

GeneNews Limited

CONSOLIDATED BALANCE SHEETS
(Unaudited)
(Expressed in Canadian dollars)

As at

	June 30, 2010 \$	December 31, 2009 \$

ASSETS		
Current		
Cash and cash equivalents	191,864	510,806
Cash held in trust	-	2,286,200
	191,864	2,797,006

Restricted cash	252,134	252,054
Short-term investments	898,280	91,710
Accounts receivable	31,443	293,528
Investment tax credits recoverable	303,484	400,000
Prepaid expenses and deposits	144,726	126,505
Total current assets	1,821,931	3,960,803

Property, plant and equipment, net	2,413,734	2,698,450
	4,235,665	6,659,253

LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	809,283	1,159,141
Deferred revenue	3,750	10,200
Current portion of long-term debt	85,998	82,690
Total current liabilities	899,031	1,252,031

Convertible debentures	2,939,603	2,662,677
Long-term debt	93,015	136,858
Total liabilities	3,931,649	4,051,566

Subsequent events		
Commitments		
Shareholders' equity		
Capital stock	48,752,731	48,752,731
Warrants	1,020,486	1,020,486
Contributed surplus	5,373,437	4,947,972

Deficit	(54,842,638)	(52,113,502)

Total shareholders' equity	304,016	2,607,687

	4,235,665	6,659,253

GeneNews Limited

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
(Unaudited)
(Expressed in Canadian dollars)

	Three months ended June 30 2010	Three months ended June 30 2009	Six months ended June 30 2010	Six months ended June 30 2009

REVENUE				
Milestone revenue	\$ -	\$ 96,744	\$ -	\$ 96,744
Non-refundable license revenue	13,454	-	13,986	254,460
Sales	5,590	16,500	9,475	21,250
	19,044	113,244	23,461	372,454

EXPENSES				
Research and development	518,446	736,197	993,436	1,600,563
Sales and marketing	31,502	50,457	87,982	270,564
General and administrative	273,143	441,623	678,999	988,757
Stock-based compensation	205,851	314,068	425,465	590,455
Amortization of property, plant and equipment	146,772	200,634	293,715	392,485
Foreign exchange (gain) loss	(5,713)	(4,110)	(9,526)	17,870
Interest on long term debt	142,254	139,021	284,906	249,407
	1,312,255	1,877,890	2,754,977	4,110,101

Interest income	1,563	9,172	2,380	12,892

Net and comprehensive loss for the period	(1,291,648)	(1,755,474)	(2,729,136)	(3,724,755)

Deficit, beginning of period	(53,550,990)	(48,488,914)	(52,113,502)	(46,519,633)
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Deficit, end of period	\$ (54,842,638)	\$ (50,244,388)	\$ (54,842,638)	\$ (50,244,388)
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Net and comprehensive loss per common share				
Basic and fully diluted	\$ (0.02)	\$ (0.03)	\$ (0.04)	\$ (0.07)

Weighted average number of common shares outstanding				
Basic and fully diluted	69,027,881	55,883,437	69,027,881	55,883,437
