



**Nexia Biotechnologies Inc.**  
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## **Nexia Announces 2005 year end results**

(in Canadian dollars)

Montreal, Canada, September 23, 2005 — Nexia Biotechnologies Inc. ("Nexia") (NEX: NXB-H.V) today announced its May 31, 2005 year-end results.

The net income for the fiscal nine-months ended May 31, 2005 was \$11.8 million (income of \$0.50 per share) compared to a net loss of \$8.5 million (loss of \$0.36 per share) for the year ended August 31, 2004. The substantial variance is primarily due to the one-time \$16.0 million gain on the sale of substantially all of Nexia's operations and assets related to Protexia<sup>®</sup> to PharmAthene Inc ("PharmAthene"). On this transaction, Nexia received \$21.6 million, consisting of \$13.5 million in cash and \$8.1 million in PharmAthene equity. The proceeds of \$21.6 million, less transaction legal and professional fees amounting to \$1.0 million, less the net carrying value of the assets disposed of \$4.6 million, resulted in a net one-time gain of \$16 million. Reductions in spending, across all categories were primarily due to a shorter fiscal period, subsequent to the year-end change to May 31, as well as substantially reduced operations, after the completed asset sale transaction, early in the third and final quarter of fiscal 2005. In addition, there were no write-downs of intellectual property in 2005, compared to a substantial expense of \$1.18 million in 2004.

After the asset sale transaction, Nexia had the following assets: the PharmAthene equity, minimal BioSteel<sup>®</sup> assets, and working capital of approximately \$2.6 million as of May 31, 2005. The PharmAthene equity is being held in anticipation of an Initial Public Offering or other major liquidity event. Nexia's activities since early March 2005, after the completed asset sale transaction to PharmAthene, have been substantially reduced and are now limited to overseeing Nexia's investment in PharmAthene and very limited BioSteel<sup>®</sup> related activities. As a result, revenues and expenses have been substantially reduced in the period following the divestiture and are expected to remain at this substantially reduced level for the foreseeable future. Subsequent to March 14 2005, Nexia had no permanent full-time employees.

### **ABOUT NEXIA**

For more information, please visit Nexia's website at [www.nexiabiotech.com](http://www.nexiabiotech.com). Nexia's complete continuing disclosure documents, such as: the Annual Report including an update on the progress made by PharmAthene on Protexia<sup>®</sup> and Valortim<sup>®</sup>, as well as MD&A and Consolidated Financial Statements for the fiscal 2005 can be accessed through Company's securities filings at [www.sedar.com](http://www.sedar.com).

### **FORWARD-LOOKING STATEMENT AND OTHER IMPORTANT INFORMATION**

Except for the historical information presented herein, matters discussed herein may constitute forward-looking statements that are subject to certain risks and uncertainties that could cause actual results to differ materially from any future results, performance or achievements expressed or implied by such statements. Statements that are not historical facts, including statements preceded by, followed by, or that include the words "believes"; "anticipates"; "intends"; "plans"; "expects"; "estimates"; or similar statements are forward-looking statements. Such statements reflect management's current views and are based on certain assumptions. Actual results could differ materially from those currently anticipated as a result of a number of factors. Nexia specifically disclaims any obligation to update these forward-looking statements. Nexia assumes no responsibility with respect to any information contained herein relating to any entity other than itself. Website addresses referred to herein are provided for convenience purposes only and information contained therein is not incorporated herein by reference, nor does Nexia assume any responsibility in connection therewith. For more information, please visit [www.sedar.com](http://www.sedar.com). BioSteel<sup>®</sup> is a registered trademark of Nexia Biotechnologies Inc. in Canada.

### **CONTACT INFORMATION**

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