

Advitech

INTERIM REPORT
Nine-month period ended September 30, 2008

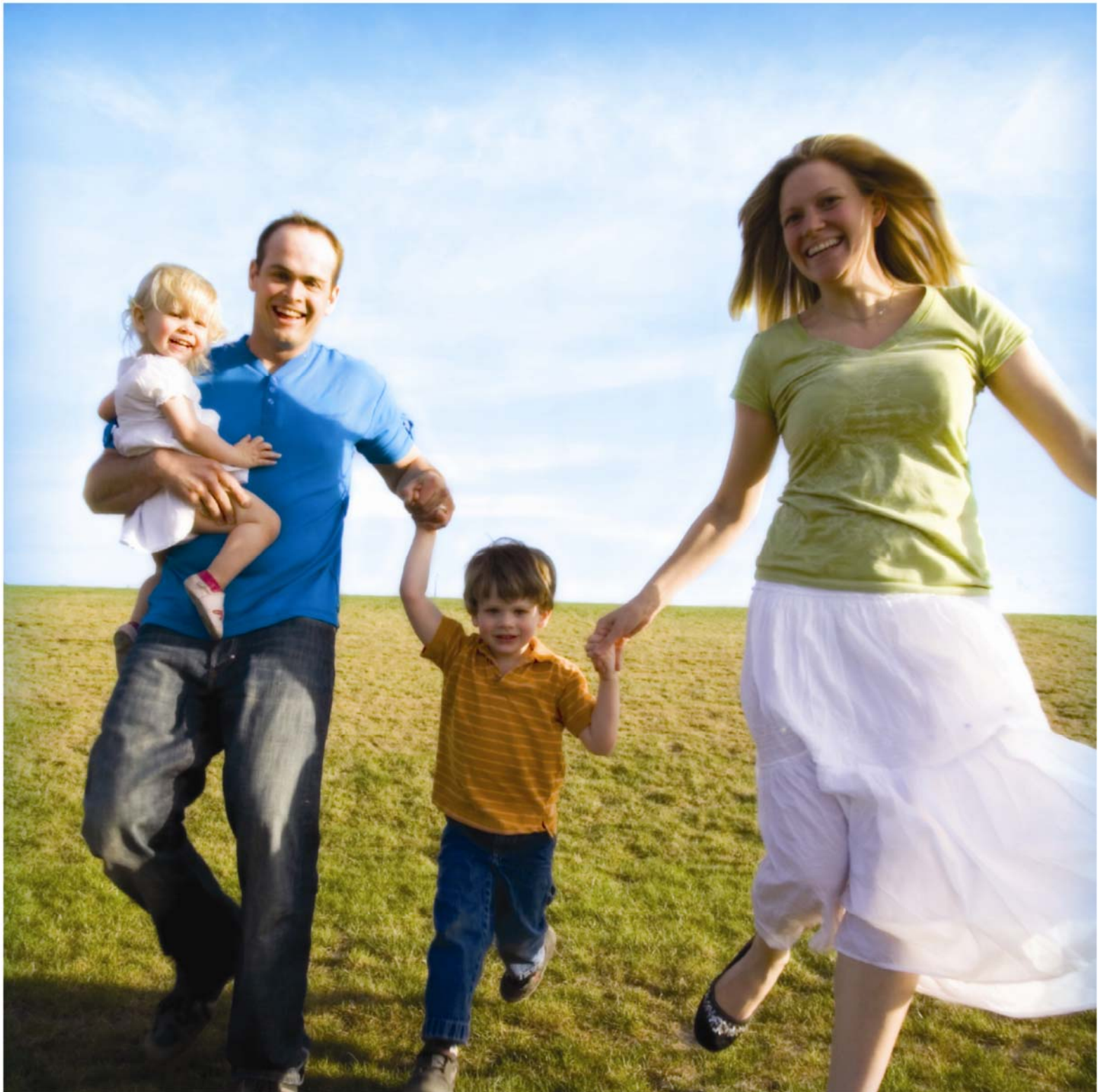


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Message to Shareholders

Dear Shareholders,

For the third quarter ended September 30, 2008, revenues were lower than expected. However, we have in hand a \$560,000 sales backlog for the last quarter of 2008 which, when added to the 2008 year-to-date sales of \$506,841, and to indications of interest from discussions with potential clients, should result in a an equivalent or better overall sales figure for fiscal 2008 compared to fiscal 2007. The forecasted revenues for fiscal 2008 fall short of our expectations however. The revenues forecast for the American market has not materialized, which has a direct impact on our 2008 results. Our American partner's sales have been strongly hampered by the economic crisis that occurred during the second part of this year. We are currently discussing with this partner the implementation of a 2009 plan aligned with our needs and expectations.

For the wound healing platform, we have concluded a collaboration agreement with Urgo Laboratories, a French company with European and American operations, operating exclusively in the wound healing market. This agreement with a major partner in wound healing was a significant milestone of our 2008 business plan, and will be, in our opinion, the cornerstone of our development in this new market.

The other points of interest for the last months are:

- The execution of a distribution agreement with P.L. Thomas & Co. (New Jersey), a leading U.S. distributor in the nutraceutical and cosmaceutical markets;
- Along with the P.L. Thomas agreement, Advitech has finalized a commercial project with Healthy Directions, a Washington, D.C. leader in direct marketing and health products sales. Healthy Directions, formerly Phillips Health, will market a product for the treatment of psoriasis in the first months of 2009;
- The regulatory approval of Dermylex® by the Mexican authorities. This approval will allow our Mexican partner, Darier Dermatology, to launch the product on the Mexican market within the first months of 2009;
- The ongoing discussions with Bailleul-Biorga with a view to finalize an agreement for the distribution of Dermylex® in three European markets.

Finally, we are currently in discussion with institutional financial partners to raise additional cash in the coming months.

(signed)
Renaud Beauchesne, MBA
President and Chief Executive Officer
November 25, 2008

Management's Discussion & Analysis

The following management's discussion and analysis of operation results and financial situation should be read in conjunction with the information from the Company's financial statements and related notes included in this report. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles. All amounts are expressed in Canadian dollars.

The information contained in this Management's Discussion and Analysis Report reflects all material events occurring up to November 25, 2008, on which date it was approved by the Board of Directors.

OVERVIEW

Advitech is a health sciences and technology company with a mission to discover and commercialize proprietary and evidence-based natural health products. Effective and safe, these products play a role in the prevention of immune-mediated inflammatory disorders, such as psoriasis, eczema and inflammatory bowel disease. Advitech produces Dermylex® for the treatment of mild-to-moderate psoriasis. Advitech has an ongoing research program to develop new applications related to wound healing. This development is derived from both its XP-828L and IM platforms. Advitech launched during 2008 a line of products for skin regeneration, remodeling and skin immune support and a line of bioactive growth factors targeting applications for the immune system and athletic performance.

HIGHLIGHTS

In the third quarter of 2008, the Company's revenues were \$133,443, a 64.6% decrease over the same quarter in 2007. The net loss for the third quarter of 2008 was \$424,633, a 40.6% increase over the same quarter in 2007. The 2008 sales expectations on the U.S. market have not materialized, which has a direct impact on our 2008 revenues.

During the third quarter of 2008, the Mexican authorities approved the sale of Dermylex®. This approval will allow the Mexican distributor, Darier Dermatology S.A. de C.V., to launch Dermylex® in Mexico at the beginning of 2009.

SUBSEQUENT EVENTS

In October 2008, the Company concluded a non-exclusive agreement with P.L. Thomas & Co. for the distribution of the Advitech compound from the XP-828L platform within the nutritional supplement fields in the U.S., with the exception of complementary alternative medicine channels. This agreement generated a \$88,000 sale in November 2008.

In November 2008, the Company concluded a collaboration agreement with Laboratoires Urgo, a leading French company in the wound healing market. This agreement, which relates to both IM and XP-828L platforms, will upgrade the Company's current R&D program on wound healing, and should end in 2009 with a development or a co-development agreement.

SELECTED FINANCIAL INFORMATION

Earnings	Three-month period ended September 30		Nine-month period ended September 30	
	2008	2007	2008	2007
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Total revenues	\$ 133,443	\$ 377,463	\$ 392,219	\$ 704,581
Net loss	\$ (424,633)	\$ (302,048)	\$ (1,402,073)	\$ (1,209,372)
Loss per share, basic and diluted	\$ (0.006)	\$ (0.004)	\$ (0.019)	\$ (0.018)

Balance sheet	Aa at September 30, 2008 (unaudited)	Aa at December 31, 2007 (audited)
Total assets	\$1,371,724	\$2,242,012
Long-term liabilities	\$2,077,925	\$1,710,064

RESULTS OF OPERATIONS

Period ended September 30, 2008 compared to the period ended September 30, 2007

Net loss amounted to \$424,633 for the quarter ended September 30, 2008, compared to a net loss of \$302,048 for the quarter ended September 30, 2007, an increase of \$122,585 or 40.6%. For the nine-month period ended September 30, 2008, the net loss amounted to \$1,402,073, compared to a net loss of \$1,209,372 for the corresponding period in 2007, an increase of \$192,701 or 15.9%.

Revenues

For the third quarter of 2008, revenues amounted to \$133,443 compared to \$377,463 for the same quarter in 2007, a decrease of \$244,020 or 64.6% explained mainly by the fact that the 2008 sales expectations in the U.S. market have not been met. For the nine-month period ended September 30, 2008, revenues amounted to \$392,219 compared to \$704,581 for the nine-month period ended September 30, 2007, a decrease of \$312,362 or 44.3% due to the delay in U.S. sales and due to the absence of royalties during the first three quarters of 2008, whereas in the corresponding period in 2007, an amount of \$100,000 of non-recurring royalties was generated by a discontinued Advitech product and by a licensing agreement on one of the Company's technology applications.

Operating expenses

For the quarter ended September 30, 2008, the gross margin on product sales, before royalties, amounted to \$62,202, or 46.6%, compared to a gross margin of \$175,220, or 53.5% for the quarter ended September 30, 2007. For the nine-month period ended September 30, 2008, the gross margin on product sales, before royalties, amounted to \$208,069, or 53.0%, compared to a gross margin of \$324,013, or 53.6%, for the corresponding period in 2007. The gross margin for the third quarter of 2008, in percentage, is lower due to a sale effected at a special price, which was lower than usual.

Sales, general and administrative (SG&A) expenses amounted to \$275,314 for the quarter ended September 30, 2008, compared to \$317,370 for the same quarter in 2007, a \$42,056 or 13.3% decrease resulting mainly from the termination of employment of the Chief Operating Officer. For the nine-month period ended September 30, 2008, SG&A expenses amounted to \$1,005,614 compared to \$906,315 for the same period in 2007, a \$99,299 or 11.0% increase resulting mainly from the addition of two senior resources in sales and marketing and from the increase in Dermylex® Quality Control expenses.

Research and development expenses were \$84,863 for the quarter ended September 30, 2008, compared to \$117,086 for the quarter ended September 30, 2007. The \$32,223 or 27.5% decrease is due to the termination of employment of the VP R&D who was replaced by the Company's Director of R&D. For the nine-month period ended September 30, 2008, research and development expenses were \$364,861 compared to \$476,673 for the corresponding period in 2007, a \$111,812 or 23.5% decrease resulting from staff transfer from R&D to Quality Control and from the lower expenses incurred for the clinical and preclinical development programs. Research and development tax credits and government grants totalled \$28,163 for the quarter ended September 30, 2008, compared to \$31,663 for the quarter ended September 30, 2007, a \$3,500 or 11.1% decrease. For the nine-month period ended September 30, 2008, research and development tax credits and government grants amounted to \$104,361 compared to \$142,824 for the corresponding period in 2007, a \$38,463 or 26.9% decrease.

Financial expenses amounted to \$129,836 for the quarter ended September 30, 2008, compared to \$94,596 for the corresponding period in 2007. The \$35,240 or 37.3% increase is due to an increase in interest on long-term debt tied in with the new financing with a Canadian chartered bank, to the lower interest revenues and to a higher foreign exchange loss resulting mostly from a 7% decrease of euro value during this period. For the nine-month period ended September 30, 2008, financial expenses amounted to \$282,547 compared to \$311,122 for the nine-month period ended September 30, 2007, a \$28,575 or 9.2% decrease mainly resulting from the non-recurrent charge reported in the second quarter of 2007 due to the renegotiation of the 2004 convertible debentures.

Cash flows

As at September 30, 2008, the Company had a cash position of \$398,001 (cash and cash equivalents), compared to \$916,285 as at June 30, 2008, a \$518,284 decrease resulting mainly from the operating activities during the third quarter of 2008.

Operating activities accounted for \$494,984 in cash decrease during the third quarter of 2008, represented by a net loss adjusted for items not affecting cash of \$369,219, and an increase in working capital requirements of \$125,765. Cash used for operations was mainly dedicated to research and development, commercialization activities and the underlying administrative structure. For the third quarter of 2007, operating activities used \$262,500 in cash represented by a net loss adjusted for items not affecting cash of \$215,200 and an increase in working capital requirements of \$47,300.

During the quarter ended September 30, 2008, cash used in investment activities amounted to \$19,272, which represents acquisition of fixed assets and intellectual property protection. For the third quarter of 2007, cash used in investment activities accounted for \$4,518.

The Company used \$4,028 in cash in financing activities during the quarter ended September 30, 2008. A new capital lease provided \$9,910, while \$13,938 were repaid on a term loan and on the capital leases. For the third quarter of 2007, an amount of \$5,628 was used in financing activities.

SUMMARY OF QUARTERLY RESULTS

Selected Financial Information
Unaudited
(\$)

	Quarters ended			
	September 30, 2008	June 30, 2008	March 31, 2008	December 31, 2007
Total revenues	133,443	181,478	77,298	405,576
Net loss	(424,633)	(534,520)	(442,920)	(140,381)
Loss per share, basic and diluted	(0.01)	(0.01)	(0.01)	(0.00)
	September 30, 2007	June 30, 2007	March 31, 2007	December 31, 2006
Total revenues	377,463	273,803	53,315	196,026
Net loss	(302,048)	(509,399)	(397,925)	(387,858)
Loss per share, basic and diluted	(0.00)	(0.01)	(0.01)	(0.01)

Quarterly variation analysis

Revenues for the quarter ended September 30, 2008 are low due to the fact that the 2008 sales expectations in the U.S. market have not been met. Revenues for the first two quarters of 2008 were lower than the preceding quarters because the volume of Dermylex® sales is higher in the last semester of each year, owing to the particular sales cycle of psoriasis products. Revenues growth through fiscal 2007 was driven by the Dermylex® sales which increased from quarter to quarter as a result of market development.

CONTRACTUAL OBLIGATIONS

In addition to the commitments disclosed in its audited financial statements for the year ended December 31, 2007, the Company entered into a R&D agreement with a subcontractor during the second quarter of 2008 regarding some services to be performed in 2008 and 2009, for which the Company agreed to pay \$96,200. The Ministère du Développement Économique, de l'Innovation et de l'Exportation du Québec granted the Company a grant that will cover 50% of this expense. In addition, in November 2008, the Company entered into a research agreement with the Centre Hospitalier Universitaire de Québec (CHUQ) regarding some services to be performed until the end of 2009 regarding the wound healing project, for which the Company agreed to pay \$39,226. Except for the above-mentioned commitments and guarantees, the Company has no operations or relationship with entities that could significantly affect its operating results, liquid assets or financial resources, or expose the Company to any liabilities not entered into the financial statements.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Total cash on hand as at September 30, 2008 was \$398,001 compared to \$916,285 as at June 30, 2008, a \$518,284 decrease resulting mainly from the operating activities during the third quarter of 2008.

Capital resources

The Company has an authorized bank loan for \$150,000 to finance research and development tax credits receivable related to 2007 fiscal year. A total of \$90,892 has been drawn on it and was still owed as at September 30, 2008.

The Company currently has a \$300,000 operating line of credit to finance operations and working capital requirements. The operating line of credit has not been used through the third quarter of 2008. The Company's cash has been sufficient for operations and working capital requirements.

Financing plan

In May 2008, the Company signed a loan agreement with a Canadian chartered bank. According to this agreement, the Company has access to an authorized \$500,000 bank loan, bearing interest at prime rate plus 2.25%, to finance 75% of its fiscal 2007 and fiscal 2008 business development, sales and marketing expenses. The amounts drawn against the loan are repayable over 48 months and secured by the Company's assets and a guarantee from Investissement Québec. As at September 30, 2008, an amount of \$390,884 had been drawn against this bank loan.

Financial ratios to maintain

Pursuant to the terms of the loan agreement and the credit facilities with a Canadian chartered bank, the Company shall:

- Maintain a Total Debt/Net Tangible Value ratio equal or less than 2.5:1. This ratio is checked yearly with the Company's audited financial statements. For new loan disbursements, this ratio is checked with the most recent internal financial statements. As at September 30, 2008, this ratio was 8.7:1. In the Company's audited financial statements as at December 31, 2007, this ratio was 0.4:1.
- Maintain a Working Capital ratio of 1.5:1 or better, checked yearly and upon every loan disbursement. As at September 30, 2008, this ratio was 2.0:1. In the Company's audited financial statements as at December 31, 2007, this ratio was 4.9:1.

OFF-BALANCE SHEET ARRANGEMENTS AND CONTINGENCIES

During the third quarter of 2008, the Company has not entered into any off-balance sheet arrangements.

GOING CONCERN

While the Financial Statements have been prepared on the basis of accounting principles applicable to a going concern, some conditions and events cast doubt upon the validity of this going concern assumption. As a development stage company, the Company's continued existence depends on its ability to develop and commercialize its products, and, as required, to obtain regulatory authorities approvals for its products in the specific geographical markets, as well as to obtain financial support from its shareholders.

If the going concern assumption were not appropriate for these Financial Statements, adjustments would be necessary in the carrying values of assets and liabilities, the reported net results and the balance sheet classifications used.

INFORMATION ON OUTSTANDING SHARES

As at November 25, 2008, the number of outstanding common shares was 73,131,719. With the addition of potential shares per the convertible debentures, warrants and options, the number of shares, on a fully diluted basis, is 103,780,507, as detailed in the following table:

Outstanding common shares as at November 25, 2008	73,131,719
Options granted pursuant to the Stock Options Plan	2,982,190
Conversion Rights of the June 2006 convertible debentures (Conversion price at \$0.22)	1,136,364
Conversion Rights of the 2007 convertible debentures (Conversion price at \$0.20)	8,365,000
Warrants pursuant to the December 2006 private placement (Conversion price at \$0.15)	6,447,500
Warrants pursuant to the March 2007 private placement (Conversion price at \$0.25)	3,634,400
Warrants pursuant to the April 2007 private placement (Conversion price at \$0.19)	8,083,334
Balance as at November 25, 2008	103,780,507

CHANGES IN ACCOUNTING POLICIES

On January 1st, 2008, the Company adopted four new accounting standards: Section 1535, Capital Disclosure, Section 3862, Financial Instruments – Disclosure, Section 3863, Financial Instruments – Presentation, and Section 3031, Inventories. The prior year’s comparative figures have not been restated.

CAPITAL DISCLOSURE

Section 1535 establishes the required disclosure concerning the Company’s objectives, policies and procedures for managing capital, quantitative data about what the Company regards as capital, whether the Company has complied with any capital requirements and the consequences of non-compliance with such capital requirements. The Company discloses information on its capital in the note 5 of the interim financial statements.

FINANCIAL INSTRUMENTS – DISCLOSURE AND PRESENTATION

Section 3862 and 3863 replace section 3861, Financial Instrument – Disclosure and Presentation, revising and enhancing its disclosure requirements. Section 3862 and 3863 will increase the emphasis on disclosure that enable users of financial statements to evaluate the nature and extent of risks arising from financial instruments to which the Company is exposed and how the Company manages those risks. The adoption of these sections did not have any impact on the Company’s interim financial statements.

INVENTORIES

Section 3031 provides guidance on the determination of cost and its subsequent recognition as an expense, including any write-down to net realizable value. It also provides guidance on the cost formulas that are used to assign costs to inventories. The adoption of this section did not have any impact on the Company’s interim financial statements.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

In 2008, the Canadian Accounting Standards Board confirmed that the use of International Financial Reporting Standards (“IFRS”) would be required for Canadian publicly accountable enterprises for years beginning on or after January 1, 2011. The Company is currently evaluating the impact of adopting IFRS on its financial statements.

FINANCIAL INSTRUMENTS

There has been no change during the third quarter of 2008 in the classification of the Company's financial instruments. There has been no significant change in the risks related to these financial instruments during the third quarter of 2008.

RISKS FACTORS

There has been no significant change during the third quarter of 2008 in the Company's risk factors and uncertainties. These risks factors are described in the Company's 2007 Annual Report available on SEDAR website at: www.sedar.com.

INFORMATION DISCLOSURE CONTROLS AND PROCEDURES

The preparation of the Interim Report is supported by a set of disclosure controls and procedures under management's responsibility. In 2007, this control structure was reviewed and the effectiveness of its design and operation was evaluated by the management. This evaluation confirmed the effectiveness of the design and operation of disclosure controls and procedures as at December 31, 2007. Moreover, there was no important change in the Company's internal control on financial information during the third quarter of 2008. The Company's management can therefore provide reasonable assurance that material information relating to the Company is reported to it on a timely basis so that it may provide investors with complete and reliable information.

Lastly, this Interim Report was reviewed by the Audit Committee, and the Board of Directors approved it prior to its publication.

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements which reflect the Company's current expectations regarding future events. These forward-looking statements involve risks and uncertainties. Actual results may differ materially from those projected herein and depend on a number of factors, including, but not limited, to the successful and timely completion of pre-clinical and clinical studies, uncertainties related to the regulatory process, the commercialization of products, the difficulty of predicting demand for products, the impact of competitive products, the availability of raw materials, the protection of intellectual property and fluctuations in operating results. The reader is cautioned not to rely only on these forward-looking statements.

Additional information on the Company may be obtained on SEDAR website at: www.sedar.com.

(signed)
Christian Labbé, Adm.A.
Finance Director
Acting as Chief Financial Officer
November 25, 2008

INTERIM STATEMENTS OF EARNINGS AND COMPREHENSIVE INCOME

	Three-month period ended September 30		Nine-month period ended September 30	
	2008 (unaudited)	2007 (unaudited)	2008 (unaudited)	2007 (unaudited)
Revenues				
Products	\$ 133,443	\$ 327,463	\$ 392,219	\$ 604,581
Royalties	-	50,000	-	100,000
	133,443	377,463	392,219	704,581
Operating Expenses				
Cost of products	71,241	152,243	184,150	280,568
Royalties on products sales	6,013	13,703	16,470	26,206
Sales, general and administrative expenses	275,314	317,370	1,005,614	906,315
Research and development expenses, net of grants and tax credits	56,699	85,423	260,500	333,849
Financial expenses	129,836	94,596	282,547	311,122
Depreciation of fixed assets	7,908	3,532	14,395	10,586
Amortization of intangible assets	5,572	4,136	15,834	12,158
Stock-based compensation	5,493	8,508	14,782	33,149
	558,076	679,511	1,794,292	1,913,953
Net Loss	\$ (424,633)	\$ (302,048)	\$ (1,402,073)	\$ (1,209,372)
<i>Further information on the earnings (note 11)</i>				
Loss per share, basic and diluted (note 9)	\$ (0.006)	\$ (0.004)	\$ (0.019)	\$ (0.018)

INTERIM STATEMENTS OF CONTRIBUTED SURPLUS

	Three-month period ended September 30		Nine-month period ended September 30	
	2008 (unaudited)	2007 (unaudited)	2008 (unaudited)	2007 (unaudited)
Balance, beginning of the period	\$ 1,634,982	\$ 1,606,493	\$ 1,625,693	\$ 875,964
Warrants issued upon issue of the Units	-	-	-	585,888
Equity component of renegotiated convertible debentures	-	-	-	120,000
Stock-based compensation	5,493	8,508	14,782	33,149
Balance, end of the period	\$ 1,640,475	\$ 1,615,001	\$ 1,640,475	\$ 1,615,001

INTERIM STATEMENTS OF DEFICIT

	Three-month period ended September 30		Nine-month period ended September 30	
	2008 (unaudited)	2007 (unaudited)	2008 (unaudited)	2007 (unaudited)
Balance, beginning of the period	\$ (12,399,540)	\$ (10,979,671)	\$ (11,422,100)	\$ (9,986,726)
Changes in accounting policies	-	-	-	44,894
Shares issue expenses	-	-	-	(115,110)
Convertible debentures issue expenses	-	-	-	(15,405)
Net loss	(424,633)	(302,048)	(1,402,073)	(1,209,372)
Balance, end of the period	\$ (12,824,173)	\$ (11,281,719)	\$ (12,824,173)	\$ (11,281,719)

The accompanying notes are an integral part of these interim financial statements

INTERIM BALANCE SHEETS

	As at September 30, 2008 (unaudited)	As at December 31, 2007 (audited)
ASSETS		
Current assets		
Cash and cash equivalents	\$ 398,001	\$ 1,158,459
Accounts receivable	299,433	591,973
Tax credits receivable	211,366	125,571
Inventories	181,043	145,602
Prepaid expenses	35,741	39,798
	1,125,584	2,061,403
Fixed assets	52,463	43,552
Intangible assets	193,677	137,057
	1,371,724	2,242,012
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Bank loan (note 6)	90,892	90,892
Accounts payable and accrued liabilities	314,455	267,103
Deferred revenues and grants	24,000	15,727
Current portion of long-term debt (note 7)	142,424	48,907
	571,771	422,629
Long-term debt (note 7)	484,408	187,884
Convertible debentures	1,593,517	1,522,180
	2,649,696	2,132,693
Shareholders' equity		
Share capital	9,392,526	9,392,526
Contributed surplus	1,640,475	1,625,693
Equity component of convertible debentures	513,200	513,200
Deficit	(12,824,173)	(11,422,100)
	(1,277,972)	109,319
	\$ 1,371,724	\$ 2,242,012

Going concern (note 3)
Commitments and guarantees (note 10)

The accompanying notes are an integral part of these interim financial statements

On behalf of the Board,

(signed)

Renaud Beauchesne, MBA
Director
President and Chief Executive Officer

(signed)

Pierre Labbé, CA
Director
President of Audit Committee

INTERIM STATEMENTS OF CASH FLOWS

	Three-month period ended September 30		Nine-month period ended September 30	
	2008 (unaudited)	2007 (unaudited)	2008 (unaudited)	2007 (unaudited)
OPERATING ACTIVITIES				
Net Loss	\$ (424,633)	\$ (302,048)	\$ (1,402,073)	\$ (1,209,372)
Adjustments for items not affecting cash				
Stock-based compensation	5,493	8,508	14,782	33,149
Interest charged & capitalized	36,441	70,672	81,241	125,823
Loss resulting from the renegotiation of debenture	-	-	-	73,320
Depreciation of fixed assets	7,908	3,532	14,395	10,586
Amortization of intangible assets	5,572	4,136	15,834	12,158
	(369,219)	(215,200)	(1,275,821)	(954,336)
Change in non-cash working capital items				
Accounts receivable and prepaid expenses	8,793	(19,174)	296,597	(160,686)
Tax credits receivable	(21,510)	(21,105)	(85,795)	32,730
Inventories	(104,830)	61,048	(35,441)	(41,114)
Accounts payable, accrued liabilities and deferred revenues	(8,218)	(68,069)	55,625	(36,709)
	(125,765)	(47,300)	230,986	(205,779)
	(494,984)	(262,500)	(1,044,835)	(1,160,115)
INVESTING ACTIVITIES				
Additions to fixed assets	(10,255)	(356)	(23,306)	(4,918)
Increase in intangible assets	(9,017)	(4,162)	(72,454)	(39,872)
	(19,272)	(4,518)	(95,760)	(44,790)
FINANCING ACTIVITIES				
Repayment of long-term debt	(12,403)	(11,008)	(36,127)	(11,008)
Increase in long term debt (note 7)	-	5,380	398,384	27,903
Issue of Units	-	-	-	1,406,128
Convertible debentures issue	-	-	-	948,000
Convertible debentures and shares issue expenses	-	-	-	(130,515)
New capital lease	9,910	-	19,933	-
Repayment of capital lease	(1,535)	-	(2,053)	-
	(4,028)	(5,628)	380,137	2,240,508
Increase (decrease) in cash and cash	(518,284)	(272,646)	(760,458)	1,035,603
Cash and cash equivalents - beginning of period	916,285	1,909,624	1,158,459	601,375
Cash and cash equivalents - end of period	\$ 398,001	\$ 1,636,978	\$ 398,001	\$ 1,636,978
Additional information : Interest paid	\$ 74,808	\$ 12,472	\$ 212,570	\$ 63,181
Cash and cash equivalents				
Cash	\$ 23,979	\$ 141,978	\$ 23,979	\$ 141,978
Temporary investments	374,022	1,495,000	374,022	1,495,000
	\$ 398,001	\$ 1,636,978	\$ 398,001	\$ 1,636,978

The accompanying notes are an integral part of these interim financial statements

NOTES TO INTERIM FINANCIAL STATEMENTS (UNAUDITED)

Periods ended September 30, 2008 and 2007

1. INTERIM FINANCIAL INFORMATION

The financial information as at September 30, 2008 and for the three-month and nine-month periods ended September 30, 2008 and 2007 is unaudited and has not been examined by the Company's external auditors. However, in the opinion of management, all adjustments necessary to present fairly the results of these periods have been included. The adjustments made were of a normal recurring nature. Interim results may not necessarily be indicative of results for the year.

These unaudited interim consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles and use the same accounting policies and methods used in the preparation of the Company's most recent annual financial statements, except for the new accounting standards as disclosed in note 4. All disclosures required for annual financial statements have not been included in these financial statements. These unaudited interim financial statements should therefore be read in conjunction with the Company's most recent audited annual financial statements.

2. STATUTES AND NATURE OF ACTIVITIES

The Company is specialized in the research, development and commercialization of nutraceutical ingredients and products.

The Company was created on June 30, 2004, pursuant to Canadian Business Corporations Act (CBCA) as a result of the amalgamation of Dupont Capital Inc., a capital pool company, and Advitech Solutions Inc., a company incorporated on May 31, 1995, under the CBCA.

3. GOING CONCERN

While the Financial Statements have been prepared on the basis of accounting principles applicable to a going concern, some conditions and events cast doubt upon the validity of this assumption. As a development stage company, the Company's continued existence depends on its ability to develop and commercialize its products, and, as required, to obtain regulatory authorities approvals for its products in the specific geographical markets, as well as to obtain financial support from its shareholders.

If the going concern assumption were not appropriate for these Financial Statements, adjustments would be necessary in the carrying values of assets and liabilities, the reported net results and the balance sheet classifications used.

4. CHANGES IN ACCOUNTING POLICIES

On January 1, 2008, the Company adopted four new accounting standards: Section 1535, Capital Disclosure, Section 3862, Financial Instruments – Disclosure, Section 3863, Financial Instruments – Presentation, and Section 3031, Inventories. The prior year's comparative figures have not been restated.

CAPITAL DISCLOSURE

Section 1535 establishes the required disclosure concerning the Company's objectives, policies and procedures for managing capital, quantitative data about what the Company regards as capital, whether the Company has complied with any capital requirements and the consequences of non-compliance with such capital requirements. See note 5.

FINANCIAL INSTRUMENTS – DISCLOSURE AND PRESENTATION

Section 3862 and 3863 replace section 3861, Financial Instrument – Disclosure and Presentation, revising and enhancing its disclosure requirements. Section 3862 and 3863 will increase the emphasis on disclosure that enable users of financial statements to evaluate the nature and extent of risks arising from financial instruments to which the Company is exposed and how the Company manages those risks. The adoption of these sections did not have any impact on the Company's interim financial statements.

INVENTORIES

Section 3031 provides guidance on the determination of cost and its subsequent recognition as an expense, including any write-down to net realizable value. It also provides guidance on the cost formulas that are used to assign costs to inventories. The adoption of this section did not have any impact on the Company's interim financial statements.

5. CAPITAL DISCLOSURE

The Company's objective in managing capital is to ensure a sufficient liquidity position to finance its research and development activities, sales, general and administrative expenses, working capital and overall capital expenditures, including those associated with patents and trademarks. In the management of capital, the Company includes shareholders' equity, long-term debt, convertible debentures, and cash and cash equivalents.

Historically, the Company has financed its activities through rounds of public and private financing as well as by obtaining tax credits and government grants. According to its capacities and prevailing market conditions, the Company could finance its activities and long-term assets through long-term debt and shares issuance.

The Company monitors capital in the light of its monthly burn rate and short-term obligations linked to its financial liabilities. The capital management objective of the Company remains the same as that of previous years. Under its credit facilities, the Company must meet certain covenants, including certain financial ratios. As at September 30, 2008, the Company was in compliance with these financial ratios. The Company is not subject to any capital requirements imposed by any regulators.

6. BANK LOAN AND CREDIT FACILITIES

The Company has access to an authorized \$300,000 credit line secured by the accounts receivable. The amounts drawn against the credit line bear interest at prime rate plus 1.50%. As at September 30, 2008, the credit line was not used.

The Company has access to an authorized \$150,000 bank loan to finance a maximum of 75% of 2007 research and development tax credits receivable. The amounts drawn against this loan, bearing interest at prime rate plus 2.5%, are secured by the accounts receivable including research and development tax credits receivable. As at September 30, 2008, an amount of \$90,892 was drawn against this credit facility.

7. LONG-TERM DEBT

	As at September 30, 2008 (unaudited)	As at December 31, 2007 (audited)
Commercial loan, without interest, to be repaid in four equal annual consecutive payments from March 1st, 2010	\$ 45,702	\$ 38,202
Participative loan, bearing interest at 12%, to be repaid in 48 equal payments of \$5,857 from July 2007	141,524	177,651
Authorized \$500,000 bank loan, bearing interest at prime rate plus 2.25%, with a 6-month moratorium on capital, to be repaid over 48 months, and secured by the Company's assets and by a guarantee from Investissement Québec	390,884	-
Capital lease for office equipment, 10.83%, repayable in quarterly instalments of \$760, including interest, maturing in March 2012	8,973	-
Capital lease for computer equipment, 15.67%, repayable in monthly instalments of \$342, including interest, maturing in July 2011	8,907	-
Charged interest	30,842	20,938
	626,832	236,791
Current portion of long-term debt	142,424	48,907
	\$ 484,408	\$ 187,884

The commercial loan is authorized at \$100,000. As at September 30, 2008, \$100,000 was drawn against the commercial loan. The total government grant recognized in regard of the fact the loan is interest free is \$54,298. Interest expense on the commercial loan is calculated using the effective interest rate method.

8. STOCK OPTIONS PLAN

The Company has a Stock Options Plan (the "Plan") reserving for issue 5,400,000 common shares. Under the Plan, the Board of Directors may grant, at its discretion, options to purchase shares to certain employees, officers, directors and consultants of the Company. The exercise price is established by the Board of Directors.

The Company's outstanding stock options as at September 30, 2008 and changes that occurred during the first, the second and the third quarters of 2008, and the outstanding stock options as at December 31, 2007 and changes that occurred during the year then ended are as follows:

	Nine-month period ended September 30, 2008 (unaudited)		Year ended December 31, 2007 (audited)	
Stock options plan	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of the period	3,301,096	\$ 0.21	3,110,262	\$ 0.21
- Granted	297,000	0.15	589,000	0.20
- Cancelled	(565,906)	0.18	(398,166)	0.19
Outstanding, end of the period	3,032,190	\$ 0.21	3,301,096	\$ 0.21
Exercisable, end of the period	2,394,857	\$ 0.23	2,469,598	\$ 0.22

The following table summarizes information relating to the stock options outstanding as at September 30, 2008:

Stock options plan	Outstanding options as at September 30, 2008 (unaudited)		Exercisable options as at September 30, 2008 (unaudited)	
	Number of options	Weighted average remaining life (years)	Number of options	Weighted average remaining life (years)
- Exercisable price \$0.15	640,000	3.8	228,667	2.9
- Exercisable price \$0.20	515,190	3.2	289,190	2.7
- Exercisable price \$0.22	601,000	1.4	601,000	1.4
- Exercisable price \$0.25	1,276,000	0.7	1,276,000	0.7
	3,032,190	1.9	2,394,857	1.3

During the three first quarters of 2008, the Company granted 297,000 options to certain directors and officers. The fair value of each granted option was determined using the Black-Scholes option pricing model and the following weighted average assumptions:

Risk-free interest rate	3.11%
Expected volatility	137%
Expected life	5 years
Expected dividend yield	0%
Fair value of granted options	\$0.05

9. LOSS PER SHARE

The following table shows the reconciliation between basic and diluted loss per share:

	Three-month period ended September 30		Nine-month period ended September 30	
	2008 (unaudited)	2007 (unaudited)	2008 (unaudited)	2007 (unaudited)
Net loss	\$ (424,633)	\$ (302,048)	\$ (1,402,073)	\$ (1,209,372)
Weighted average number of outstanding shares - basic and diluted	73,131,719	73,006,719	73,131,719	68,181,920
Net loss per share basic and diluted	\$ (0.006)	\$ (0.004)	\$ (0.019)	\$ (0.018)

Loss per share is calculated using the weighted average number of outstanding shares during the year. The weighted average number of outstanding shares is the same for both basic and diluted per-share calculations since the potential addition of shares in regards with convertible debentures, options and warrants is anti-dilutive.

10. COMMITMENTS AND GUARANTEES

In addition to the commitments disclosed in its 2007 Annual Report, the Company entered into a R&D agreement with a subcontractor during the second quarter of 2008 regarding some services to be performed in 2008 and 2009 for which the Company agreed to pay \$96,200. The Ministère du Développement Économique, de l'Innovation et de l'Exportation du Québec granted the Company a grant that will cover 50% of this expense.

11. FURTHER INFORMATION ON THE EARNINGS

	Three-month period ended September 30		Nine-month period ended September 30	
	2008 (unaudited)	2007 (unaudited)	2008 (unaudited)	2007 (unaudited)
Sales and marketing expenses				
Government assistance	\$ 4,770	\$ 5,896	\$ 16,755	\$ 32,890
Research and development expenses				
Government assistance	\$ 6,653	\$ 10,558	\$ 18,566	\$ 26,995
SR&ED tax credits	\$ 21,510	\$ 21,105	\$ 85,795	\$ 115,829
Financial expenses				
Foreign exchange gain (loss)	\$ (16,527)	\$ (8,674)	\$ 15,756	\$ (13,775)
Interest revenues	\$ 3,981	\$ 16,301	\$ 17,010	\$ 35,766

12. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with to the current year's presentation.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Claude R. Livernoche, eng., MBA^{1,2,3}
Chairman
Corporate Director

Renaud Beauchesne, MBA
President and CEO
Advitech inc.

Germain Carrière, MBA^{1,2}
President and COO
Desjardins Securities inc.

Pierre Labbé, CA¹
Vice-President and CFO
Medicago inc.

Colin Bier, Ph.D.^{2,3}
Corporate Director

Richard Bordeleau³
Executive Vice-President
Biocad Medical inc.

¹ Audit Committee

² Human Resources and Corporate
Governance Committee

³ Strategic Planning Committee

SCIENTIFIC ADVISORY COMMITTEE

Robert Béland, B.Sc.
Senior Vice-President
MDS Pharma Inc., USA

Dr Jean-Paul L. Marty, Ph.D.
Professor, Faculty of Pharmacy
University of Paris-Sud, France

Dr Fernand Labrie, OC, OQ, MD, Ph.D.
Director of Research
CHUL Research Center (CHUQ)

Dr Christina Juneau, Ph.D.
Executive Vice-President
JSS Medical Research

MANAGEMENT TEAM

Renaud Beauchesne, MBA
President
Chief Executive Officer

Réjean Drouin, Ph.D.
Vice-President
Research and Development

Luc Clouâtre
Vice-President
Business Development, Sales and
Marketing

Christian Labbé, Adm.A.
Finance Director

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Dr Yves Pouliot, Ph.D.
Professor
Laval University, Québec, Canada

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Dr Howard Maibach
Professor, Department of Dermatology
University of San Francisco, CA, USA

Dr Georges M. Halpern, MD, Ph.D.
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TSX Venture Exchange
Stock Symbol: AVI

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