.	13-Dec-05	13,996,466	$0.88	$12,316,890	n/a	13-Dec-05	Non-Brokered	Private Placement	Common
AnorMED Inc.	22-Nov-05	8,625,000	$4.00	$34,500,000	5.00	08-Dec-05	Bought Deal	Public Offering	Common
Warnex Inc.	28-Nov-05	2,996,975	$1.30	$3,896,068	n/a	08-Dec-05	Firm Commitment	Private Placement	Common
Immune Research Inc.	06-Sep-05	2,563,600	$0.50	$1,281,800	10.00	08-Nov-05	Best Efforts	Initial Public Offering	Unit (Equity And Warrant)
Stressgen Biotechnologies Corp.	19-Oct-05	10,330,000	$0.35	$3,615,500	7.50	01-Nov-05	Best Efforts	Private Placement	Unit (Equity And Warrant)
Sonomax Hearing Healthcare Inc.	22-Feb-05	10,540,000	$0.30	$3,162,000	5.00	31-Aug-05	Best Efforts	Private Placement	Unit (Equity And Warrant)
Medicure Inc.	22-Aug-05	5,205,500	$0.90	$4,684,950	n/a	22-Aug-05	Best Efforts	Private Placement	Unit (Equity And Warrant)
Lipotec Inc.	19-May-05	11,500,000	$1.00	$11,500,000	7.75	15-Aug-05	Best Efforts	Initial Public Offering	Common
MDX Medical Inc.	05-Jul-05	23,000,000	$0.08	$1,725,000	n/a	15-Aug-05	Best Efforts	Private Placement	Unit (Equity And Warrant)
Adherex Technologies Inc.	20-Jul-05	30,393,134	US$0.28	US$8,510,078	n/a	20-Jul-05	Best Efforts	Private Placement	Unit (Equity And Warrant)
Saturnbooks Inc.	20-Jun-05	8,900,000	$2.25	$20,025,000	6.00	12-Jul-05	Bought Deal	Public Offering	Common
TSO3 Inc.	22-Jun-05	5,000,000	$2.00	$10,000,000	7.00	07-Jul-05	Firm Commitment	Private Placement	Unit (Equity And Warrant)
Medical Facilities Corporation	02-Jun-05	5,420,000	$13.25	$71,815,000	5.00	20-Jun-05	Bought Deal	Public Offering	Other Equity
ProMetic Life Sciences Inc.	26-May-05	30,000,000	$0.50	$15,000,000	7.00	17-Jun-05	Best Efforts	Public Offering	Common
Medical Ventures Corp.	25-May-05	16,900,000	$0.25	$4,225,000	8.00	13-Jun-05	Best Efforts	Private Placement	Common
Neudata Technologies Inc.	26-Apr-05	2,650,000	$9.50	$25,175,000	4.81	10-Jun-05	Firm Commitment	Initial Public Offering	Common
Medisys Health Group Income Fund	19-May-05	1,255,000	$12.75	$11,028,750	n/a	03-Jun-05	Bought Deal	Private Placement	Trust Unit
MIGENIX Inc.	06-Apr-05	14,457,000	$0.45	$6,505,650	7.50	31-May-05	Best Efforts	Public Offering	Unit (Equity And Warrant)
Endine Biopharma Corporation	07-Apr-05	6,000,000	$2.00	$12,000,000	6.00	24-May-05	Best Efforts	Public Offering	Common
Mosaic Pharma Inc.	04-Oct-04	10,000,000	$0.20	$2,000,000	8.00	29-Apr-05	Best Efforts	Public Offering	Unit (Equity And Warrant)
Medical Intelligence Technologies Inc.	24-Feb-05	7,500,000	$0.40	$3,000,000	8.00	27-Apr-05	Best Efforts	Public Offering	Unit (Equity And Warrant)
Hemosol Corp.	31-Mar-05	10,945,746	$0.67	$7,333,650	7.00	08-Apr-05	Best Efforts	Public Offering	Unit (Equity And Warrant)
Atrium Biotechnologies Inc.	17-Feb-05	8,333,333	$12.00	$75,000,000	6.50	06-Apr-05	Firm Commitment	Initial Public Offering	Common
BioMS Medical Corp.	14-Feb-05	11,500,000	$3.60	$41,400,000	6.00	23-Mar-05	Best Efforts	Public Offering	Unit (Equity And Warrant)
Cardiome Pharma Corp.	01-Mar-05	9,775,000	US$6.00	US$58,650,000	6.50	23-Mar-05	Firm Commitment	Public Offering	Common
Imaging Dynamics Company Ltd.	01-Mar-05	4,000,000	$2.20	$8,800,000	3.00	17-Mar-05	Bought Deal	Private Placement	Common
Aspreva Pharmaceuticals Corporation	24-Jan-05	8,280,000	US$11.00	US$91,080,000	7.00	09-Mar-05	Firm Commitment	Initial Public Offering	Common
Neurochem Inc.	23-Feb-05	4,000,000	US$15.30	US$61,200,000	5.63	09-Mar-05	Firm Commitment	Public Offering	Common
Exopa Biosciences Inc.	25-Feb-05	11,000,000	$0.90	$9,900,000	n/a	08-Mar-05	Bought Deal	Private Placement	Unit (Equity And Warrant)
Cinquir hem Inc.	28-Jan-05	4,625,000	$4.70	$21,737,500	5.00	14-Feb-05	Bought Deal	Public Offering	Common
Tin Bioscience Corporation	19-Jan-05	4,330,000	$2.15	$9,309,500	n/a	03-Feb-05	Bought Deal	Private Placement	Common
Virogen Inc.	28-Jan-05	9,005,000	US$4.70	US$42,323,500	6.00	02-Feb-05	Best Efforts	Public Offering	Common
LAB International Inc.	30-Dec-05	9,172,808	$1.05	$9,631,448	16.00	17-Jan-05	Best Efforts	Private Placement	Unit (Equity And Warrant)
Stem Cell Therapeutics Corp.	30-Nov-04	14,000,000	$0.25	$8,500,000	9.00	06-Jan-05	Best Efforts	Initial Public Offering	Common

Source: FP Infomart