

**BIOSCRIPT INC.**  
**CONSOLIDATED BALANCE SHEETS**  
**(Unaudited)**  
**(in U.S. dollars)**

**March 31, December 31,**  
**2007 2006**

**ASSETS**

Current Assets

Cash	<b>\$ 7,928,393</b>	\$ 4,706,046
Accounts receivable	<b>4,611,690</b>	3,890,855
Inventory	<b>3,413,832</b>	2,548,263
Prepaid expenses and deposits	<b>779,744</b>	363,487
	<b>16,733,659</b>	11,508,651

Restricted cash	<b>44,216</b>	-
Fixed assets	<b>1,294,863</b>	987,132
Intangible assets	<b>11,217,169</b>	5,133,274
Goodwill	<b>6,978,742</b>	6,978,742
	<b>\$ 36,268,649</b>	\$ 24,607,799

**LIABILITIES AND SHAREHOLDERS' EQUITY**

Current Liabilities

Accounts payable and accrued liabilities	<b>\$ 5,346,973</b>	\$ 3,188,077
Deferred revenue	<b>100,877</b>	50,584
Current portion of deferred tenant inducement	<b>64,889</b>	57,312
	<b>5,512,739</b>	3,295,973

Deferred tenant inducement	<b>152,833</b>	167,161
	<b>5,665,572</b>	3,463,134

**SHAREHOLDERS' EQUITY**

Share capital	<b>76,545,894</b>	66,125,742
Warrants	<b>1,535,042</b>	59,420
Contributed surplus	<b>3,289,089</b>	2,990,209
Deficit	<b>(50,766,948)</b>	(48,030,706)
	<b>30,603,077</b>	21,144,665
	<b>\$ 36,268,649</b>	\$ 24,607,799

**BIOSCRIPT INC.**  
**CONSOLIDATED STATEMENTS OF EARNINGS AND DEFICIT**  
(Unaudited)  
(in U.S. dollars)

	Three months ended March 31,	
	2007	2006
Revenue		
Product sales	\$ 3,841,739	\$ 3,814,787
License, royalties and services	431,415	205,105
	<u>4,273,154</u>	<u>4,019,892</u>
Cost of Revenue		
Product sales	2,121,495	2,034,668
License, royalties and services	26,398	10,279
	<u>2,147,893</u>	<u>2,044,947</u>
Gross Margin	<u>2,125,261</u>	<u>1,974,945</u>
Expenses		
Research and development	1,386,989	887,276
Selling, general and administration	2,001,552	1,755,007
Stock compensation	298,880	162,428
Restructuring	443,814	-
	<u>4,131,235</u>	<u>2,804,711</u>
Loss Before Amortization and Other	<u>(2,005,974)</u>	<u>(829,766)</u>
Amortization		
Fixed assets	101,764	85,203
Intangible assets	661,033	498,309
	<u>762,797</u>	<u>583,512</u>
Loss Before Other	<u>(2,768,771)</u>	<u>(1,413,278)</u>
Other		
Interest income	47,690	61,266
Interest expense	(423)	(11,336)
Foreign exchange loss	(14,738)	(11,029)
	<u>32,529</u>	<u>38,901</u>
Net Loss	<u>(2,736,242)</u>	<u>(1,374,377)</u>
Deficit Beginning of Period	<u>(48,030,706)</u>	<u>(42,473,918)</u>
Deficit End of Period	<u>\$ (50,766,948)</u>	<u>\$ (43,848,295)</u>
Loss Per Share		
Basic and diluted	\$ (0.04)	\$ (0.02)
Basic and diluted weighted average number of shares	63,066,504	58,932,582

**BIOSCRIPT INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(Unaudited)**  
**(in U.S. dollars)**

Three months ended March 31,  
2007                      2006

Net Inflow (Outflow) of Cash  
 Related to the Following Activities:

Operating		
Net loss	<b>\$ (2,736,242)</b>	\$ (1,374,377)
Items not affecting cash:		
Amortization:		
Fixed assets	<b>101,764</b>	85,203
Intangible assets	<b>661,033</b>	498,309
Deferred tenant inducement	<b>(14,857)</b>	(14,328)
Stock compensation	<b>298,880</b>	162,428
Loss on disposal of fixed assets	<b>-</b>	7,894
	<b>(1,689,422)</b>	(634,871)

Changes in non-cash operating working capital items:

Accounts receivable	<b>(295,719)</b>	693,485
Inventory	<b>(349,552)</b>	196,277
Prepaid expenses and deposits	<b>(131,686)</b>	(100,158)
Accounts payable and accrued liabilities	<b>(10,467)</b>	(469,378)
Deferred revenue	<b>(11,687)</b>	(3,676)
	<b>(2,488,533)</b>	(318,321)

Investing

Purchase of fixed assets	<b>(81,044)</b>	(42,495)
Purchase of intangible assets	<b>(3,042)</b>	(6,671)
Acquisition net of cash acquired	<b>(507,390)</b>	-
	<b>(591,476)</b>	(49,166)

Financing

Issuance of common shares	<b>6,372,937</b>	-
Issuance cost of common shares	<b>(70,581)</b>	-
	<b>6,302,356</b>	-

Net increase (decrease) in cash	<b>3,222,347</b>	(367,487)
Cash at Beginning of Period	<b>4,706,046</b>	7,124,305
Cash at End of Period	<b>\$ 7,928,393</b>	\$ 6,756,818

Supplementary Information

Interest paid during the period	<b>\$ 423</b>	\$ 11,336
Interest received during the period	<b>\$ 38,487</b>	\$ 61,266