Trading Symbols: ZEN and ZEN.NV.A
on the Toronto Stock Exchange

FOR IMMEDIATE RELEASE

ZENON Makes Progress on Manufacturing Line but Reports Loss for Third Quarter

OAKVILLE, Ontario, November 8, 2005 – ZENON, the leading innovator of membrane-based water filtration technologies, is on track to resolve its manufacturing problems but reports shortfall in both revenue and earnings as a result of production delays.

For the three months ended September 30:

	2005	2004	Change
($000's)			
Revenue	**57,619**	58,881	-2%
Operating income (loss) before income taxes	**(5,765)**	3,241	-278%
Net income (loss)	**(4,722)**	2,583	-283%
Net earnings (loss) per share:			
Basic	**($0.14)**	$0.08	-275%
Fully diluted	**($0.14)**	$0.08	-275%

For the nine months ended September 30:

	2005	2004	Change
($000's)			
Revenue	**171,418**	168,443	2%
Operating income (loss) before income taxes	**(2,488)**	12,665	-120%
Net income (loss)	**(2,084)**	10,379	-120%
Net earnings (loss) per share:			
Basic	**($0.06)**	$0.35	-117%
Fully diluted	**($0.06)**	$0.34	-118%

"Our third quarter financial results are very disappointing," stated Andrew Benedek, ZENON Chairman and CEO. "We have had a significant setback in converting the manufacturing line for our ZeeWeed® 1000 membrane product, but we are continuing to make progress each day on resolving these issues. We are now delivering good quality product to our customers and hope to achieve our targeted capacity by year end."

Revenue for the quarter fell 2% from a year ago to $57.6 million, resulting in a net loss of $4.7 million or $0.14 per share. On a year-to-date basis, the company reported a net loss of $2.1 million or $0.06 per share.

According to Mr. Benedek, although the majority of the production problems have been resolved and the ramp-up is mostly complete, the company continued to incur production delays subsequent to the end of the third quarter and these are expected to affect ZENON’s fourth quarter results.

“The financial shortfall of the third quarter has not impacted ZENON’s ability to win orders,” said Mr. Benedek. “In fact I’m happy to report that our bookings in the quarter were $81 million, which is a 47% growth over the same period last year.”

In the last two quarters alone, the company has booked new orders worth $200 million, bringing the year-to-date total to $255 million or a 22% increase over the first three quarters of 2005. ZENON’s backlog also continues to grow, reaching $386 million at the end of the third quarter.

The need for consistently reliable water quality is growing worldwide in all market sectors. Municipalities as well as industries are under increasing pressure from water quality regulators to remove dissolved metals like selenium, arsenic, mercury, along with nitrates and other inorganic contaminants from the water stream. For example, according to the US Environmental Protection Agency, prolonged exposure to elevated levels of selenium can potentially harm kidney and liver tissue, in addition to the potentially negative health effects it can have on the nervous and circulatory systems.

Existing methods of metal removal entail physical and/or chemical processes, which involve higher chemical costs and generate a significant amount of sludge that requires proper disposal. In addition to the higher costs, these methods are also ineffective at achieving the consistently lower levels being enforced by regulators today. In the search for a better and more cost effective solution to this problem, ZENON invested in Applied Biosciences, an advanced biological wastewater treatment company that specializes in metal removal processes. In the quarter, ZENON acquired Applied Biosciences for total consideration of $2.5 million.

“We see a growing need for this technology in both the municipal and industrial market sectors,” commented Mr. Benedek. “We believe this partnership will further expand ZENON’s market sectors with applications in treating ground water contaminated with metals to drinking water aquifers with high levels of nitrate and perchlorate, to utilities facing issues related to the treatment of Flue Gas Desulfirization.”

Since the acquisition, ZENON has already received two orders involving metal removal for a total value of approximately $8 million.

Subsequent to the quarter end, ZENON announced that the company was selected to supply its membrane system to the world’s largest drinking water plant to be built in Twin Oaks Valley, CA. Treating up to 100 million gallons of water per day (378,500 cubic metres per day), the new plant will be engineered with ZENON’s new ZeeWeed® 1000 version 3 membranes. Work on the new plant is already underway due to the urgent need for clean water in the area and is expected to be completed by the beginning of 2008.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a discussion of the consolidated financial condition and results of operations of ZENON Environmental Inc. for the period ended September 30, 2005. This discussion should be read in conjunction with: the Unaudited Interim Consolidated Financial Statements of the company and notes thereto for September 30, 2004, "Management's Discussion and Analysis" for December 31, 2004, included in the Annual Report of the company for the year ended December 31, 2004; and with the Audited Consolidated Financial Statements and notes thereto for the year ended December 31, 2004. ZENON's auditors have not carried out a review of the quarterly financial information.

Certain information contained in this "Management's Discussion and Analysis" contains forward-looking statements based on the company's estimates and assumptions, which are subject to risks and uncertainties. This could cause the company's actual results to differ materially from the forward-looking statements contained in this discussion.

Operating Results

During the quarter, the company continued to incur delays in production in shifting from the ZeeWeed® 1000 version 2 series to the ZeeWeed® 1000 version 3 (V3). The loss in production at our Burlington membrane production plant was the main reason for the company's net loss of $4.7 million in the quarter. The company continued to incur further delays in achieving its targeted production capacity in October that will also negatively impact fourth quarter results. Good product is now being made and we are filling customer orders with product that meets the company's new and more stringent product quality standards. Production continues to ramp up and we expect to achieve targeted production levels by the end of 2005. In addition, manufacturing capacity will be increased in 2006 to satisfy our current and future order demand and make up for all products delayed in 2005.

With order bookings in the quarter of $81 million, backlog grew to $386 million, a 47% increase over last year. However, as a result of the production delays in the quarter, revenue at $57.6 million was slightly below last year's level of $58.9 million. The shortfall in V3 production resulted in a loss in revenue of between $8 million - $9 million. On a year-to-date basis, the loss of V3 production, relating to the second and third quarters, has resulted in revenue growth of only 2% over last year. Revenue increase in the fourth quarter is expected to be closer to our normal revenue growth patterns. However, we do not expect to achieve our previously stated target of 20% - 30% revenue growth on a year-over-year basis.

North America Systems' revenue for the quarter at $38.0 million was $8.3 million below last year as a result of our V3 production issues. International Systems' business revenue at $16.9 million for the quarter was $5.2 million above last year. The majority of the International Systems' business increase relates to sales in Asia.

Gross profit for the quarter as a percentage of revenue was 29.0% compared to 34.6% last year and 35.5% on a year-to-date basis, compared to 38.5% for 2004. The margins for the quarter and year-to-date have been impacted by the V3 production and high scrap rates. In addition, in light of the higher product costs being incurred for the V3 production, the company reduced gross profit by an additional $1.8 million for current and future project specific losses. Margin percentages were also reduced as a result of project timing, including third party materials in North America with lower markups, which had a higher weighting in the cost base. With the most recent strengthening of the Canadian dollar, we are seeing some pressure on our U.S. generated margins.

The lower revenue in the quarter and the year-to-date also impacted selling, general and administrative (SG&A) expenses as a percent of revenue. SG&A costs were 31.7% of revenue for the quarter (2004 – 24.3%) and 30.9% for the year (2004 – 25.3%). Management is still committed to achieving 25% or lower SG&A as a percent of revenue, however, the V3 production issues this year will prevent us from achieving this objective in 2005. As mentioned in the last quarter's discussion, we have invested in new sales offices throughout the world this year, which are not fully recovering their costs at this time. These additional sales costs have increased the overall SG&A expense higher than would normally be expected. Also, included in SG&A costs are legal costs for the U.S. Filter and Enviroquip lawsuits, which amounted to $551,000 (2004 - $748,000) for the quarter and $3.4 million (2004 - $1.7 million) for the year-to-date. As we advised last quarter, the Envrioquip litigation has been settled between the two parties.

Amortization expense in the quarter includes approximately $500,000 for manufacturing equipment that was made redundant in the quarter, as a result of the company's focus to improve the production efficiency of the ZeeWeed® 500 series of membranes. Excluding this one-time charge, amortization has increased slightly, reflecting additional production capacity being commercialized in the quarter.

As a result of the problems encountered in the third quarter, the company had an operating loss of $5.8 million. A tax rate of 18.1%, which is relatively consistent with prior quarters, resulted in a net loss for the quarter of $4.7 million ($0.14 per share) and $2.1 million ($0.06 per share) loss year-to-date.

Liquidity and Capital Expenditures

The company used $20.4 million of cash, net of increases in marketable securities, in the quarter and $53.9 million on a year-to-date basis. The two major areas of utilization for the quarter and year-to-date were working capital increases and investment in capital and other assets. Also, as a result of our net loss, the decrease in cash from operating activities before working capital charges has significantly impacted our ability to generate funds compared to last year.

Cash flow used in operating activities totaled $7.6 million in the quarter of which increases in non-cash working capital amounted to $6.3 million ($24.8 million year-to-date). Unbilled revenue decreased in the quarter by $8.2 million as a result of strong billings to customers in the latter part of the quarter, resulting in an increase in accounts receivable of $15.2 million.

In the quarter, we invested $4.9 million in capital assets ($20.5 million year-to-date) and $2.5 million in an acquisition. The major portion of the capital expenditures occurred in our manufacturing plant in Hungary for improvements to our ZeeWeed® 500 membrane production lines and at our Burlington manufacturing plant for the introduction of the V3 product. The acquisition relates to the further investment in the development of our ZeeWeed® 1000 membrane and our new investment in metal removal processes. In July, the company acquired all the shares of Applies Biosciences, an advanced biological wastewater treatment company specializing in metal removal processes for a cash purchase price of $2.5 million. The full amount of the purchase price plus a deferred tax liability of $605,000 has been charged to other assets as an intangible and will be amortized over five years. Also during the quarter, the company redeemed all of the voting Series 1 preference shares for $4 million plus unpaid dividends of $616,877.

The unrealized translation adjustment decreased by an additional $5.9 million in the quarter due to the strong Canadian dollar and the company's investment in its self-sustaining operations outside of Canada.

Although our current operating issues are impacting the company in the short term, we are confident that the company is positioned to support our growth and profit performance targets going forward into 2006 and beyond. The company continues with a strong balance sheet reflecting cash and marketable securities in excess of $61 million.

Accounting Policies

The Consolidated Financial Statements have been prepared using the same accounting policies as described in the company's 2004 annual report.

Outlook

The manufacturing and production problems of the last few months have negatively affected the company in the second and third quarters. With continued delays into the fourth quarter, management is expecting to fall significantly short of our fourth quarter and year-end targets. Management continues to be confident that production will improve over the balance of the year. The company's underlying markets continue to be strong and growth driven as supported by the rising number of new orders and hence the backlog.

The company is continually monitoring the fluctuations among the US dollar, Canadian dollar, and other currencies. ZENON has natural and financial hedges in place to protect margins on existing orders. Management continues to assess these changes in currency and to react to minimize the financial impact to the company.

CONFERENCE CALL

ZENON will hold a conference call on Wednesday, November 9, 2005 at 10:00 a.m. (ET) to discuss the company's financial results for the quarter and to answer questions related to issues addressed in this release. To participate in the call, please dial 416-644-3424 five minutes prior to the 10:00 a.m. start. If you are unable to participate in the call at the scheduled time, you may listen to a replay by dialling 416-640-1917 then entering the pass code number 21159079#. This service will be available through November 16, 2005.

The audio webcast will also be available over the Internet through ZENON's website at www.zenon.com. It will be archived there for future review.

ZENON is a world leader in providing advanced membrane products and services for water purification, wastewater treatment and water reuse to municipalities and industries worldwide.

Canada's Top 100 Employers ranked ZENON in their top 100 list for the last six years. An S&P/TSX Composite company, ZENON Environmental Inc. trades on the Toronto Stock Exchange under the symbols ZEN and ZEN.NV.A; and on the OTC under the symbols ZNEVF and ZNEAF. Additional information is available at ZENON's web site www.zenon.com.

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ZENON Environmental Inc.

Consolidated Balance Sheets

	September 30 2005 Unaudited $	(000's)	December 31 2004 Audited $
ASSETS			
Current Assets			
Cash and cash equivalents	**36,306**		38,631
Restricted cash	**-**		161
Marketable Securities	**25,188**		76,736
Accounts receivable	**59,941**		46,488
Accounts receivable - government funding	**2,248**		1,747
Unbilled revenue	**51,063**		40,816
Inventories	**29,737**		21,863
Prepaid expenses and deposits	**3,358**		3,041
Future income taxes	**4,477**		3,975
Total current assets	**212,318**		233,458
Capital assets, net	**117,123**		104,306
Patents and other assets	**26,806**		21,176
Goodwill	**12,905**		4,506
Future income taxes	**13,496**		11,196
Total assets	**382,648**		374,642
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Bank indebtedness	**516**		-
Accounts payable and accrued liabilities	**74,750**		52,536
Customer advances	**34,166**		28,440
Current portion of long-term debt	**3,193**		4,555
Total current liabilities	**112,625**		85,531
Long-term debt	**3,257**		2,401
Deferred technology credit	**10,354**		10,060
Total liabilities	**126,236**		97,992
Shareholders' equity			
Capital stock	**219,617**		221,390
Contributed Surplus	**308**		420
Retained earnings	**47,427**		49,568
Cumulative translation adjustment	**(10,940)**		5,272
Total shareholders' equity	**256,412**		276,650
Total liabilities and shareholders' equity	**382,648**		374,642

ZENON Environmental Inc.

Consolidated Statements of Income

(All figures in $000's except earnings per share)	For the Three Months Ended September 30 **2005** $	(000's except earnings per share) 2004 $	For the Nine Months Ended September 30 **2005** $	(000's except earnings per share) 2004 $
Revenue	**57,619**	58,881	**171,418**	168,443
Cost of sales and services	**40,899**	38,490	**110,638**	103,668
Gross profit	**16,720**	20,391	**60,780**	64,775
Expenses				
Selling, general and administrative	**18,238**	14,315	**52,974**	42,570
Amortization	**4,418**	3,737	**11,610**	10,899
Net interest	**(171)**	(902)	**(1,316)**	(1,359)
	22,485	17,150	**63,268**	52,110
Operating income (loss) before income taxes	**(5,765)**	3,241	**(2,488)**	12,665
Provision for income taxes	**(1,043)**	658	**(404)**	2,286
Net income (loss) for the period	**(4,722)**	2,583	**(2,084)**	10,379
Net Earnings (loss) per share:				
Basic	**(0.14)**	0.08	**(0.06)**	0.35
Fully diluted	**(0.14)**	0.08	**(0.06)**	0.34
Weighted average number of outstanding shares:				
Basic	**32,666**	32,431	**32,607**	29,856
Fully diluted	**32,902**	32,965	**32,877**	30,415

ZENON Environmental Inc.

Consolidated Statements of Retained Earnings

	For the Three Months Ended September 30 **2005** $	(000's) 2004 $	For the Nine Months Ended September 30 **2005** $	(000's) 2004 $
Retained earnings - beginning of period	**52,166**	40,414	**49,568**	32,658
Net income (loss) for the period	**(4,722)**	2,583	**(2,084)**	10,379
Dividends on preference shares	**(17)**	(20)	**(57)**	(60)
Retained earnings - end of period	**47,427**	42,977	**47,427**	42,977

ZENON Environmental Inc.

Consolidated Statements of Cash Flows

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2005	2004	**2005**	2004
	$	(000's) $	**$**	(000's) $
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income (loss) for the period	**(4,722)**	2,583	**(2,084)**	10,379
Add (deduct) items not affecting cash				
Stock option (income) expense	**-**	46	**(112)**	120
Loss on disposal of assets	**-**	18	**-**	-
Amortization	**4,418**	3,737	**11,610**	10,899
Future income tax provision	**(997)**	(180)	**(2,727)**	(2,178)
	(1,301)	6,204	**6,687**	19,220
Net change in non-cash working capital balances related to operations	**(6,263)**	(3,332)	**(24,757)**	(12,540)
Cash flows provided by (used in) operating activities	**(7,564)**	2,872	**(18,070)**	6,680
CASH FLOWS FROM INVESTING ACTIVITIES				
Decrease (Increase) in marketable securities	**(2,811)**	(41,987)	**51,548**	(41,987)
Purchase of capital assets	**(4,864)**	(6,928)	**(20,464)**	(15,404)
Proceeds on disposal of assets	**11**	(163)	**11**	-
Increase in patents and other assets	**(845)**	(2,069)	**(5,241)**	(8,335)
Acquisition of business	**(2,484)**	-	**(3,005)**	(859)
Decrease in restricted cash	**-**	-	**161**	
Cash flows provided by (used in) investing activities	**(10,993)**	(51,147)	**23,010**	(66,585)
CASH FLOWS FROM FINANCING ACTIVITIES				
Issuance of common shares	**-**	-	**-**	103,626
Issue cost	**-**	(69)	**-**	(3,049)
Stock options exercised common and non-voting Class A	**954**	708	**2,227**	1,722
Redemption of Series 1 preference shares	**(4,000)**	-	**(4,000)**	-
Repayment of long-term debt	**(1,178)**	(59)	**(3,785)**	(154)
Repayment of capital leases	**(4)**	(18)	**(13)**	(33)
Proceeds from long-term debt	**163**	-	**2,184**	6,572
Decrease in bank indebtedness	**617**	-	**516**	-
Increase in deferred credits	**-**	1,140	**294**	4,319
Cash flows provided by (used in) financing activities	**(3,448)**	1,702	**(2,577)**	113,003
Effect of exchange rate changes on cash	**(1,247)**	(303)	**(4,688)**	113
Net increase (decrease) in cash during the period	**(23,252)**	(46,876)	**(2,325)**	53,211
Cash and cash equivalents, beginning of period	**59,558**	125,136	**38,631**	25,049
Cash and cash equivalents, end of period	**36,306**	78,260	**36,306**	78,260
Supplemental cash flow information				
Cash taxes paid	**17**	56	**340**	289
Cash interest paid	**229**	107	**653**	164

ZENON Environmental Inc.
Segmented information
For the periods ended September 30, 2005 and 2004

The Company operates in Canada, United States, Europe, Asia, and the Middle East, in the water treatment industry. Its reportable operating segments are strategic business units that manufacture membranes or offer membrane based systems for water and wastewater treatment. These segments are managed separately as each business unit requires different market strategy.
The accounting policies of the segments are the same as those described in the summary of significant accounting policies. The Company accounts for intersegment sales at agreed upon prices, which recognizes the research and development cost incurred in the development of membranes.

Operations and identifiable assets by operating segment are presented below. External sales are allocated on the basis of sales to external customers.

Operating Segments	Technology, Membranes and Corporate		North America Systems		Europe, Middle East and Asia Systems		Total	Total
(All figures in $000's)	**2005**	2004	**2005**	2004	**2005**	2004	**2005**	2004
Revenue from external customers	**8,331**	6,550	**126,850**	129,813	**36,237**	32,080	**171,418**	168,443
Intersegment revenue	**48,311**	44,091	**1,828**	1,885	**72**	13	**50,211**	45,989
Amortization of capital assets	**8,746**	7,644	**1,727**	2,188	**1,137**	1,067	**11,610**	10,899
Segment income (loss) before interest and taxes	**(11,971)**	3,146	**13,641**	7,285	**(5,474)**	875	**(3,804)**	11,306
Total assets	**254,068**	291,708	**100,584**	54,155	**27,996**	18,589	**382,648**	364,452
Capital assets expenditures	**24,088**	21,944	**1,607**	1,807	**10**	(12)	**25,705**	23,739

Reconciliation of Income (Loss)	**2005**	2004
Total income (loss) for reportable segments	**(3,804)**	11,306
Net interest	**1,316**	1,359
Provision for income taxes	**404**	(2,286)
Net income (loss) for the year	**(2,084)**	10,379

External sales and capital assets, patents, other assets and goodwill by jurisdiction are presented below:

	External Sales		Capital Assets	
	2005	2004	**2005**	2004
Canada	**32,799**	27,601	**92,655**	80,459
United States	**81,704**	85,242	**3,264**	115
Europe	**20,701**	25,224	**19,491**	2,262
Hungary	**6,335**	7,740	**41,172**	36,334
Rest of World	**29,879**	22,636	**252**	15
Total	**171,418**	168,443	**156,834**	119,185

ZENON Environmental Inc.
Notes to Unaudited Financial Statements

1. Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared following the accounting policies as set out in the fiscal 2004 annual consolidated financial statements. These unaudited condensed notes to the consolidated statements should be read in conjunction with the audited financial statements and notes included in the company's 2004 Annual Report.

2. Marketable Securities

($000's)	**2005**	2004
Publicly traded debt instruments	**25,188**	41,987

The marketable securities consist entirely of publicly traded debt instruments. The purchase price discount or premium is amortized to income to generate a constant return on the investment maturity. The quoted market value of the publicly traded securities approximates carrying value.

The maturity date is exercisable within one year.

3. Capital Stock

The company is authorized to issue an unlimited number of common shares, an unlimited number of non-voting, convertible participating Class A shares and 300,000 2% cumulative, redeemable, convertible, voting Series 1 preference shares. During the quarter, the company redeemed all of the Series 1 preference shares for $4 million plus unpaid dividends of $616,877.

The table on the following page details the changes in the issued common shares, non-voting Class A shares and the Series 1 preference shares for the period ended September 30, 2005.

Common shares	Number	$
		(000's)
Balance as at January 1, 2005	26,510,666	143,931
Exercise of options	67,310	772
Balance as at March 31, 2005	26,577,976	144,703
Exercise of options	41,600	414
Balance as at June 30, 2005	26,619,576	145,117
Exercise of options	58,815	557
Balance as at September 30, 2005	**26,678,391**	**145,674**

Non-voting Class A shares	Number	$
		(000's)
Balance as at January 1, 2005	6,009,760	73,459
Exercise of options	7,500	96
Balance as at March 31, 2005	6,017,260	73,555
Exercise of options	10,000	170
Balance as at June 30, 2005	6,027,260	73,725
Exercise of options	14,000	218
Balance as at September 30, 2005	**6,041,260**	**73,943**

Series 1 preference shares	Number	$
		(000's)
Balance at Jan 1, 2004, March 31, June 30, 2005	300,000	4,000
Redemption	300,000	4,000
Balance as at September 30, 2005	**-**	**-**

As at September 30, 2005, the company has outstanding stock options for 408,378 common shares of which 334,996 are vested and 46,620 non-voting Class A shares outstanding, all of which are vested.

During 2003, the company elected to prospectively adopt the fair value based method of accounting for all stock based compensation. As a result, the company does not recognize compensation expense for stock options granted to employees and directors under the stock option plan prior to 2003. The table below presents pro-forma net income and basic and diluted earnings per common share as if stock options granted to employees and directors had been determined based on the fair value method. This table includes all stock options granted by the company prior to the year ended December 31, 2002.

	Three months ended September 30		**Nine months ended September 30**	
	2005	2004	**2005**	2004
(All figures in $000's except earnings per share)				
Income (loss) for the period	**(4,722)**	2,583	**(2,084)**	10,379
Compensation expense	**93**	93	**279**	279
Pro-forma income (loss) for the period	**(4,815)**	2,490	**(2,363)**	10,100
Basic earnings (loss) per share				
As reported	**(0.14)**	0.08	**(0.06)**	0.35
Pro-forma	**(0.15)**	0.08	**(0.07)**	0.34
Diluted earnings (loss) per share				
As reported	**(0.14)**	0.08	**(0.06)**	0.34
Pro-forma	**(0.15)**	0.08	**(0.07)**	0.33

4. Earnings per Common Share

($000's except earnings per share)	Three months ended September 30 2005	2004	Nine months ended September 30 2005	2004
Net income (loss) available to common shareholders	**(4,722)**	2,583	**(2,084)**	10,379
Denominator for basic earnings per common share Weighted average number of outstanding shares	**32,666**	32,431	**32,607**	29,856
Effect of dilutive stock options and preference shares	**464**	534	**483**	559
Denominator for diluted earnings per common share - adjusted weighted average of outstanding shares	**32,902**	32,965	**32,877**	30,415
Earnings (loss) per common share - basic	**(0.14)**	0.08	**(0.06)**	0.35
Earnings (loss) per common share - diluted	**(0.14)**	0.08	**(0.06)**	0.34

5. Foreign Exchange Gains and Losses

Included in the selling, general and administrative expenses is a foreign exchange component as follows:

	Three months ended September 30 2005	2004	Nine months ended September 30 2005	2004
Foreign Exchange Gains (Losses)	**(325,000)**	224,000	**816,000**	(131,000)

The foreign exchange fluctuation for the nine months ended September 30, 2005 contributed to the change in the cumulative translation adjustment account.

6. Acquisitions

Acquisition #1
In February, the company agreed unconditionally to acquire all the shares of Alpha Plan GmbH and Saxonia BioTec GmbH, both located in Germany. Alpha Plan is in the business of producing membrane processing equipment while Saxonia BioTec specializes in the development of hollow fibre and production of disposable cartridges and system assembly for filtration and bio-processing. The acquisition has been accounted for using the purchase method. The results of these two operations have been included in these consolidated financial statements.

Details of the acquisition are as follows:

	Cdn $(000's)
Current Assets	$ 4,272
Property, plant and equipment	10,348
Goodwill	9,828
Current Liabilities	(10,767)
Long term Liabilities	(1,148)
	$12,533
Cash Consideration	$12,533

Acquisition #2
In January, the company acquired certain assets of Oswald Schulze GmbH & Co GmbH, a design-build business specializing in wastewater treatment, located in Germany.

Details of the asset purchase are as follows:

	Cdn $(000's)
Property plant and equipment	$ 81
Intangible Asset (Brand Name)	440
	$521
Cash Consideration	$521

Acquisition #3
In July 2005, the company acquired all of the shares of Applied Biosciences, an advanced biological wastewater treatment company specialized in metal removal processes, located in Utah, USA, for cash consideration. The acquisition has been accounted for using the purchase method. The results of the operation since the date of acquisition have been included in these financial statements.

Details of the acquisition are as follows:

	Cdn $(000's)
Current Assets	$ 465
Capital Assets	12
Intangible Assets	3,089
Current Liabilities	(477)
Future Tax Liability	(605)
	$2,484

$2,484 of the purchase price has been assigned to technology based intangible assets that will be amortized over 5 years.