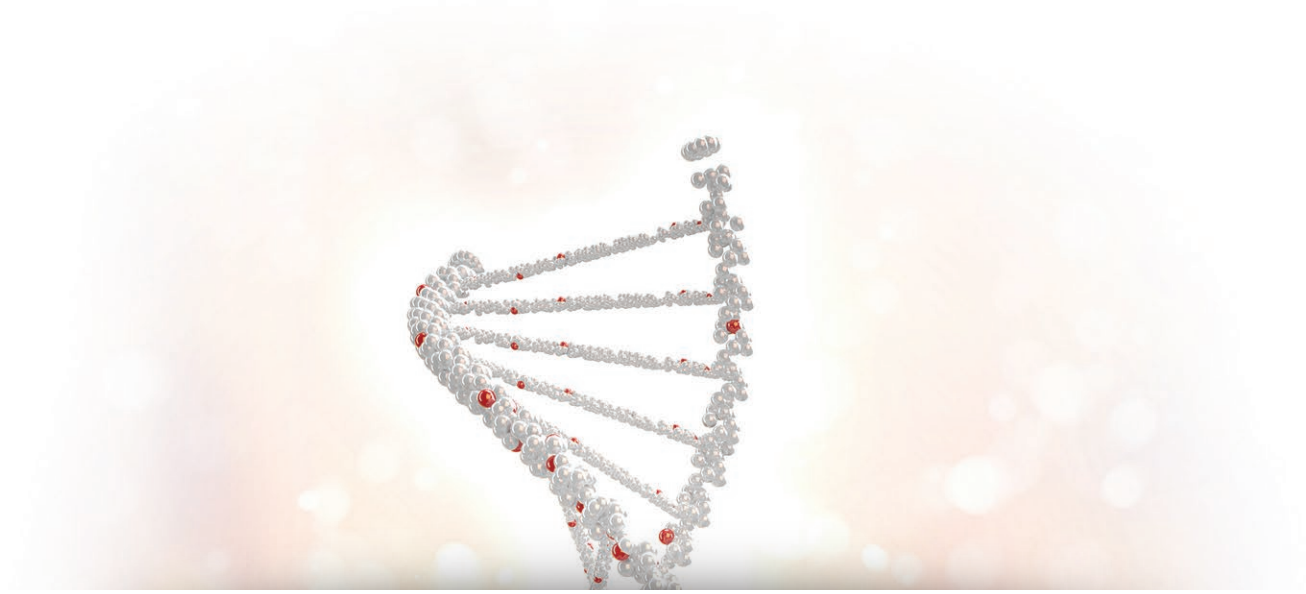
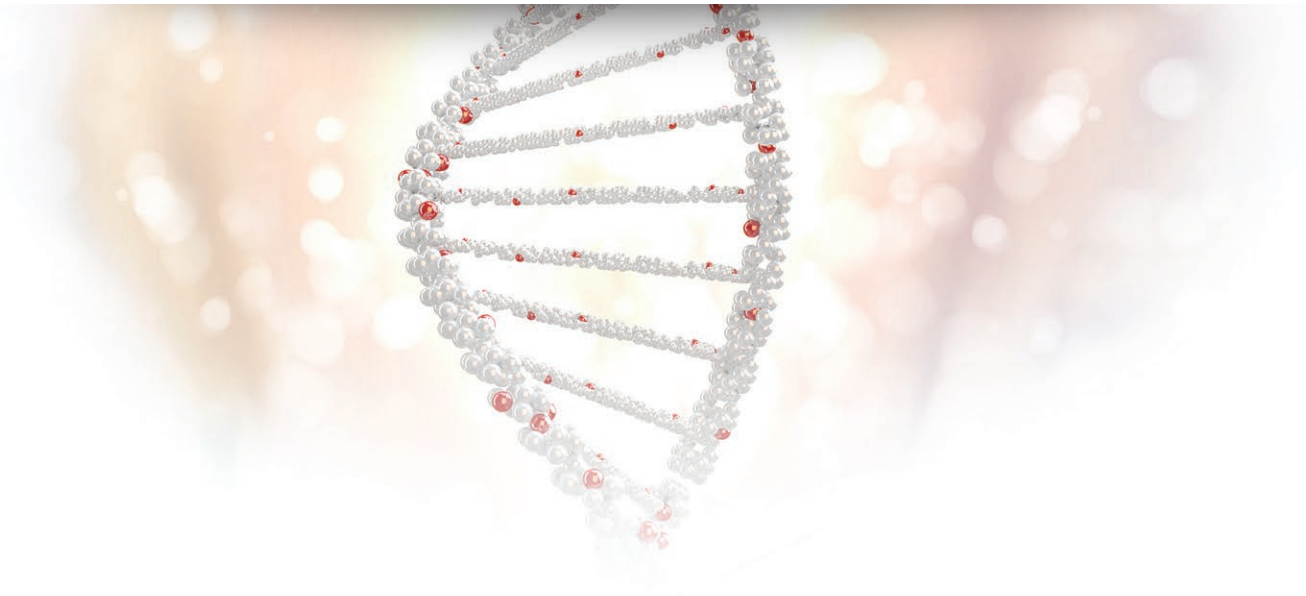


MICROBIX BIOSYSTEMS INC.



SECOND INTERIM REPORT

For the three months ended March 31, 2015

Message to Shareholders

The Virology Products business continued to experience strong growth with second quarter and half-year revenue increasing 23% and 16% respectively compared to last year. The majority of the year-over-year improvement was driven by increased antigen shipments, with the remaining improvement coming from the net currency effect of a stronger US dollar and a weaker Euro compared to last year. The higher revenue was offset by higher operating expenses compared to last year, which contributed to a second quarter operating profit of nearly $100,000, or a reduction of $200,000 compared to last year. The higher operating expenses resulted from additional spending on the pipeline projects.

During the second quarter we announced the launch of our new molecular diagnostic product (MDx) line. We also announced the signing of our first commercial agreement for the distribution of MDx products with Microbiologics Inc. in Minnesota, a leading developer of biological controls and standards. We are supplying specialized viral material that is being sold under Microbiologics' Helix Elite™ MDx brand.

We also recently announced a new partnership in South Korea that puts our Company in a better position to benefit from the recently signed free trade agreement between Canada and South Korea, and will help drive our continued growth in Asia. All of these developments will contribute to the continued strong growth of the Virology Products business going forward and ensure that we maximize the cash contribution from our manufacturing assets.

We continue to advance our Kinlytic® partnering discussions with several potential candidates who are interested in working with Microbix to re-launch the drug in the U.S. and Canadian markets. These partner candidates all share the same impression, namely that there remains a significant unmet medical need in both countries, in terms of thrombolytic therapies to treat blood clots and other related conditions. Given the collective interest in the commercial potential of this drug, I am optimistic Microbix will secure a partner in the coming months.

During the second quarter we formally closed the first phase of our LumiSort™ development program with the filing of several provisional patents that capture all of the key technical enhancements incorporated into the recently completed prototype. This work was accomplished with the help of our Lathrop Engineering team, and it has resulted in a significant expansion of our LumiSort patent portfolio. We continue to advance our discussions with large animal genetics companies with the goal of securing a partner to help put us in the best position to satisfy the needs of the animal genetics industry as well as livestock producers. This is essential as we move into the next phase of LumiSort development focusing on building a pre-commercial instrument. I hope to be in a position to announce a new LumiSort partnership in the near future.

Finally, we continue to support the VIRUSMAX® litigation against Novartis Vaccines and Diagnostics, which is scheduled to go to trial later this year.

Vaughn C. Embro-Pantalony
President and Chief Executive Officer

The Company's Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited Consolidated Interim Financial Statements and notes and should also be read in conjunction with the audited Consolidated Financial Statements, notes and MD&A for the year ended September 30, 2014, prepared in accordance with International Financial Reporting Standards ("IFRS") and filed on Sedar. Additional information relating to the Company, including its Annual Information Form ("AIF"), can be found on SEDAR at www.sedar.com. Reference to "we", "us", "our", or the "Company" means Microbix Biosystems Inc. unless otherwise stated. All amounts are presented in Canadian dollars unless otherwise stated. Statements contained herein, which are not historical facts, are forward looking statements that are subject to certain risks and uncertainties that could cause actual results to differ materially from those set forth or implied. These forward-looking statements involve risks and uncertainties, including the difficulty in predicting product approvals, acceptance of and demand for new products, the impact of the products and pricing strategies of competitors, delays in developing and launching new products, regulatory enforcement, changes in operating results and other risks, some or any of which could make the results differ materially from those discussed or implied in the forward-looking statements. The Company disclaims any intent or obligation to update these forward looking statements.

The Management Discussion and Analysis is dated May 12, 2015.

COMPANY OVERVIEW

Microbix Biosystems Inc. (Microbix or the Company) (TSX: MBX) develops biological products and technologies. The Company has a Virology Products (Virology) business manufacturing and selling cell culture-based biological products, including one of the world's most expansive sources of Infectious Disease Antigens targeted at the diagnostics market. The Company also has VIRUSMAX® (a virus yield enhancement technology), and Kinlytic® (a thrombolytic drug), and is developing LumiSort™, a semen sexing technology.

Revenue from the Virology business, which is expected to continue growing for the foreseeable future, is used for operating and debt service costs, and to fund the Company's development program. Additional equity and/or debt may be raised to finance development of the pipeline technology. Management has discretion to reduce development investment to manage the liquidity needs of the Company.

The Company owns and operates a Virology manufacturing facility at 265 Watline Avenue in Mississauga, Ontario. The facility has an infectious diseases biological license from the Canadian Food Inspection Agency. The Company's administrative offices are located at 211 Watline Avenue.

FINANCIAL OVERVIEW
SECOND QUARTER ENDING MARCH 31, 2015

Virology product revenue in the second quarter was $2,544,900 or 23% higher than the same period last year (2014 - $2,073,097). The improvement was mostly attributable to continued growth in conventional antigen sales and to a much lesser extent, the net currency effect of a stronger U.S. dollar and weaker Euro. There was no R & D Contract revenue in the second quarter, which was the same result compared to the second quarter last year.

Operating income in the second quarter was $86,335 compared to an operating income of $269,620 in the second quarter of 2014. The lower operating income is the result of increased operating expenses to support the Virusmax litigation during the quarter, which more than offset the increased gross margin generated from the higher sales in the quarter.

Cash generated from operations was $496,135 positive in the second quarter compared to $312,696 negative for the same period last year. Cash generated from financing activities in the second quarter was $2,012,474, due to the exercising of common share warrants ($1,189,456) and the exercising of stock options ($808,920), compared to $1,867,332 generated from financing activities in the second quarter last year. Cash used in investing activities was $2,172,645, compared to $613,245 in the second quarter last year. This increase was primarily due a full quarter of development investment for the LumiSort prototype in the second quarter this year compared to only one month in the second quarter of 2014. In summary, the second quarter's net cash flow was $325,504 positive compared to $941,391 positive for the same period last year.

SIX MONTHS ENDING MARCH 31, 2015

Year-to-date Virology product revenue was $4,421,331 or 16% higher than the same period last year (2014 - $3,812,613), attributable to continued growth in conventional antigen sales and to a much lesser extent, the net currency effect of a stronger U.S. dollar and weaker Euro. Total revenue in the first six months was $4,540,733 an improvement of 14% compared to the same period last year (2014 - $4,000,982).

Operating Income for the first six months was $176,888 compared to an operating income of $484,026 in the first six months of 2014. Although the higher sales in the first six months generated a higher gross margin, it was more than offset by the increased operating expenses to support the Virusmax litigation in the first six months, thereby contributing a lower operating income in the first half of 2015 compared to the same period last year.

Cash generated from operations in the first six months was $691,342 positive compared to $404,149 negative for the same period last year. Cash generated from financing activities in the first six months was $3,220,971, due to the exercising of common share warrants ($1,738,433) and the exercising of stock options ($901,830), as well as the receipt of net proceeds from an equipment loan ($665,000); compared to $1,993,410 generated from financing activities in the first six months of last year. Cash used in investing activities was $3,332,951, compared to $699,642 in the first six months of last year. This increase was primarily due to investment in the LumiSort prototype during the first six months of 2015 compared to the same period in 2014. Net cash flow was $569,543 positive in the first half of 2015 compared to $889,619 positive for the same period last year.

CHANGES IN FINANCIAL POSITION

	As at Mar 31, 2015 $	As at Mar 31, 2014 $
Cash	1,116,899	1,149,667
Accounts receivable	2,053,797	1,753,709
Total current assets	5,443,554	4,414,988
Total assets	22,007,770	14,995,154
Total current liabilities	2,177,375	1,416,509
Total liabilities	9,119,715	7,906,511
Total shareholders' equity	12,888,055	7,088,642
Current ratio	2.50	3.12
Debt to equity ratio	0.71	1.11

SELECTED QUARTERLY FINANCIAL INFORMATION

	Jun-30-13 $	**Sep-30-13 $**	**Dec-31-13 $**	**Mar-31-14 $**	**Jun-30-14 $**	**Sep-30-14 $**	**Dec-31-14 $**	**Mar-31-15 $**
Sales	**1,906,652**	**2,468,900**	**1,927,885**	**2,073,097**	**2,039,935**	**2,355,879**	**1,995,833**	**2,544,900**
Operating Income	**(22,687)**	**571,932**	**214,406**	**269,620**	**294,561**	**(302,963)**	**90,553**	**86,335**

LIQUIDITY, CASH FLOW AND CAPITAL RESOURCES

The consolidated interim financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") on a going concern basis, which presumes the Company will continue operating for the foreseeable future and will be able to realize a return on its assets and discharge its liabilities and commitments in the normal course of business.

The Company has incurred operating losses resulting in an accumulated deficit of $24,530,427 as at March 31, 2015. However, in the past eight fiscal quarters, the Company has run an accumulated operating profit of $1.2 million.

Management continuously monitors the financial position of the Company with respect to working capital needs, as well as long-term capital needs compared to the annual budget. Variances are highlighted and actions are taken to ensure the Company is appropriately capitalized. The current annual operating budget confirms the Company is on target and able to support its planned activities.

a) Sources and Uses of Cash

Overall, the Company was cash flow was positive at $325,504 in the second quarter of fiscal 2015 and $569,543 year to date.

In the quarter, cash provided by operations was $496,136 versus cash used by operations of $312,696 in 2014. Management expects cash provided by operations to continue at this level for the balance of fiscal 2015.

In the quarter, the Company invested $2,172,645 with two thirds going to Lumisort™ and the balance to the Virology bioreactor process project. Over the remainder of calendar 2015, the cost to complete the bioreactor project is estimated at $750,000. Payback on this investment is projected at about 1 year. However, with completion of phase 1 of the Lumisort™ prototype, spending on this investment will decrease significantly in the coming months. Spending on future phases of the Lumisort™ development is expected to be in a form of partnership with an animal genetics company.

In the quarter, cash of $2,002,015 was provided by financing activities mainly from the conversion of warrants and stock options. Conversions were significant in the second quarter of fiscal 2015 due to the impending expiry of the related warrants and options. As there are no warrant or stock options scheduled to expire over the balance of 2015, conversions in the remainder of 2015 are expected to moderate.

b) Future Liquidity and Capital Needs

Microbix funds new product development activities and capital expenditures through profits earned from its Virology business and, periodically, from additional equity and/or debt. The Virology business is expected to continue to generate profits, some of which will be re-invested in new product development and manufacturing equipment.

c) Commitments and Contingencies

Over the next five years the Company has long-term commitments as at March 31, 2015 as described in the following tables:

i) Lease commitments

	$
2016	65,046
2017	6,246
2018	3,306
2019	3,031
2020	-
	77,629

ii) Payments on convertible and non-convertible debentures

	$
2016	694,242
2017	1,671,742
2018	604,242
2019	604,242
2020	604,242
	4,178,710

d) Outstanding Share Capital

Share capital issued and outstanding as at May 12, 2015 was $30,990,459 for 83,204,257 common shares, an increase of $2,592,904 and 5,188,141 common shares since December 31, 2014.

RELATED PARTIES

During the second quarter of fiscal 2015, the Company paid interest of $156,707, ($116,413 – 2014) on the convertible debentures issued to related party shareholders.

LONG-TERM ASSETS

a) Tangible Assets

During second quarter of fiscal 2015 the Company spent $2,017,158 on Lumisort engineering and equipment and Virology production equipment.

b) Intangible Assets

Capital Spending

During second quarter of fiscal 2015 the Company spent $ 3,737 on its patent estate.

Technology Investment - Lumisort™

In 2005 the Company acquired Sequent Biotechnologies Inc. which was involved in the development and commercialization of semen-sexing technology. The fair value of the technology acquired was established as an intangible asset. New intellectual property has been added as a result of ongoing research program and new patents, accepted and pending.

Technology Investment – Urokinase/Kinlytic®

On September 23, 2008, Microbix completed a $2,770,529 acquisition of all Kinlytic assets from ImaRx Therapeutics, Inc.

The recoverable amount of the Urokinase intangible has been determined based on a 'fair value less cost to sell' calculation. That calculation uses risk adjusted cash flow projections based on probability weighted financial budgets approved by management covering an 11-year period, and a discount rate of 10% per cent. Management made assumptions based on probabilities of technical, regulatory and clinical acceptances and financial support. Management also believes that any reasonable change in the key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed its recoverable amount.

LONG-TERM DEBT

Business Development Corporation Debt

In fiscal 2009 the Company negotiated a series of loans totalling $3,410,000 with the Business Development Bank (BDC) for the original purchase and build-out of its manufacturing facility.

	$
Purchase of the building	1,500,000
Construction of manufacturing facility	1,500,000
Purchase of equipment for facility	410,000
	3,410,000

The loans are secured with the building and equipment.

For loans totalling $3,350,000, consecutive monthly principal payments of $9,260 are due to February 2037 on the outstanding balance of $2,546,500 (Sept 30, 2014 –$2,602,060).

For loans totalling $60,000, consecutive monthly principal payments of $725 are due to February 2017 on the outstanding balance of $16,675 (Sept 30, 2014 - $21,025).

During the first quarter of fiscal 2015 the Company received a further equipment loan $615,000 from BDC. Monthly principal payments of $10,250 are due starting in August 2015. The funds from this loan are being used to upgrade the Company's production process.

All of the above loans have a floating interest rate based on BDC's Floating Base Rate plus 0.5%. At March 31, 2015 the Floating Base Rate was 4.85%.

During the second quarter of fiscal 2015, the Company received an additional $50,000 loan from BDC with a maturity of January 2020 with monthly repayments of principal of $1,042 starting February 2016 with a floating interest rate plus 1%. The funds are being used to upgrade the Company's IT system.

TREND INFORMATION

Historical spending patterns are no indication of future expenditures. Investment in the pipeline projects is at the discretion of management. The Company is not aware of any material trends related to its business that have not been discussed in this Management Discussion and Analysis dated May 12, 2015.

OUTLOOK

The business of Microbix described in these documents is the result of years of investment in research and development, which has delivered products and technologies that have received wide customer acceptance and continued growth in demand. Microbix has both the manufacturing facilities and the scientific staff to support this growth, including the continuous demand for competitive process improvements, as well as new products.

Revenue for Virology products will continue to grow, building on the 25% improvement in fiscal 2014. Combined with a net favourable currency effect, (with the strengthening American currency offset partly by a weaker Euro), management is projecting continued profitability in the Virology products business. Additionally, the Company is also launching its initial offering in molecular diagnostics products.

Advanced discussions continue with potential investors interested in returning Kinlytic to the U.S., Canadian and other markets. Management is optimistic about closing on a partnership during 2015.

With the recent completion of the Lumisort prototype, partnering discussions with global animal genetics companies are underway to fund the next phase of development.

Finally, the Company is involved in litigation relating to its VIRUSMAX technology. There are two actions wherein the Company has alleged infringement of its VIRUSMAX patents in the U.S. and Europe.

RISKS AND UNCERTAINTIES

The Company is exposed to business risks, both known and unknown, which may or may not affect its operations. Management works continuously to mitigate unacceptable risk, while still allowing the business to grow and prosper. These risk factors include the following:

A significant portion of Virology Product sales are dependent on key clients, open borders, international transportation systems, and access to raw materials.

The majority of the Company's Virology Products sales are made to a relatively small number of key customers globally. Since these products contributed most of the revenue during the second quarter of fiscal 2015, the loss of key customer or, restrictions on export, import, international transportation of its products, raw materials or insufficient marketing resources, could materially impact revenue and profitability.

Environmental, safety and other regulatory

Microbix' research and manufacturing operations involves potentially hazardous materials. The Company takes the necessary precautions to appropriately manage such materials as required by applicable environmental and safety regulations. Changes to environmental and safety legislation may limit the Company's activities or increase costs. An environmental accident could adversely impact its operations. Microbix' diagnostic products are not regulated by governments in Canada or other jurisdictions. Commercialization of certain products requires approval of regulatory agencies such as the FDA, in which case Microbix will not receive revenue until regulatory approval is obtained.

Manufacturing of Kinlytic®

The Company has entered into confidentiality agreements with several parties and advanced discussions are continuing with a select group of potential partners interested in returning Kinlytic to the U.S. and Canadian markets, and ultimately to Europe, Asia and developing world markets. There is no assurance the Company will be successful in this endeavour.

Vaccine technology

The market for the Company's Vaccine technology (VIRUSMAX) is limited to a small number of influenza vaccine manufacturers. This technology is protected by a global patent estate. In January 2014 the Company successfully defended its European patents at the European Patent Office Hearing, following the filing of an Opposition by Novartis Vaccines & Diagnostics. The Company filed lawsuits against Novartis alleging infringement in the United States and Europe. These legal actions require significant investment and there is no assurance that the Company will prevail.

Products in development

The Company has several products under development, however, it is impossible to ensure that these development activities will result in the completion of new commercial products. If the Company is unable to develop and commercialize products, it will be unable to recover the related research and development, and investment.

Product commercialization requires strategic relationships

To commercialize large market products in development, Microbix may need to establish strategic partnerships, joint ventures or licensing relationships with other pharmaceutical and biotechnology companies. The Company may not be able to negotiate acceptable terms.

RISKS AND UNCERTAINTIES (continued)

Operating and capital requirements

Microbix believes that cash generated from operations is sufficient to meet normal operating and capital needs. However, additional funding needs may depend upon several factors including: progress of research and development programs; costs associated with regulatory processes; collaborative and license arrangements with third parties; cost of filing, prosecuting and enforcing patent claims and other intellectual property rights; potential acquisitions, and technology and market developments. The Company earns a profit on the sales of its Virology Products, which is a major source of funding for its research and development activities. However, the Company may need to raise additional funds, from time to time, to meet new funding requirements of current research and development programs. Additional financing may not be available, and even if available, may not be on acceptable terms.

The Company's success depends on the successful commercialization of its technology

The successful commercialization of products under development is key to Microbix' success. Product development in the pharmaceutical and biotechnology industry is highly uncertain and there is no guarantee of market acceptance.

Failure to obtain and protect intellectual property could adversely affect business

Microbix' success will depend, in part, on its ability to obtain patents, or licenses to patents, maintain trade secret protection and enforce its rights against others. The Company's intellectual property includes trade secrets and know-how that may not be protected by patents. There is no assurance that it will be able to protect its trade secrets. To help protect its intellectual property, the Company requires employees, consultants, advisors and collaborators to enter into confidentiality agreements. However, these agreements may not adequately protect trade secrets, know-how or other proprietary information in the event of any unauthorized use or disclosure. Protection of intellectual property may also entail prosecuting claims against others who the Company believes are infringing its rights. Involvement in intellectual property litigation could result in significant expenses, adversely affecting the development of products or sales of the challenged product, or intellectual property, and divert the efforts of its scientific and management personnel, whether or not such litigation is resolved in the Company's favour.

Microbix faces and will continue to face significant competition

Competition from pharmaceutical companies, life sciences companies and academic and research institutions is significant. Many competitors have substantially greater product development capabilities and financial, scientific, manufacturing, sales and marketing resources than Microbix. While the Company continues to expand its technological capabilities in order to remain competitive, Microbix' competitors are also investing in research and development activities, and in intellectual property, which could make it more difficult for Microbix to commercialize technologies and products.

FINANCIAL RISK MANAGEMENT

The primary risks affecting the Company are summarized below and have not changed during the period ended March 31, 2015. The list does not cover all risks, nor is there an assurance that the strategy of management to mitigate the risks is sufficient to eliminate the risk.

Credit risk

The Company's cash and cash equivalents are held in accounts or short-term interest bearing accounts at one of the major Canadian chartered banks. Management perceives the credit risk to be low. There is a concentration of accounts receivable risk due to the few large customers comprising the Company's international customer base. In the period ended March 31, 2015, six customers accounted for 76% (2014 - 4 for 83%) of revenue. The Company has had minimal bad debts over the past several years and accordingly management has recorded an allowance of $1,018 (2014 - $51,433).

Currency risk

Through its global sales the Company is exposed to currency risk, through fluctuations in the exchange rate affecting sales and receivables denominated in US dollars and Euros. The Company does not use financial instruments to hedge these risks. At March 31, 2015, the significant balances, quoted in Canadian dollars, held in foreign currencies are:

	US dollars		Euros	
	2015	2014	2015	2014
Cash and cash equivalents	383,060	198,254	-	-
Accounts receivable	838,679	678,814	1,001,364	918,158
Accounts payable and and accrued liabilities	941,497	481,303	125,295	13,217

The impact of a 1 cent increase in the Canadian dollar against the US dollar would result in a revenue loss of about 1%. The impact of a 1 cent increase in the Canadian dollar against the Euro would result in a revenue loss of about 1.4%.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meets its financial obligations as they fall due. To manage this situation, the Company projects and monitors its cash requirements to accommodate changes in liquidity needs.

Interest rate risk

Financial instruments that potentially subject the Company to cash flow interest rate risk are those assets and liabilities with a variable interest rate. Interest risk exposure is primarily on the BDC debt that has a variable rate that is pegged to the bank rate. The rate can be fixed, if the outlook for interest rates should move higher. The only other variable debt the Company has is the $500,000 line of credit that bears interest at the bank's prime lending rate plus 2.25%. A 1% increase in the bank rate would cost the Company approximately $32,000 per year for BDC and about $5,000 on the line of credit usage.

Market risk

Market risk is the risk that changes in product prices based on supply and demand criteria, foreign exchange rates and interest rates will affect the Company's income or the value of the financial instruments held. Microbix products are valuable components in many of our customers' products and not easily replaced. The Company works closely with key customers to ensure our products meet critical customer results.

Fair value

The Company categorizes its financial assets and liabilities measured at the fair value into one of three different levels depending on the observation of the inputs used in the measurement.

As March 31, 2015 the Company had only the financial instruments in Level 1 which were cash and cash equivalents for an amount of $1,116,899 (2014 - $1,149,667) which are considered to be Level 1 instruments. There were no transfers between levels during the year.

The three levels are defined as follows:

a) Level 1: Fair value is based on unadjusted quoted prices for identical assets or liabilities in active markets.
b) Level 2: Fair value is based on inputs other than quoted prices included within Level 1 that are not observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
c) Level 3: Fair value is based on valuation techniques that require one or more significant unobservable inputs.

CRITICAL ACCOUNTING ESTIMATES

The preparation of these consolidated interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The Company's audited consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and the reporting currency is Canadian dollars. On an on-going basis, management bases its estimates on historical and other experience and assumptions, which it believes are reasonable in the circumstances. The significant accounting policies that the Company believes are the most critical in fully understanding and evaluating the reported financial results include:

Intangible Assets

Intangible assets include technology costs, patents, trademarks and licenses. Each is recorded at cost and amortized on a straight-line basis over the term of the agreements. Intangible assets with indefinite lives are not amortized but are assessed for impairment on an annual basis.

Impairment of Long-lived Assets

The Company reviews the carrying value of non-financial assets with definite lives for potential impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying value of non-financial assets with indefinite lives, and of non-financial assets with definite lives but are not ready for use, are assessed at least annually for impairment based on the impairment test on cash-generating units (CGUs). The impairment test on CGUs is carried out by comparing the carrying amount of the CGU and its recoverable amount. The recoverable amount of a CGU is the higher of fair value less costs to sell and its value in use. This complex valuation process entails the use of methods such as the discounted cash method which requires numerous assumptions to estimate future cash flows. The recoverable amount is impacted significantly by the discount rate selected to be used in the discounted cash flow model, as well as the quantum and timing of risk-adjusted future cash flows and the growth rate used for the extrapolation.

The impairment loss is calculated as the difference between the fair value of the asset and its carrying value. Management has determined that no long-lived assets of the Company as at March 31, 2015 have met the criteria for impairment.

Non-Convertible and Convertible Debentures

Management determines the fair value of the debenture using valuation techniques. Those techniques are significantly affected by the estimated assumptions used, including discount rates, expected life and estimates of future cash flows.

Deferred Income Taxes

Deferred income tax assets and liabilities are recognized for the estimated income tax consequences attributable to differences between financial statement carrying amounts of assets and liabilities and their respective income tax bases. Deferred income tax assets and liabilities are measured using tax rates expected to be in effect when the temporary differences are expected to be recovered or settled. The effects of changes in income tax rates are reflected in future income tax assets and liabilities in the year that the rate changes are substantively enacted.

Share-Based Payments

The Company applies the fair value method of accounting for stock-based compensation for awards granted to officers, directors, employees and consultants of the Company. The fair value of the award at the time of granting is determined using the Black-Scholes option pricing model, and recognized as a compensation expense on a straight-line basis over the vesting period with an offsetting amount recorded to contributed surplus. The amount of the compensation cost recognized at any date at least equals the value of the portion of the options vested at that date. When stock options are exercised, the consideration paid by employees or directors, together with the related amount in contributed surplus, is credited to capital stock. When an employee leaves the Company, vested options must be exercised within 90 days, or the options expire. Any options that are unvested are reversed in the period that the employee leaves.

FINANCIAL INSTRUMENTS

The fair value of a financial instrument is approximated by the consideration that would be agreed to in an arm's length transaction between willing parties and through appropriate valuation methods, but considerable judgment is required for the Company to determine the value. The actual amount that could be realized in a current market exchange could be different than the estimated value.

The carrying amounts of cash and cash equivalents, accounts receivable, bank indebtedness and accounts payable and accrued liabilities approximate fair value due to the short-term maturities of these instruments. Based on available market information, the fair value of the obligation under capital lease approximates its carrying value.

The fair value of the long-term debt is based on rates currently available for items with similar terms and maturities. The fair value of the liability for each convertible debenture has been calculated and the residual is accounted for in equity.

The Company does not have any off balance sheet financial instruments.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Disclosure Controls

The Chief Executive Officer and the Chief Financial Officer have evaluated the effectiveness of the Company's disclosure controls and procedures, as defined in the National Instrument 52-109 Certification of Disclosure in Issuer's Annual Filings (NI 52-109F1). As at March 31, 2015, management has concluded that the disclosure controls are effective in providing reasonable assurance that information required to be disclosed in the Company's reports is recorded, processed summarized and reported within the time periods specified in the Canadian Securities Administrator's rules and forms.

Internal Controls Over Financial Reporting

The design of internal controls over financial reporting ("ICFR") within the company is a management responsibility to provide reasonable assurance that the reliability of financial reporting and that the preparation of financial statements for external purposes is in accordance with generally accepted accounting principles of IFRS. While the CEO and CFO believe that the internal controls are adequate to provide the above information, the process to evaluate and document all policies and procedures that could impact financial reporting is continuously reviewed with consultation with the Audit Committee. Shareholders should be aware that Microbix is a small company without the department resources associated with larger firms. Management is using the Committee of Sponsoring Organization of the Treadway Commission ("COSO") Framework and has concluded that the Internal Control over Financial Reporting ("ICFR") as defined in NI 52-109 is effective as at the period ended March 31, 2015.

Examination by the Chief Executive Officer and the Chief Financial Officer showed that there were no changes to the internal controls over financial reporting during the period ended March 31, 2015 that have materially affected, or are reasonably thought to materially affect, the internal control over financial reporting.

RECENT ACCOUNTING PRONOUNCEMENTS

Periodically new standards, interpretations, amendments and improvements to existing standards are issued by the International Accounting Standards Board (IASB) or IFRS Interpretation Committee (IFRIC) that become mandatory at certain dates. Management routinely assesses the impact of these pronouncements on the Company. There are no pending standards that may be applicable to the Company.

IFRS 7 – Financial Instruments: Disclosures

In December 2011, the IASB amended IFRS 7 to provide additional information about offsetting of financial assets and financial liabilities. Additional disclosures will be required to enable users of financial statements to evaluate the effect or potential effect of netting arrangements on the entity's financial position. The amendments are effective for annual periods beginning on or after January 1, 2013. There was no impact to the financial statements as a result of the adoption of this update.

IFRS 9 – Financial Instruments

IFRS 9, issued in November 2009 and amended in October 2010, introduced new requirements for the classification and measurement of financial assets and the classification and measurement of financial liabilities and for their de-recognition.

All recognized financial assets within the scope of IAS 39 Financial Instruments: Recognition and Measurement are to be subsequently measured at amortized cost or fair value. Specifically, debt investments that have contractual cash flows that are solely payments of principal and interest are generally measured at amortized cost at the end of subsequent periods. All other debt and equity investments are measured at their fair value at the end of subsequent periods.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability, that is attributable to changes in the credit risk of that liability, is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss.

The directors anticipate that the application of IFRS 9 in the future may have an impact on amounts reported in respect of the Company's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until a detailed review has been completed.

IFRS 10 - Consolidated Financial Statements

In May 2011, the IASB issued IFRS 10, which establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 supersedes International Accounting Standards ("IAS") 27, Consolidated and Separate Financial Statements and Standing Interpretations Committee ("SIC") 12, Consolidation – Special Purpose Entities. IFRS 10 is effective for annual periods beginning on or after January 1, 2013. There was no impact to the Company's interim financial statements as a result of adopting this standard.

IFRS 11 - Joint Arrangements

In May 2011, the IASB issued IFRS 11, Joint Arrangements. This standard separates joint arrangements into joint ventures and joint operations and provides guidance on accounting for these types of arrangements. IFRS 11 is effective for annual periods beginning on or after January 1, 2013. There was no impact to the Company's interim financial statements as a result of adopting this standard.

IFRS 12 - Disclosures of interests in other entities

In May 2011, the IASB issued IFRS 12, which outlines the disclosure requirements for interests in subsidiaries and other entities to enable users to evaluate the risks associated with interests in other entities and the effects of those interests on an entity's financial position, financial performance and cash flows. IFRS 12 supersedes IAS 27, Consolidated and Separate Financial Statements and SIC-12, Consolidation – Special Purpose Entities. IFRS 12 is effective for annual periods beginning on or after January 1, 2013. There was no impact to the Company's interim financial statements as a result of adopting this standard.

IFRS 13 - Fair value measurement

In May 2011, the IASB issued IFRS 13, Fair Value Measurement. This standard defines fair value, sets out a single IFRS framework for measuring fair value and outlines disclosure requirements about fair value measurements. IFRS 13 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. This IFRS is to be applied prospectively as of the beginning of the annual period in which it is initially applied. Disclosure requirements do not need to be applied to the comparative periods prior to initial application. There were no impacts to the consolidated interim financial statements as a result of the adoption of this standard.

NOTICE TO READER OF THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to National Instrument 51-102, Part 4, sub section 4.3(3)(a) issued by the Canadian Securities Administrators, if an audit has not performed a review of the interim financial statements, the interim financial statements must be accompanied by a notice indicating that they have not been reviewed by the auditor.

CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

Unaudited	As at March 31, 2015 $	As at September 30, 2014 $
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	1,116,899	547,356
Accounts receivable (note 22)	2,053,797	2,141,508
Inventory (note 4)	1,918,586	1,598,429
Prepaid expenses and other assets (note 5)	184,233	276,107
Investment tax credit receivable	170,039	143,626
TOTAL CURRENT ASSETS	5,443,554	4,707,026
LONG-TERM ASSETS		
Deferred tax asset	397,500	265,000
Prepaid expenses (note 5)	383,769	221,704
Property, plant and equipment (note 6)	11,735,192	8,751,760
Intangible assets (note 7)	4,047,755	4,053,438
TOTAL LONG-TERM ASSETS	16,564,216	13,291,902
TOTAL ASSETS	22,007,770	17,998,928
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	2,177,375	1,825,614
Current portion of obligation under capital lease	5,427	-
Current portion of long-term debt (note 10)	203,903	119,820
Current portion of debentures (note 9)	694,284	694,284
TOTAL CURRENT LIABILITIES	3,080,989	2,639,718
Non-convertible debenture (note 9)	660,691	680,416
Convertible debentures (note 9)	1,941,112	1,920,844
Long-term debt (note 10)	3,024,273	2,503,265
Deferred revenue (note 11)	412,650	412,650
TOTAL LONG-TERM LIABILITIES	6,038,726	5,517,175
TOTAL LIABILITIES	9,119,715	8,156,893
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (note 12)	30,990,459	27,662,112
EQUITY COMPONENT OF CONVERTIBLE DEBENTURES (note 9)	2,351,425	2,351,425
CONTRIBUTED SURPLUS (note 13)	4,076,597	4,487,638
ACCUMULATED DEFICIT	(24,530,427)	(24,659,140)
TOTAL SHAREHOLDERS' EQUITY	12,888,055	9,842,035
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	22,007,770	17,998,928

WILLIAM J. GASTLE
DIRECTOR

VAUGHN EMBRO-PANTALONY
DIRECTOR

The accompanying notes and summary of significant accounting policies are an integral part of these consolidated interim financial statements.

CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME

Unaudited	Three months ended Mar 31 2015 $	Three months ended Mar 31 2014 $	Six months ended Mar 31 2015 $	Six months ended Mar 31 2014 $
SALES				
Virology products and technologies	2,544,900	2,073,097	4,421,331	3,812,613
Research and development contracts	-	-	119,402	188,369
Total sales	2,544,900	2,073,097	4,540,733	4,000,982
COST OF GOODS SOLD				
Virology products and technologies (notes 4, 17)	1,214,039	977,261	2,057,807	1,706,818
Research and development contracts	-	-	23,880	95,143
Total Cost Of Goods Sold	1,214,039	977,261	2,081,687	1,801,961
GROSS MARGIN	1,330,861	1,095,836	2,459,046	2,199,021
EXPENSES				
Selling and business development (note 17)	133,717	95,035	262,906	318,216
General and administrative (note 17)	980,213	520,047	1,672,116	988,455
Research and development (note 17)	2,769	35,780	53,530	57,899
Financial expenses (note 19)	127,827	175,355	293,606	350,425
Total Expenses	1,244,526	826,217	2,282,158	1,714,995
NET COMPREHENSIVE OPERATING INCOME FOR THE PERIOD	86,335	269,620	176,888	484,026
INCOME TAXES				
Deferred income taxes	(132,500)	-	(132,500)	-
Current income taxes	92,062	75,748	180,675	173,993
NET COMPREHENSIVE INCOME FOR THE PERIOD	126,773	193,872	128,713	310,033
NET COMPREHENSIVE INCOME PER SHARE				
Basic (note 16)	0.002	0.003	0.002	0.005
Diluted (note 16)	0.001	0.002	0.001	0.005

The accompanying notes and summary of significant accounting policies are an integral part of these consolidated interim financial statements.

CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

Unaudited	Three months ended Mar 31 2015 $	Three months ended Mar 31 2014 $	Six months ended Mar 31 2015 $	Six months ended Mar 31 2014 $
OPERATING ACTIVITIES				
Net income for the period	126,773	193,872	128,713	310,033
Items not affecting cash				
Amortization (Note 17)	101,928	101,684	203,452	197,748
Accretion of debentures (Note 9)	11,991	12,613	17,785	23,013
Recognition of deferred tax asset	(132,500)	-	(132,500)	-
Stock options expense	149,304	9,609	277,042	9,609
Change in non-cash working capital balances (Note 18)	238,639	(630,473)	196,849	(944,552)
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	496,136	(312,696)	691,341	(404,149)
INVESTING ACTIVITIES				
Restricted cash	-	250,000	-	250,000
Security bond	(151,750)	-	(151,750)	-
Purchase of property and equipment and intangible assets (Notes 6, 7)	(2,020,895)	(863,245)	(3,181,201)	(949,642)
CASH PROVIDED BY (USED) IN INVESTING ACTIVITIES	(2,172,645)	(613,245)	(3,332,951)	(699,642)
FINANCING ACTIVITIES				
Decrease in bank indebtedness	-	(156,033)	-	-
Repayments of long term debt (Note 10)	(29,955)	(19,970)	(59,910)	(49,925)
Repayments of debentures (Note 9)	(17,242)	-	(34,106)	-
Payments of capital lease	(480)	-	(735)	-
Proceeds from equipment loan, net of costs (Note 10)	51,315	-	665,000	-
Proceeds from issuance of convertible debenture	-	1,500,000	-	1,500,000
Proceeds from exercise of warrants (Note 14)	1,189,456	357,725	1,738,433	357,725
Proceeds from exercise of stock options (Note 15)	808,920	185,610	901,830	185,610
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	2,002,015	1,867,332	3,210,513	1,993,410
Effect of foreign currency exchange rate changes on cash and cash equivalents	-	-	640	-
NET CHANGE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD	325,506	941,391	569,543	889,619
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	791,393	208,276	547,356	260,048
CASH AND CASH EQUIVALENTS - END OF THE PERIOD	1,116,899	1,149,667	1,116,899	1,149,667

The accompanying notes and summary of significant accounting policies are an integral part of these consolidated interim financial statements.

CONSOLIDATED INTERIM STATEMENTS OF CHANGES INSHAREHOLDERS' EQUITY

Unaudited	Share Capital (Note 14) Number of Shares	Share Capital (Note 14) Stated Capital	Contributed Surplus	Deficit	Component of Debentures	Equity Total Shareholders' Equity
Balance, September 30, 2013	**66,684,350**	**24,299,594**	**3,550,521**	**(24,828,119)**	**2,699,368**	**5,721,364**
Share issuances pursuant to stock options exercised	1,050,000	315,000				315,000
Share issuances pursuant to conversion of warrants		(59,118)	24,986			(34,130)
Issuance and cancellation of debentures	40,000	10,000				10,000
Stock option expense			116,385			116,385
Net income (loss) for the period				(532,093)		(532,093)
Balance, March 31, 2014	**66,684,350**	**24,299,594**	**3,480,251**	**(25,361,590)**	**2,699,368**	**5,117,620**
Share issuances pursuant to private placement	5,128,208	2,000,000				2,000,000
Share issue costs, private placement		(46,672)				
Share issue costs, warrants		(41,160)	41,160			
Share issuances pursuant to stock options exercised	68,000	213,359	(189,869)			23,491
Share issuances pursuant to conversion of warrants	2,160,775	693,656				693,656
Settlement of equity component of convertible debenture			1,071,626		(1,264,914)	(193,288)
Equity component of convertible debenture					412,669	412,669
Stock option expense		(143,866)	148,457			4,591
Net income (loss) for the period				(141,054)		(141,054)
Balance, September 30, 2014	**75,954,458**	**27,662,112**	**4,487,638**	**(24,659,140)**	**2,351,425**	**9,842,035**
Share issuances pursuant to stock options exercised	2,442,000	901,830	(688,083)			213,748
Share issuances pursuant to conversion of warrants	4,807,799	1,738,433				1,738,433
Stock option expense		688,084	277,042			965,126
Net income (loss) for the period				128,713		128,713
Balance, March 31, 2015	**83,204,257**	**30,990,459**	**4,076,597**	**(24,530,427)**	**2,351,425**	**12,888,055**

The accompanying notes and summary of significant accounting policies are an integral part of these consolidated interim financial statements.

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS
MARCH 31, 2015

1. NATURE OF THE BUSINESS

Microbix Biosystems Inc. (Microbix or the Company) (TSX: MBX), develops biological products and technologies. The Virology Business (Virology) manufactures and develops cell culture-based biological products and technologies. The Company has developed and acquired three technologies for large markets including Virus Yield Enhancement Technology, Virusmax® the thrombolytic drug, Kinlytic® (Urokinase), and an animal reproductive technology in development, LumiSort™. The development of new products and technologies are funded with income earned from Virology and additional cash flows from equity and debt issuance. Microbix has substantial capability, both in technical expertise and laboratory facilities for development. Microbix is providing materials for diagnoses of infectious diseases. The same expertise and competencies involved are applicable to developing materials to facilitate treatment. The Company continually invests in Virology to adopt current technologies and standards, upgrading capabilities to support its customers. Revenue generated from Virology is used to meet operational costs, the development program and to service the Company's debt.

The Virology Business is expected to continue to generate a profit, part of which will be invested in the development pipeline. The Company may seek additional capital needed to maintain its current level of investment in the development pipeline. If necessary, management and the Board of Directors have the discretion to reduce or suspend investment in development depending on the cash/liquidity needs of the Company.

The Company operates the Virology Business in its owned manufacturing facility at 265 Watline Avenue, Mississauga, Ontario. The manufacturing facility operates under an infectious diseases biological license from the Canadian Food Inspection Agency.

2. BASIS OF PREPARATION

Statement of Compliance
The Company's management prepared these consolidated interim financial statements in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB) applicable to the preparation of financial statements. The Board of Directors approved these consolidated interim financial statements on May 12, 2015.

These unaudited consolidated interim financial statements do not include all of the information and notes required by IFRS for annual financial statements and therefore should be read in conjunction with the audited financial statements and notes for the Company's year ended September 30, 2014 that are filed on SEDAR at www.sedar.com.

3. SUMMARY SIGNIFICANT ACCOUNTING POLICIES

Basis of Measurement
The consolidated interim financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial assets and financial liabilities to fair value. Items included in the financial statements of each consolidated entity in the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

Basis of consolidation
These consolidated interim financial statements include the accounts of the Company and its subsidiary Crucible Biotechnologies Limited. There has been no business activity in the subsidiary during the fiscal period ended March 31, 2015.

Significant accounting policies
All significant accounting policies have been applied on a basis consistent with those followed in the most recent audited annual consolidated financial statements for the year ended September 30, 2014. The policies applied in these consolidated interim financial statements are based on IFRS issued and outstanding at May 12, 2015, the date the Board of Directors approved these consolidated interim financial statements.

Accounting standards issued but not yet applied
Certain new standards, interpretations and improvements to existing standards were issued by the IASB or IFRS Interpretations Committee ("IFRC") that are mandatory for fiscal periods July 1, 2012 or later. The standards are described in the Company's annual consolidated financial statements for the year ended September 30, 2014 and there have not been any additional standards applicable to the Company issued since.

4. INVENTORY

Inventory consists of the following, as at:

	Mar 31, 2015 $	Mar 31, 2014 $
Raw material	593,235	316,200
Work in process	419,385	200,532
Finished goods	905,966	580,868
	1,918,586	1,072,151

During the period ended March 31, 2015, inventories in the amount of $534,191 (2014 - $401,136) were recognized as an expense through cost of sales. The cost of inventories recognized as an expense includes $Nil (2014 -$Nil) in respect of write-downs of inventory to net realizable value. The allowance for inventory impairment as at March 31, 2015 was $27,933 (2014 - $27,933).

Finished goods inventory is temporarily significantly higher at the end of the second quarter of fiscal 2015 versus the comparable quarter of 2014 as the Company is producing additional product during the bioreactor development project period.

5. PREPAID EXPENSES AND OTHER ASSETS

Prepaid expenses as at March 31, 2015 were $568,002 (2014 - $304,408) and primarily consist of insurance policy premiums, a contractually required refundable deposit with a research and development partner, and retainers with the Company's legal counsel.

6. PROPERTY, PLANT AND EQUIPMENT

The freehold land and buildings have been pledged as security for bank loans under a mortgage (see Note 10). The Company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

Property plant and equipment consists of:

	Building	Research & development equipment	Other equipment & fixtures	Land	Leasehold improvements	Total
Cost	**$**	**$**	**$**	**$**	**$**	**$**
Balance, Sep 30, 2014	4,536,288	3,581,508	3,570,596	800,000	-	12,488,392
Additions	-	2,227,754	911,384	-	-	3,139,138
Disposals	-	-	-	-	-	-
Balance, Mar 31, 2015	4,536,288	5,809,262	4,481,980	800,000	-	15,627,530
Accumulated depreciation						
Balance, Sep 30, 2014	790,320	501,115	2,445,197	-	-	3,736,632
Depreciation	75,996	14,167	65,542	-	-	155,706
Reversals	-	-	-	-	-	-
Balance, Mar 31, 2015	866,316	515,282	2,510,739	-	-	3,892,338
Carrying value						
Sept 30, 2014	3,745,968	3,080,393	1,125,399	800,000	-	8,751,760
Mar 31, 2015	3,669,972	5,293,980	1,971,241	800,000	-	11,735,192

Included in research and development equipment is $5,050,975 and in other equipment and fixtures $882,639 related to assets not yet available for use. Included in these amounts is directly attributable interest from borrowings to finance these asset additions of $67,500 and $15,713, respectively. These assets are not yet subject to depreciation.

7. INTANGIBLE ASSETS

Intangible assets are depreciated on a straight line basis at the following rates:

License agreement, LumiSort™ (Note 7a)	5%
Technology investments	
LumiSort™ (Note 7a)	5%
Kinlytic® (Note 7b)	0%

Intangible assets consist of:

	Capitalized development	Patents and trademarks		Licenses	
	LumiSort™	Kinlytic®	LumiSort™	LumiSort™	Total
Cost	**$**	**$**	**$**	**$**	**$**
Balance at September 30, 2014	86,685	2,770,529	1,644,635	278,528	4,780,377
Additions from internal developments	3,737	-	38,326	-	42,063
Additions from internal developments	-	-	-	-	-
Balance at March 31, 2015	**90,422**	**2,770,529**	**1,682,961**	**278,528**	**4,822,440**
Accumulated amortization					
Balance at September 30, 2014	**3,769**	**-**	**530,344**	**192,826**	**726,939**
Amortization expense	458	-	36,575	10,713	47,746
Balance at March 31, 2015	**4,227**	**-**	**566,919**	**203,539**	**774,685**
Carrying value					
Net carrying amount, September 30, 2014	82,916	2,770,529	1,114,291	85,702	4,053,438
Net carrying amount, March 31, 2015	86,195	2,770,529	1,116,042	74,989	4,047,755

(a) LumiSort™

The Company acquired a license agreement from Sequent Biotechnologies Inc. ("Sequent"), a biotechnology company solely involved in the development and commercialization of the Lumisort™ technology under license. New intellectual property with the issue of patents has resulted from this research program. These assets are in the process of being developed and new patents are pending.

(b) Kinlytic®

The Company acquired the assets and rights pertaining to development, production, and licensing of Kinlytic® from Abbott Laboratories in 2008.

The recoverable amount of the Kinlytic® intangible has been determined based on its fair value less cost to sell. This estimate uses risk-adjusted cash flow projections based on probability-weighted financial budgets.

Management made these assumptions based on probabilities of technical, regulatory and clinical acceptances and financial support. Management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed its recoverable amount.

8. BANK INDEBTEDNESS

The Company has a revolving line of credit of $500,000 with its Canadian chartered bank that bears interest at the bank's prime lending rate plus 2.25%. Accounts receivable and property, plant and equipment are pledged as collateral for the bank credit facility. As at March 31, 2015 and September 30, 2014, the line of credit was fully unused.

9. DEBENTURES

The Company has convertible and non-convertible debentures issued and outstanding as at March 31, 2015. The carrying values of the debt component of these debentures are as follows:

	Non-convertible	Convertible				Total
Date of issue	Jan, 2014	Jan, 2014	Feb, 2007	Oct, 2006	Sep, 2008	
Proceeds of issue	$2,000,000	$1,500,000	$500,000	$500,000	$2,500,000	
	$	$	$	$	$	$
Balance, September 30, 2014	**924,700**	**521,886**	**459,703**	**472,238**	**917,016**	**2,370,843**
Accretion expense	85,277	2,689	29,094	27,704	188,282	177,769
Repayments	(105,002)	-	(22,500)	(22,500)	(112,500)	(157,500)
Balance, December 31, 2015	**904,975**	**522,575**	**466,297**	**477,442**	**922,798**	**2,391,112**
Less: current portion	244,284	135,000	45,000	45,000	225,000	450,000
	660,991	**389,575**	**421,297**	**432,442**	**697,798**	**1,941,112**
Note	(a)	(b)	(c)	(d)	(e)	

The debentures denoted (a), (b), and (e) are secured against the real property and the personal property of the Company including without limiting the foregoing, a registered second mortgage on the property at 265 Watline Avenue, Mississauga, Ontario in favour of the holder, its successors and assigns subordinate only to indebtedness to a Canadian chartered bank or similar financial institution on normal commercial terms up to their maximum principal.

The debentures denoted (c) and (d) are secured by a subordinated security agreement covering all of the Company's property and assets, including its goodwill.

Convertible debentures contain two components: liability and equity elements. The equity element is presented in equity under the heading of "equity component of debenture". Convertible debentures are initially accounted for in accordance with their substance and are presented in the financial statements in their component parts measured at the time of issue. The debt components were valued first with the residual to shareholders' equity. Over the term of the convertible debentures, the debt components will be accreted to the face value of the debentures by the recording of additional interest expense using the effective interest rate, as detailed below.
All of the debentures were issued to shareholders of the company.

Note	(a)	(b)	(c)	(d)	(e)
Date of issue	Jan, 2014	Jan, 2014	Feb, 2007	Oct, 2006	Sep, 2008
Face value	$ 2,000,000	$ 1,500,000	$ 500,000	$ 500,000	$ 2,500,000
Issue costs	$ -	$ 65,559	$ -	$ -	$ -
Liability component at the date of issue	$ 928,373	$ 517,470	$ 388,958	$ 413,320	$ 885,089
Equity component at the date of issue	N/A	$ 916,971	$ 111,042	$ 86,680	$ 1,614,911
Conversion price per common share	$ -	$ 0.35	$ 0.90	$ 0.90	$ 0.65
Effective interest rate charged	25.69%	25.69%	13.00%	12.00%	25.69%
Payment frequency	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly
Maturity of financial instrument	Jan, 2029	Jan, 2029	Feb, 2017	Oct, 2016	Sep, 2028
Stated interest rate	9%	9%	9%	9%	9%
Terms of repayment	Principal and interest	Interest only	Interest only	Interest only	Interest only
Blended quarterly payments	$ 61,071	N/A	N/A	N/A	N/A

As the issuance of the non-convertible debenture denoted as (a) and the cancellation of the convertible debenture denoted as (e), were transacted with the same shareholder and represented a substantial modification in the terms, the non-convertible debenture is being accounted for in accordance with its substance and is presented in the financial statements as new debt, measured at fair value at the time of the issue.

10. LONG-TERM DEBT

In fiscal 2009 the Company negotiated a series of loans totalling $3,410,000 with the Business Development Bank (BDC) for the original purchase and build-out of its manufacturing facility.

Purchase of the building	1,500,000
Construction of manufacturing facility	1,500,000
Purchase of equipment for facility	410,000
	3,410,000

The loans are secured with the building and equipment.

For loans totalling $3,350,000, consecutive monthly principal payments of $9,260 are due to February 2037 on the outstanding balance of $2,546,500 (Sept 30, 2014 - $2,602,060).

For loans totalling $60,000, consecutive monthly principal payments of $725 are due to February 2017 on the outstanding balance of $16,675 (Sept 30, 2014 - $21,025).

During the first quarter of fiscal 2015, the Company received an additional $615,000 loan from BDC with a maturity of July, 2020 with monthly repayments of principal of $10,250 starting in August, 2015. The funds from this loan are being used to upgrade the Company's production process.

All of the above loans have a floating interest rate based on BDC's Floating Base Rate plus 0.5%. At March 31, 2015 the Floating Base Rate was 4.85%.

During the second quarter of fiscal 2015, the Company received an additional $50,000 loan from BDC with a maturity of January 2020 with monthly repayments of principal of $1,042 starting February 2016 with a floating interest rate plus 1%. The funds are being used to upgrade the Company's IT system.

Following is the commitment for the next five years for the Business Development Corporation loans:

	$
2015	349,792
2016	433,066
2017	406,873
2018	386,914
2019	368,410

11. DEFERRED REVENUE

In 2007, the Company entered into an agreement with the Animal Fine Breeding Station of Hebei Province in China, as the exclusive distributor of Microbix' proprietary Semen Sexing Technology ("SST"). Under the terms of the agreement, the Company had received a non-refundable payment of $400,000 US and will receive an additional payment upon a milestone achievement. Royalty fees and payment for materials will be made with product sales.

This payment is being accounted for in accordance with its substance and is presented in the financial statements as deferred revenue on the statement of financial position. The Company will defer recognition of this revenue until all of the deliverables in the agreement are complete. At March 31, 2015, all of the deliverables have not been met and are not expected to be met within the next fiscal year and therefore no amount has been recognized or reclassified to current liabilities.

12. SHARE CAPITAL

The Company is authorized to issue an unlimited number of Common Shares with no par value and an unlimited number of Preference Shares with no par value. The changes in issued and fully paid common shares are noted in the Consolidated Interim Statement of Shareholder's Equity and are as follows:

A continuity of the Company's issued and outstanding common shares and the stated capital as at March 31, 2015 is presented in the following table:

	Number of Shares	Stated Capital ($)
Balance, September 30, 2014	75,954,458	27,662,112
Exercise of stock options	265,000	92,910
Exercise of warrants	1,796,658	548,977
Stock option expense	-	93,556
Balance, December 31, 2014	78,016,116	28,397,555
Exercise of stock options	3,011,141	1,189,456
Exercise of warrants	2,177,000	808,920
Stock option expense	-	594,528
Balance, March 31, 2015	83,204,257	30,990,459

13. CONTRIBUTED SURPLUS

A continuity of the Company's contributed surplus as at March 31, 2015 is presented in the following table:

	$
Balance, September 30, 2014	4,487,638
Stock options exercised	(93,556)
Stock option expense	127,738
Balance, December 31, 2014	4,521,820
Stock options exercised	(594,527)
Stock option expense	149,304
Balance, March 31, 2015	4,076,597

14. COMMON SHARE PURCHASE WARRANTS

A continuity of the Company's warrants outstanding as at March 31, 2015 is presented in the following table:

	Units	Weighted average exercise price $
Balance, September 30, 2014	**10,133,517**	**$ 0.48**
Issued	50,000	$ 0.33
Exercised	(1,796,658)	$ 0.43
Expired	-	$ -
Balance, December 31, 2014	**8,386,859**	**$ 0.49**
Issued	97,124	$ 0.39
Exercised	(3,011,141)	$ 0.40
Balance, March 31, 2015	**5,442,842**	**$ 0.54**

14. COMMON SHARE PURCHASE WARRANTS (continued)

A summary of the Company's warrants outstanding as at March 31, 2015 and September 30, 2014 is presented in the following table:

	March 31, 2015			September 30, 2014		
	Number of options outstanding	Weighted average exercise price	Weighted average remaining contractual life	Number of options outstanding	Weighted average exercise price	Weighted average remaining contractual life
		$	years		$	years
Range of exercise prices:						
$0.25 to $0.39	193,079	$ 0.39	0.68	5,128,208	$ 0.36	1.37
$0.40 to $0.55	5,249,763	$ 0.47	4.26	5,249,763	$ 0.55	4.92
	5,442,842	$ 0.39	4.13	10,377,971	$ 0.46	2.70

15. STOCK OPTION PLAN

On March 5, 2013, the shareholders of the Company approved a resolution to amend the Company's stock option plan. This amendment changed the total number of Common Shares available to be issued under the plan from a maximum of 10,000,000 to a maximum of 12,000,000 common shares. Under the plan, the Company has 7,082,000 options issued and pending as at December 31, 2014, (Sept 30, 2014 – 4,354,000).

The exercise price of each option equals no less that the market price at the date immediately preceding the date of the grant. In general, options issued under the plan vest and are exercisable in equal amounts in three steps, at the issue date and at the anniversary date in the subsequent two years. Management does not expect any stock options issued in the year and remaining unvested at the year-end to be forfeited before they vest.

The following table reflects the activity under the Company's stock option plan period ended March 31, 2015.

	Units		Weighted average exercise price
			$
Outstanding, September 30, 2014	**4,354,000**	**$**	**0.36**
Issued	3,010,000	$	0.54
Exercised	(2,442,000)	$	0.37
Expired or forfeitted	(25,000)	$	0.37
Outstanding, March 31, 2015	**4,897,000**	**$**	**0.45**

The exercise price of each option equals the closing market price of the Company's capital stock on the day preceding the grant date.

On March 5, 2013, the shareholders of the Company approved a resolution to amend the Company's stock option plan. This amendment changed the total number of Common Shares available to be issued under the plan from a maximum of 10,000,000 to a maximum of 12,000,000 common shares. Under the plan, the Company has 4,897,000 options issued and pending as at March 31, 2015, (Sept 30, 2014 – 4,354,000).

The exercise price of each option equals no less that the market price at the date immediately preceding the date of the grant. In general, options issued under the plan vest and are exercisable in equal amounts in three steps, at the issue date and at the anniversary date in the subsequent two to five years. Management does not expect any stock options issued in the year and remaining unvested at the year-end to be forfeited before they vest.

15. STOCK OPTION PLAN (continued)

The following table reflects the number of options, their weighted average price and the weighted average remaining contract life for the options grouped by price range:

	As at March 31, 2015		
	Number of options outstanding	Weighted average exercise price	Weighted average remaining contractual life
		$	years
Range of exercise prices:			
$0.26 to $0.39	1,887,000	$0.32	1.86
$0.39 to $0.54	3,010,000	$0.54	5.54

The fair value of options granted during the period ended December 31, 2014 was estimated at the grant date using the Black-Scholes options pricing model, resulting in the following weighted-average assumptions:

Share price on issue date	$0.59
Dividend yield	0.00%
Volatility	93.3%
Risk-free interest rate	1.40%
Expected option life (years)	5
Weighted average fair value of each option ($/option)	0.43

The volatility of the stock for the Black-Scholes options pricing model was based on 5-year historic volatility of the Company's stock price on the Toronto Stock Exchange. Management believes that the historic stock volatility provides a fair and appropriate basis of estimate for the expected future volatility of the stock.

During the period, the fair value of the options vested in the year were expensed and credited to contributed surplus.

16. INCOME PER SHARE

Basic income per share is calculated using the weighted average number of shares outstanding. Diluted income per share reflects the dilutive effect of the exercise of stock options, warrants and convertible debt. The following table reconciles the net income and the number of shares for the basic and diluted loss per share computations for the three months ended March 31:

	2015	2014
Numerator		
Net income (loss) available to common shareholders	$126,773	$193,872
Denominator for basic EPS – weighted average common shares outstanding	79,832,355	67,788,207
Effect of dilutive securities:		
Warrants	2,516,770	487,331
Stock Options	2,674,741	496,231
Convertible Debentures	4,285,714	293,040
Denominator for diluted EPS	89,309,581	69,064,809
Earnings per share		
Basic	$0.002	$0.003
Diluted	$0.001	$0.002

The following represents the warrants, stock options and convertible debentures not included in the calculation of diluted EPS due to their anti-dilutive impact:

	As at March 31	
	2015	2014
Pursuant to warrants	-	5,182,133
Under stock options	-	1,180,000
Pursuant to convertible debentures	4,957,265	4,957,265
	4,957,265	11,319,398

17. EXPENSES BY NATURE

The Company has chosen to present its Statements of Comprehensive Income based on the functions of the entity. The Consolidated Statements of Comprehensive Income include the following expenses by nature:

a) Employee costs:	Three months ended Mar 31,2015 $	Three months ended Mar 31,2014 $	Six months ended Mar 31,2015 $	Six months ended Mar 31,2014 $
Short-term wages, bonuses and benefits	899,172	774,595	1,714,746	1,494,657
Share based payments	149,304	9,609	277,042	9,609
Total employee costs	1,048,476	784,203	1,991,788	1,504,266
Included in:				
Cost of goods sold	602,985	528,990	1,139,364	964,568
Research and development	74,039	86,990	159,685	181,394
General and administrative expenses	286,398	74,779	528,451	188,675
Selling and business development	85,054	83,836	164,289	160,019
Total employee costs	1,048,476	784,203	1,991,788	1,504,266
b) Depreciation and amortization				
Included in:				
Cost of goods sold	70,953	70,532	141,538	136,019
General and administrative expenses	248	156	458	313
Research and development	30,728	30,996	61,455	61,416
Total depreciation and amortization	101,928	101,684	203,452	197,748
c)				
All other costs	1,308,161	1,007,591	2,168,605	1,814,942

18. CHANGES IN NON-CASH WORKING CAPITAL BALANCE

The net change in non-cash working capital consists of:

	Three months ended Mar 31,2015 $	Three months ended Mar 31,2014 $
Accounts receivable	(454,064)	(771,469)
Inventory	(267,573)	(96,755)
Prepaid expenses & other assets	96,109	(216,655)
Investment tax credit receivable	(11,285)	(15,423)
Accounts payable and accrued liabilities	875,453	469,8288
	238,639	(630,473)

19. FINANCIAL EXPENSES

	Three months ended Mar 31,2015 $	Three months ended Mar 31,2014 $	Six months ended Mar 31,2015 $	Six months ended Mar 31,2014 $
Cash interest				
Interest on long-term debt	27,283	41,928	71,171	82,965
Interest on debentures	88,553	121,005	206,607	248,294
Interest other	531	66	531	449
Interest income	(531)	(257)	(2,488)	(4,296)
Non-cash interest				
Accretion on debentures	11,991	12,613	17,785	23,013
Financial expenses	127,827	175,355	293,606	350,425

20. CAPITAL MANAGEMENT

The Company's capital management objective is to safeguard its ability to function as a going concern to maintain its virology operations and to fund its development activities. Microbix defines its capital to include the revolving line of credit, shareholders' equity, the Business Development Bank capital loan, and the debentures. The capital at March 31, 2015 was $19,912,318 (2014 - $13,760,815).

To date, the Company has used common equity issues, debentures and a bank mortgage to fund its activities. The equity is through private placements, the debentures are all controlled by private individuals known to the Company and the mortgage is with the Business Development Bank. If possible, the Company tries to optimize its liquidity needs by non-dilutive sources, including investment tax credits, grants and interest income. The Company has a revolving line of credit of $500,000 with its Canadian chartered bank, Note 8.

The Company's general policy is to not pay dividends and retain cash to keep funds available to finance the Company's growth. However, the Board of Directors may, from time to time, choose to declare a dividend in assets if warranted by circumstances. There was no change during the year in how the Company defines its capital or how it manages its capital.

21. FINANCIAL INSTRUMENTS

The fair value of a financial instrument is approximated by the consideration that would be agreed to in an arm's length transaction between willing parties and through appropriate valuation methods, but considerable judgment is required for the Company to determine the value. The actual amount that could be realized in a current market exchange could be different than the estimated value.

The carrying amounts of cash and cash equivalents, accounts receivable, bank indebtedness and accounts payable and accrued liabilities approximate fair value due to the short-term maturities of these instruments.

The fair value of the long-term debt is based on rates currently available for items with similar terms and maturities. The convertible and non-convertible debenture fair values are not readily determinable as the convertible debentures have been issued to shareholders of the Company.

22. FINANCIAL RISK MANAGEMENT

The primary risks that affect the Company are set out below and the risks have not changed during the reporting year. The list does not cover all risks to the Company, nor is there an assurance that the strategy of management to mitigate the risks is sufficient to eliminate the risk.

a) Credit risk

The Company's cash and cash equivalents are held in accounts or short-term interest bearing accounts at one of the major Canadian chartered banks. Management perceives the credit risk to be low. There is a concentration of accounts receivable risk due to the few large customers comprising the Company's international customer base. In the period ended March 31, 2015 six customers accounted for 76% (2014 - four customers accounted for 83%) of revenue. The Company has had minimal bad debts over the past several years and accordingly management has recorded an allowance of $1,018 (2014 - $51,433).

Trade accounts receivable are aged as follows at March 31:

	Three months ended 2015 $	Three months ended 2014 $
Current	1,729,952	1,557,643
0-30 days past due	29,288	-
31-60 days past due	77,249	49,305
61 days and over past due	217,308	146,761
	2,053,797	1,753,709

b) Currency risk

Through its global sales the Company is exposed to currency risk, through fluctuations in the exchange rate affecting sales and receivables denominated in US dollars and Euros. The Company does not use financial instruments to hedge these risks. At March 31, the significant balances, quoted in Canadian dollars, held in foreign currencies are:

	US dollars		Euros	
	2015	2014	2015	2014
Cash and cash equivalents	383,060	198,254	-	-
Accounts receivable	838,679	678,814	1,001,364	918,158
Accounts payable and accrued liabilities	941,497	481,303	125,295	13,217

The impact of a 1 cent increase in the Canadian dollar against the US dollar would result in a revenue loss of about 1%. The impact of a 1 cent increase in the Canadian dollar against the Euro would result in a revenue loss of about 1.4%.

22. FINANCIAL RISK MANAGEMENT (continued)

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meets its financial obligations as they fall due. To manage this situation, the Company projects and monitors its cash requirements to accommodate changes in liquidity needs.

d) Interest rate risk

Financial instruments that potentially subject the Company to cash flow interest rate risk are those assets and liabilities with a variable interest rate. Interest risk exposure is primarily on the BDC debt that has a variable rate that is pegged to the bank rate. The rate can be fixed, if the outlook for interest rates should move higher. The only other variable debt the Company has is the $500,000 line of credit that bears interest at the bank's prime lending rate plus 2.25%. A 1% increase in the bank rate would cost the Company approximately $32,000 per year for BDC and about $5,000 on the line of credit usage.

e) Market risk

Market risk is the risk that changes in product prices based on supply and demand criteria, foreign exchange rates and interest rates will affect the Company's income or the value of the financial instruments held. Microbix products are valuable components in many of our customers' products and not easily replaced. The Company works closely with key customers to ensure our products meet critical customer results.

f) Fair value

The Company categorizes its financial assets and liabilities measured at the fair value into one of three different levels depending on the observation of the inputs used in the measurement.

For the three months ended March 31, 2015 and 2014, the Company has only the financial instruments in Level 1. At March 31, 2015, the Company`s financial instruments are cash and cash equivalents for an amount of $1,116,899 (2014 - $1,149,667) which are considered to be Level 1 instruments. There were no transfers between levels during the year.

The three levels are defined as follows:

a) Level 1: Fair value is based on unadjusted quoted prices for identical assets or liabilities in active markets.
b) Level 2: Fair value is based on inputs other than quoted prices included within Level 1 that are not observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
c) Level 3: Fair value is based on valuation techniques that require one or more significant unobservable inputs.

23. SEGMENTED INFORMATION

The Company operates in two industries: the development, manufacturing and distribution of cell based products and technology and, provision of facility, technical and production personnel for contract research and development. External revenue by segment is attributed to geographic regions based on the location of customers: North America, Europe and Other foreign countries.

The following is an analysis of the Company's revenue and results from continuing operations by reportable segment for the three months ended March 31:

	Segment revenue		Segment profit	
	2015	2014	2015	2014
	$	$	$	$
Virology Products and Technologies	2,544,900	2,073,097	86,335	269,620
Lumisort ™	-	-	-	-
Kinlytic®	-	-	-	-
Total for continuing operations	2,544,900	2,073,097	86,335	269,620

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current period (2013 - $Nil).

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current period (2014 - $Nil).

The accounting policies of the reportable segments are the same as the Company's accounting policies described in Note 3. Segment profit represents the profit before tax earned by each segment without allocation of central administration costs and directors' salaries, share of profits of associates, gain recognised on disposal of interest in former associate, investment income, other gains and losses as well as finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

All assets are allocated to reportable segments other than interests in associates and current and deferred tax assets. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments. All liabilities are allocated to reportable segments other than borrowings and current and deferred tax liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets. All segment assets and liabilities as at March 31 are detailed as follows:

	Segment assets		Segment liabilities	
	2015	2014	2015	2014
	$	$	$	$
Virology Products and Technologies	13,904,432	11,824,736	2,177,375	1,321,689
Lumisort ™	5,332,809	399,889	-	-
Kinlytic®	2,770,529	2,770,529	-	-
Total for continuing operations	22,007,770	14,995,154	2,177,375	1,321,689

All assets are allocated to reportable segments other than interests in associates and current and deferred tax assets. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments. All liabilities are allocated to reportable segments other than borrowings and current and deferred tax liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

23. SEGMENTED INFORMATION (continued)

Depreciation and amortization and additions to non- current assets for each reportable segments for the three months ended March 31 are detailed as follows:

	Depreciation and amortization		Additions to non-current assets	
	2015	2014	2015	2014
	$	$	$	$
Virology Products and Technologies	78,284	78,040	1,029,228	116,128
Lumisort ™	23,644	23,644	991,667	497,117
Kinlytic®	-	-	-	-
Total for continuing operations	101,928	101,684	2,020,895	613,245

24. GEOGRAPHIC INFORMATION

The Company operates in three principal geographical areas – North America (country of domicile), Europe and in other foreign countries. The Company's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets as at March 31 are detailed below.

	Revenue from external customers		Non-current assets	
	2015	2014	2015	2014
	$	$	$	$
North America	655,136	498,414	22,007,770	14,995,154
Europe	1,782,490	1,388,955	-	-
Other foreign countries	107,274	185,688	-	-
	2,544,900	2,073,097	22,007,770	14,995,154

25. RELATED PARTY TRANSACTIONS

During the three months ended March 31, 2015, the Company paid interest of $156,707 (2014 - $116,413) on the convertible debentures issued to related party shareholders.

26. COMMITMENTS AND CONTINGENCIES

a) Lease commitments

	$
2016	65,046
2017	6,246
2018	3,306
2019	3,031
2020	-
	77,629

b) Payments on convertible and non-convertible debentures (Note 9)

	$
2016	694,242
2017	1,671,742
2018	604,242
2019	604,242
2020	604,242
	4,178,710

c) Contingencies

The Company is party to legal proceedings arising out of the normal course of business. The results of these litigations cannot be predicted with certainty, and management is of the opinion that the outcome of these proceedings is not determinable. Any loss resulting from these proceedings will be charged to operations in the period when the loss becomes probable to occur and reasonably measurable.

DIRECTORS

Peter M. Blecher
Ontario, Canada
Staff Emergency Physician
Lakeridge Health Hospital

Mark A. Cochran
Virginia, USA
Managing Director
Johns Hopkins Medicine

Vaughn C. Embro-Pantalony [1] [2]
Ontario, Canada
Chief Executive Officer and President
Microbix Biosystems Inc.

William J. Gastle [2]
Ontario, Canada
Executive Chairman
Microbix Biosystems Inc.

Cameron Groome [1]
Ontario, Canada
Pharmaceutical Executive

Martin A. Marino [1] [2]
Ontario, Canada
Pharmaceutical Executive

Andrew C. Pollock [1] [2]
Ontario, Canada
Marketing Excecutive

Joseph D. Renner [2]
New Jersey, USA
Pharmaceutical Executive

[1] Member of Audit Committee.
[2] Member of the Human Resources, Compensation and Governance Committee.

CORPORATE INFORMATION

Corporate Counsel	*Boyle & Co. LLP*
Auditors	*Collins Barrow Toronto LLP Chartered Accountants*
Transfer Agent	*Canadian Stock Transfer Company Inc. as the Administrative Agent for CIBC Mellon Trust Company 416-682-3860 1-800-387-0825*
Bankers	*Bank of Montreal*
Head Office	Microbix Biosystems Inc. 265 Watline Avenue, Mississauga, Ontario Canada L4Z 1P3 Tel: 905-361-8910 Fax: 905-361-8911 www.microbix.com

SENIOR MANAGEMENT

William J. Gastle
Executive Chairman

Vaughn C. Embro-Pantalony
President and Chief Executive Officer

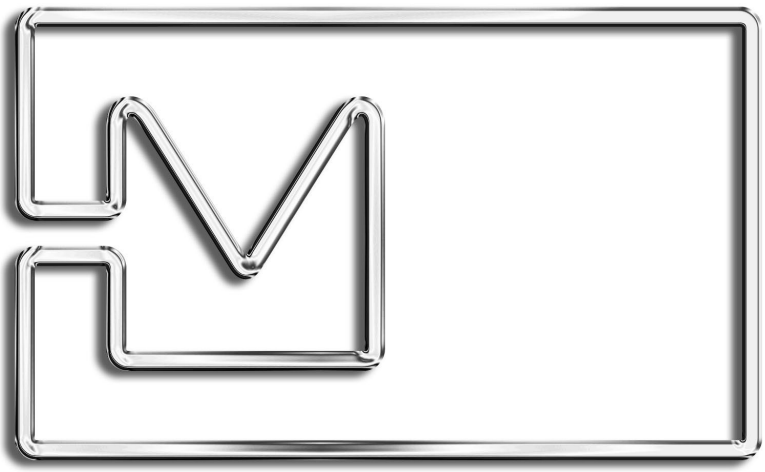
Charles S. Wallace
Chief Finanical Officer

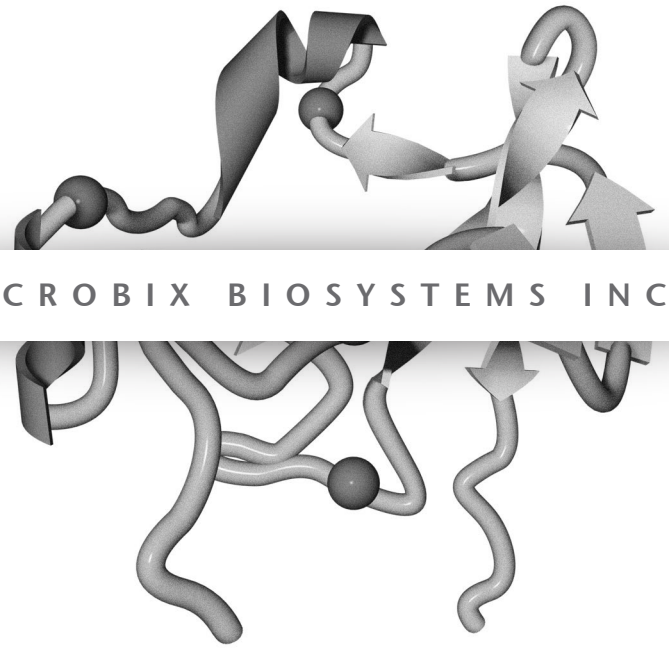
Dr. Mark Luscher
Senior Vice-President, Scientific Affairs

Phillip Casselli
Senior Vice-President, Sales & Business Development

Kevin J. Cassidy
Vice President, Biopharmaceuticals

Christopher B. Lobb
General Counsel & Secretary





MICROBIX BIOSYSTEMS INC.

Microbix
Biosystems Inc.

265 Watline Avenue,
Mississauga, Ontario
Canada L4Z 1P3
Tel: 905-361-8910
Fax: 905-361-8911
1-800-794-6694
Web Site: www.microbix.com