NEPTUNE
TECHNOLOGIES & BIORESSOURCES

Management Discussion and Analysis of the Financial Situation and Operating Results for the Three-month and Six-month periods ended August 31, 2012

Consolidated Interim Financial Statements (Unaudited) For the three-month and six-month periods ended August 31, 2012 and 2011

MANAGEMENT DISCUSSION AND ANALYSIS OF THE FINANCIAL SITUATION AND OPERATING RESULTS FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED AUGUST 31, 2012

INTRODUCTION

This management's discussion and analysis ("MD&A") comments on the financial results and the financial situation of Neptune Technologies & Bioressources Inc. ("Neptune" or the "Corporation") including its subsidiaries, Acasti Pharma Inc. ("Acasti") and NeuroBioPharm Inc. ("NeuroBioPharm") for the three-month and six-month periods ended August 31, 2012 and 2011. This MD&A should be read in conjunction with our consolidated interim financial statements for the three-month and six-month periods ended August 31, 2012 and 2011. Additional information on the Corporation, as well as registration statements and other public filings are available on SEDAR at www.sedar.com or on EDGAR at www.sec.gov/edgard.shtml.

In this MD&A, financial information for the three-month and six-month periods ended August 31, 2012 and 2011 is based on the consolidated interim financial statements of the Corporation, which were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board, and is presented in thousands of Canadian dollars unless otherwise specified. In accordance with its terms of reference, the Audit Committee of the Corporation's Board of Directors reviews the contents of the MD&A and recommends its approval to the Board of Directors. The Board of Directors approved this MD&A on October 11, 2012. Disclosure contained in this document is current to that date, unless otherwise noted.

Unless otherwise indicated, all references to the terms "we", "us", "our", "Neptune", "enterprise" and "Corporation" refer to Neptune Technologies & Bioressources Inc. and its subsidiaries. Unless otherwise noted, all amounts in this report refer to Canadian dollars. References to "CAD", 'USD" and "EUR" refer to Canadian dollars, US dollars, and the Euro, respectively. Disclosures of information in this report has been limited to that which Management has determined to be "material", on the basis that omitting or misstating such information would influence or change a reasonable investor's decision to purchase, hold or dispose of the Corporation's securities.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain information that may constitute forward-looking information within the meaning of Canadian securities laws and forward-looking statements within the meaning of U.S. federal securities laws, both of which we refer to as forward-looking information. Forward-looking information can be identified by the use of terms such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "intend", "estimate", "predict", "potential", "continue" or other similar expressions concerning matters that are not statements about the present or historical facts. Forward-looking statements in this MD&A include, but are not limited to, statements about: (i) Neptune's ability, and the ability of its distribution partners, to continue to successfully commercialize Neptune Krill Oil (NKO®) and ECOKRILL Oil (EKO™), (ii) plans of Neptune's subsidiaries, Acasti and NeuroBio, to conduct new clinical trials for product candidates, including the timing and results of these clinical trials; (iii) the timing and cost of completion of the expansion project of Neptune's manufacturing facility in Sherbrooke, Québec, and the amount of increased production capacity for krill oil at the expanded facility; (iv) Neptune's expectations regarding its financial performance, including its revenues, expenses, gross margins, liquidity, capital resources and capital expenditures.

Although the forward-looking information is based upon what we believe are reasonable assumptions, no person should place undue reliance on such information since actual results may vary materially from the forward-looking information. In addition, the forward-looking information is subject to a number of known and unknown risks, uncertainties and other factors, including those described in this MD&A under the heading "Risks and Uncertainties" and under the heading "Risk Factors" in our latest annual information form and in our final base shelf prospectus dated September 19, 2012, available on SEDAR at www.sedar.com and on EDGAR at www.sec.gov/edgar.shtml, many of which are beyond our control, that could cause actual results and developments to differ materially from those that are disclosed in or implied by the forward-looking information, including, without limitation: (i) the successful commercialization of NKO® and EKO™; (ii) changes in regulatory requirements and interpretations of regulatory requirements; (iii) the Corporation's reliance on third parties for the manufacture, supply and distribution of its products and for the supply of raw materials; (iv) the Corporation's reliance on a limited number of distributors; (v) the Corporation's ability to manage its growth efficiently; (vi) the Corporation's ability to further penetrate core or new markets; (vii) the Corporation's dependence on a single manufacturing facility; (viii) the Corporation's ability to attract and retain skilled labor; (ix) the Corporation's ability to attract, hire and retain key management and personnel; (x) the success of current and future clinical trials by the Corporation and its subsidiaries; (xi) the Corporation's ability to achieve its publicly announced milestones on time; (xii) product liability lawsuits brought against the Corporation and its subsidiaries; (xiii) intense competition from other companies in the pharmaceutical and nutraceutical industry; and (xiv) the Corporation's ability to secure and defend its intellectual property rights.

Consequently, all the forward-looking information is qualified by this cautionary statement and there can be no guarantee that the results or developments that we anticipate will be realized or, even if substantially realized, that they will have the expected consequences or effects on our business, financial condition or results of operations. Accordingly, you should not place undue reliance on the forward-looking information. Except as required by applicable law, Neptune does not undertake to update or amend any forward-looking information, whether as a result of new information, future events or otherwise. These forward-looking statements are made as of the date of this MD&A.

Non-IFRS Financial Measures

"Adjusted EBITDA" is non-IFRS financial measure:

Adjusted EBITDA is defined as EBITDA prior to recognizing share-based compensation costs, foreign exchange gains or losses and other items that do not impact the core operating performance of the Corporation, such as impairment losses and the recognition of tax assets from prior periods. Share-based compensation costs are a component of employee remuneration and can vary significantly with changes in the market price of the Corporation's shares. Foreign exchange gains or losses are a component of finance income or finance costs and can vary significantly with currency fluctuations from one period to another. In addition, other items that do not impact core operating performance of the Corporation may vary significantly from one period to another. As such, adjusted EBITDA provide improved continuity with respect to the comparison of the Corporation's operating results over a period of time.

Our method for calculating adjusted EBITDA may differ from that used by other corporations.

BUSINESS OVERVIEW

The Corporation has three reportable operating segments structured in three distinctive legal entities: the first is producing and commercializing nutraceutical products (Neptune), the second is for the development and commercialization of pharmaceutical products for cardiovascular diseases applications (Acasti) and the third is for the development and commercialization of pharmaceutical products for neurological diseases applications (NeuroBioPharm).

NEPTUNE

The Corporation continues to expand its customer base worldwide and is expecting revenue growth to be driven by repeat demand from existing customers and incoming demand from new customers from North America, Europe and Australia.

During the three-month period ended August 31, 2012, the Corporation granted one three-year warrant to purchase 1,000,002 common shares to a consultant under a financial consulting agreement. The warrants will be exercisable at a price of US$5.00 per share until June 15, 2015. The warrant shall be subject to vesting in six equal instalments of 166,667 warrant shares, the first vesting being on the date of issuance and the remaining vesting being respectively on the last day of each quarter. At August 31, 2012, 333,334 warrant shares had vested. The Corporation recognized a stock-based compensation expense of $836, included in contributed surplus, during the three-month period ended August 31, 2012, for this grant.

On June 7, 2012, the Corporation announced that the U.S. Patent & Trademark Office (“USPTO”) allowed one of its continuation patent applications, number 13/189,714, which claims the benefit of Neptune’s U.S. Patent No. 8,030,348. This continuation application contains claims to further embodiments of the inventions that were disclosed in the ‘348 Patent; specifically to krill extracts comprising a phospholipid suitable for human consumption. These claims cover a number of krill oil products presently sold in the U.S. market. The continuation application, which was filed less than a year ago, was allowed by the USPTO after a thorough examination. During prosecution, Neptune provided the USPTO with a substantial volume of prior art references and other materials, including the papers from re-examination requests filed by Aker Biomarine ASA directed to the ‘348 Patent and a related Neptune patent, and the oppositions being undertaken on related Neptune patents in Europe and Australia.

On August 28, 2012, the Corporation and its subsidiary Acasti announced the extension of the relationship with The Howard Group as the companies’ investor relations consultant. Since 1988, The Howard Group has provided comprehensive investor and financial relations, business development solutions and in-depth strategic planning to public companies. The Howard Group is associated with the Insight Limited Partnership II, which invests in micro and small cap companies. Traditional and new online initiatives will be directed at the investment community and investing public on behalf of Neptune and Acasti to increase the following and participation of the market in those two corporations. The term of the IR Agreement is for a period of 12 months. In addition to a fee of $6,000 per month, The Howard Group has been granted options to purchase an aggregate total of 50,000 common shares of Neptune at a price of $5.00 per share and 50,000 common shares of Acasti a price of $2.50. The options will vest in equal amounts over an 18 months term.

On September 7, 2012, the Corporation announced that its board of directors had approved the distribution of 2,000,000 units of NeuroBioPharm (each a “Unit”) owned by Neptune pro rata to the holders of record of common shares of Neptune as at October 15, 2012 (the “Dividend Record Date”) by way of a dividend-in-kind (the “Dividend”). The Dividend will be payable on October 31, 2012.

Each Unit will consist of one class A subordinate voting share of NeuroBioPharm (each a “Class A Subordinate Voting Share”) and two Series 2011-1 warrants (each a “Warrant”). Each full Warrant will entitle its holder to purchase one Class A Subordinate Voting Share at a price of $0.40 plus a transfer premium of $0.35 payable to Neptune upon exercise with each Warrant expiring on the occurrence of the earliest of the two following events: (i) fifteen days after the listing of the Class A Subordinate Voting Shares on a recognized stock exchange; or (ii) April 12, 2014. Shareholders will not receive shares or cash in lieu of fractional securities. As of the date hereof, based on the number of common shares of Neptune currently issued and outstanding, each holder of common shares of Neptune on the Dividend Record Date would receive one Unit for each lot of approximately 29.27 common shares of Neptune held. On the date of the announcement of the Dividend, the estimated fair market value of the unit comprised of the Class A Subordinate Voting Shares and of the Warrants distributed to Shareholders was approximately $0.10 per tranche of 29.27 Neptune common shares outstanding on that date. The Units, Class A Subordinate Voting Shares and Warrants are subject to certain transfer restrictions in the United States. The terms applicable to the distribution of the Dividend are described in the final prospectus filed by NeuroBioPharm on September 5, 2012 with the securities commissions and other similar regulatory authorities in each of the provinces and territories of Canada. The prospectus is available on SEDAR under

NeuroBioPharm's profile at www.sedar.com. Copies of the prospectus will also be mailed to shareholders of record on the Dividend Record Date.

On October 2, 2012, the Corporation announced the closing of its public offering of 7,318,000 common shares at US$4.10 per common share. Prior to the closing, the underwriters exercised their over-allotment option to purchase an additional 989,762 common shares, resulting in a total of 8,307,762 common shares being issued for gross proceeds of approximately US$34.1 million. RBC Capital Markets and JMP Securities LLC acted as Joint Book-Running Managers for the offering and Byron Capital Markets acted as Manager. Neptune intends to allocate the net proceeds from the offering as follows: (i) approximately US$9.0 million for sales, marketing and krill inventory purchases for NKO® and EKO™, (ii) approximately US$8.0 million to support Acasti in the development and validation of CaPre® and other product candidates, and to support NeuroBioPharm in the development and validation of its product candidates, (iii) approximately US$5.0 million to fund the expansion of its Sherbrooke plant that is intended to increase Neptune's annual production capacity to 500,000 kilograms of krill oil, (iv) approximately US$3.0 million to fund product development, clinical trials and regulatory affairs of Neptune (including management and protection of its intellectual property portfolio), and (v) the balance for general corporate and other working capital purposes. The common shares were issued in the United States pursuant to Neptune's effective shelf registration statement filed with the U.S. Securities and Exchange Commission and in Canada pursuant to a final short form base shelf prospectus filed with the securities regulatory authorities in the Provinces of Québec, Ontario, Manitoba, Alberta and British Columbia.

During the second quarter, Neptune continued its investor relations efforts in order to increase Neptune's visibility towards the investment community in Canada and the United States, with the objective of raising money as well as reaching higher trading volume on NASDAQ and Capital Market and the Toronto Stock Exchange ("TSX"). More specifically, the Corporation presented in multiple cities including New York, Boston, Miami, Toronto and Montreal.

ABOUT THE SUBSIDIARIES

Acasti Pharma Inc.

During the three-month period ended August 31, 2012, Acasti made progress in its research and pharmaceutical product development, advancing with its prescription drug candidate, CaPre®, while expanding its commercialization efforts for its medical food Onemia™. The following is a summary of the period's highlights:

During the previous fiscal year, Acasti initiated two phase II clinical studies in Canada: i) a prospective randomized double blind placebo control clinical study designed to evaluate the safety and efficacy of CaPre® (Acasti's prescription drug candidate) for the management of moderate to high hypertriglyceridemia. The first patients were enrolled in the study in October 2011; and ii) a prospective randomized open-label clinical trial designed to assess the safety, efficacy and dose response of CaPre®, for patients with moderate to high hypertriglyceridemia. The first patient was enrolled in December 2011. Acasti's clinical trials' recruitment has continued and progressed during the three-month period ended August 31, 2012.

Acasti has accentuated its business development and direct commercialization activities in the USA for its medical food Onemia™.Acasti has made its first sales to a US Medical Food distributor, which has initiated distribution of Onemia™ through its US nationwide network of physicians, under its own brand name Lypicol. Also, more physicians have initiated and/or continued their recommendations of Onemia™ for patients diagnosed with cardiometabolic disorders. Simultaneously, pharmacies have started recognizing the potential demand for Onemia™ and have accepted it as a behind-the-counter (by doctor's recommendation only) medical food. Should sales of Onemia™ provide short-term revenues, they will contribute to Acasti's further research and development projects.

NeuroBioPharm Inc.

During fiscal year 2012 and beginning of 2013, NeuroBioPharm completed a pre-clinical study in collaboration with NeuroCode AG, (Wetzlar, Germany), a team of recognized experts dedicated to specific profiling of active pharmaceutical ingredients by means of electroencephalographic (EEG) power spectra of conscious free moving rats. The objectives of the trial were a) to determine the nature and extent of effect of the new NeuroBioPharm medical food candidate NKPL on the electrical activity of the brain, and b) to characterize the EEG effects in relation to standard central nervous system (CNS) drugs. At the lowest daily dose of 250mg, NKPL showed a significant effect strongly resembling (by 80% and 100%) the activity of methylphenidate or Ritalin®, a drug recognized as the gold standard for the treatment of Attention Deficit Hyperactivity Disorder (ADHD). This data provides evidence that NKPL, a highly concentrated phospholipid extract, may be an effective treatment for children with ADHD and a safe alternative to Ritalin®. NeuroBioPharm and Neptune are advancing research with newly developed products aimed to improve the cognitive and emotional health of children and adults, which will be concluded in the near future.

For NeuroBioPharm, a medical food candidate and a drug candidate for non-GLP development and chemical analyses were initiated in fiscal period ended February 28, 2009. Preclinical testing has been initiated evaluating toxicity and pharmacokinetics.

MPL VI, MPLVII, MPL VIII and MPL IX are new products in the pipeline of NeuroBioPharm in the process of research and development as prescription drugs, OTC and medical foods for the safe and effective management of cognitive, behavioral and neurodegenerative disorders.

Product	**Channel**	**Indication**	**Stage of development**	**Launch Year (Calendar Year)**
MPL VI	Medical Food / OTC	Prevention of cognitive decline	Preclinical/clinical	n/a
MPL VII	Medical Food / OTC	Memory, concentration and learning disorders	Preclinical/clinical	2013
MPL VIII	Medical Food / OTC	ADHD	Preclinical/clinical	2013
MPL IX	Prescription Drug	Neurological disorders	Preclinical	n/a

Altogether, MPL VI, MPLVII, MPL VIII and MPL IX will enter a more than $20 billion market and with each product having, we believe, the potential to achieve market sales up to $50 million at five years' post-launch.

NeuroBioPharm is establishing itself with international and strategic industrial partners who are seeking safe and effective products for the maintenance of cognitive health for the OTC market, the clinical dietary management of cognitive decline and neurodevelopmental problems as medical foods and finally, prescription drugs for the treatment of neurodevelopmental and neurodegenerative disorders. In relation to medical food, NeuroBioPharm has completed a clinical study evaluating the efficacy of NKO® softgels in patients diagnosed with early stage Alzheimer's disease when compared to fish oil and a placebo. These results are encouraging and NeuroBioPharm will conduct research on the mechanisms of action to better target patients who may benefit from treatment. Similarly, preclinical mechanistic studies have been initiated on behavioral cognitive impacts to support NeuroBioPharm's pipeline.

The working capital deficiency as at August 31, 2012 was $16,138, of which $16,200 is due to the redeemable Class B, G, H shares classified as short-term liabilities. NeuroBioPharm's available funds are provided by Neptune, on an ongoing basis. At September 30, 2012, NeuroBioPharm had cash on hand in the amount of $1,147. NeuroBioPharm's available funds will be used to execute the NeuroBioPharm's business plan for the next twelve (12) months. The timing and stages of research and development programs that management anticipates will be reached using such funds us fully described under "Description of the business – Budgets, Timelines, and Milestones" in the Prospectus dated September 5, 2012 and filed on www.sedar.com. The principal use of available funds over the upcoming year is estimated as follows: $230 for prescription drug development program and $520 for OTC and Medical Food products development and commercialization, while intellectual property protection, research and development costs, laboratories rental and spending, administration expenses and salaries sum up to $150. NeuroBioPharm does not intend to raise additional proceeds from third parties to fund any anticipated negative operating cash flow and does not expect any material capital expenditures for the next twelve months, except as disclosed above.

NeuroBioPharm estimates that it will first reach commercial production of its Medical Foods after completing preclinical/clinical studies, which NeuroBioPharm estimates should be achieved in the second quarter of fiscal 2014 and representing an investment of approximately $350. NeuroBioPharm's research and development programs are performed by NeuroBioPharm, Neptune and other subcontractors.

Selected consolidated financial information

The following tables set out selected financial information for the three-month and six-month periods ended August 31, 2012. This information is based on the Corporation's unaudited consolidated interim financial statements and accompanying notes for the three-month and six-month periods ended August 31, 2012 and should be read in conjunction with the notes thereto.

(In thousands of dollars, except per share data)

	Three-month periods ended August 31,		Six-month periods ended August 31,	
	2012 (Unaudited) $	2011 (Unaudited) $	2012 (Unaudited) $	2011 (Unaudited) $
Revenue from sales	8,099	4,353	14,252	8,636
Adjusted EBITDA[1]	(704)	(908)	(562)	(1,076)
Net loss	(4,684)	(1,768)	(6,379)	(3,026)
Net loss attributable to the owners of the Corporation	(3,895)	(1,076)	(4,878)	(1,914)
Net loss per share:				
Basic	(0.08)	(0.02)	(0.10)	(0.04)
Diluted	(0.08)	(0.02)	(0.10)	(0.04)
Total assets	49,265	35,394	49,265	35,394
Working capital[2]	17,783	22,084	17,783	22,084
Total equity	32,085	25,543	32,085	25,543
Loans and borrowings (incl. current portion)	6,032	4,232	6,032	4,232
Key ratios (% of revenue):				
Gross profit	38%	51%	47%	52%
Selling expenses	8%	10%	8%	12%
General and administrative expenses	62%	54%	56%	48%
Research and development expenses	18%	34%	23%	26%
Adjusted EBITDA	(9%)	(21%)	(4%)	(12%)

1 The Adjusted EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) is presented for information purposes only and represents a financial performance measurement tool mostly used in financial circles. Because there is no standard method endorsed by IFRS requirements, the results are unlikely to be comparable to similar measurements presented by other public corporations. Neptune obtains its Adjusted EBITDA measurement by adding to net income (loss), finance costs, depreciation and amortization, income taxes, foreign exchange gains and losses, loss from sale of property, plant and equipment and impairment of property, plant and equipment, incurred during the fiscal year. Neptune also excludes the effects of non-monetary transactions recorded, such as share-based compensation, changes in the fair value of derivatives and the recognition of investments tax credits from prior years for accounting purposes, for its Adjusted EBITDA calculation.

2 The working capital is presented for information purposes only and represents a measurement of the Corporation's short-term financial health mostly used in financial circles. The working capital is calculated by subtracting current liabilities from current assets. Because there is no standard method endorsed by IFRS, the results may not be comparable to similar measurements presented by other public corporations.

RECONCILIATION OF NET PROFIT (LOSS) TO ADJUSTED EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION (Adjusted EBITDA)

A reconciliation of the Adjusted EBITDA is presented in the table below. The Corporation uses adjusted financial measures to assess its operating performance. Securities regulations require that corporations caution readers that earnings and other measures adjusted to a basis other than IFRS do not have standardized meanings and are unlikely to be comparable to similar measures used by other corporations. Accordingly, they should not be considered in isolation. The Corporation uses Adjusted EBITDA to measure its performance from one period to the next without the variation caused by certain adjustments that could potentially distort the analysis of trends in our operating performance, and because the Corporation believes it provides meaningful information on the Corporation financial condition and operating results.

Neptune obtains its Consolidated Adjusted EBITDA measurement by adding to net income (net loss), finance costs, depreciation and amortization, income taxes, foreign exchange gains and losses, loss from sale of property, plant and equipment and impairment of property, plant and equipment, incurred during the fiscal year. Neptune also excludes the effects of certain non-monetary transactions recorded, such as share-based compensation, changes in fair value of derivatives and the recognition of investment tax credits from prior years for accounting purposes, for its Adjusted EBITDA calculation. The Corporation believes it is useful to exclude these items as they are either non-cash expenses, items that cannot be influenced by management in the short term, or items that do not impact core operating performance. Excluding these items does not imply they are necessarily nonrecurring.

Reconciliation of non-IFRS financial information
(expressed in thousands of dollars, except per share data)

	Three-month periods ended August 31,		**Six-month periods ended August 31,**	
	2012	2011	2012	2011
	$	$	$	$
Net loss	(4,684)	(1,768)	(6,379)	(3,026)
Add (deduct):				
Amortization	187	186	375	377
Finance costs, excluding change in fair value	42	91	79	178
Stock-based compensation	3 068	891	4,689	1,479
Foreign exchange loss (gain)	287	(98)	55	(226)
Change in fair value in derivatives over equity	396	(210)	619	142
Adjusted EBITDA	(704)	(908)	(562)	(1,076)

SELECTED CONSOLIDATED QUARTERLY FINANCIAL DATA
(expressed in thousands, except per share amounts)

As explained in other sections, the Corporation revenues are presently being generated by the nutraceutical segment. The nutraceutical segment is profitable. The cardiovascular and neurological segments conduct research activities and have incurred losses since inception. Quarterly data are presented below.

Fiscal year ending February 28, 2013

	Total $	First Quarter $	Second Quarter $	Third Quarter $	Fourth Quarter $
Revenue and other income	14,252	6,153	8,099		
Adjusted EBITDA[1]	(562)	142	(704)		
Net loss	(6,379)	(1,695)	(4,684)		
Net loss attributable to the owners of the Corporation	(4,878)	(983)	(3,895)		
Basic loss per share	(0.10)	(0.02)	(0.08)		
Diluted loss per share	(0.10)	(0.02)	(0.08)		

Fiscal year ended February 29, 2012

	Total $	First Quarter $	Second Quarter $	Third Quarter $	Fourth Quarter $
Revenue and other income	19,124	4,283	4,353	5,120	5,368
Adjusted EBITDA[1]	(2,593)	(167)	(908)	(743)	(775)
Net loss	(4,593)	(1,258)	(1,768)	(1,433)	(134)
Net (loss) profit attributable to the owners of the Corporation	(1,928)	(838)	(1,075)	(506)	491
Basic loss per share	(0.04)	(0.02)	(0.02)	(0.01)	(0.01)
Diluted loss per share	(0.04)	(0.02)	(0.02)	(0.01)	(0.01)

Fiscal year ended February 28, 2011

	Total $	First Quarter $	Second Quarter $	Third Quarter $	Fourth Quarter $
Revenue	16,583	4,145	4,088	4,272	4,078
Adjusted EBITDA[1]	258	664	836	62	(1,304)
Net (loss) profit	(1,693)	494	523	(498)	(2,212)
Net (loss) profit attributable to the owners of the Corporation	(410)	734	814	(218)	(1,740)
Basic (loss) earnings per share	(0.01)	0.02	0.02	(0.01)	(0.04)
Diluted (loss) earnings per share	(0.01)	0.02	0.02	(0.01)	(0.04)

Note: 1 The Adjusted EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) is presented for information purposes only and represents a financial performance measurement tool mostly used in financial circles. Because there is no standard method endorsed by IFRS requirements, the results are unlikely to be comparable to similar measurements presented by other public corporations. Neptune obtains its Adjusted EBITDA measurement by adding to net income (loss), finance costs, depreciation and amortization, income taxes, foreign exchange gains and losses, loss from sale of property, plant and equipment and impairment of property, plant and equipment, incurred during the fiscal year. Neptune also excludes the effects of non-monetary transactions recorded, such as share-based compensation, changes in the fair value of derivatives and the recognition of investments tax credits from prior years for accounting purposes, for its Adjusted EBITDA calculation.

SEGMENT DISCLOSURES

The Corporation has three reportable operating segments structured in three distinctive legal entities: the first involves the production and commercialization of nutraceutical products (Neptune), the second is for the development and commercialization of pharmaceutical products for cardiovascular diseases (Acasti) and the third is for the development and commercialization of pharmaceutical products for neurological diseases (NeuroBioPharm).

For the period ended August 31, 2012, all revenues were generated by the nutraceutical segment, with the exception of a minor sale of Acasti's medical food product. The continuity of all operations of the consolidated group is presently supported by Neptune revenues and recent financings in both Neptune and Acasti. Acasti's operations are at the commercialization stage for the prescription medical food product, Onemia™, and at the Phase II clinical trial for its lead prescription drug candidate, CaPre®. NeuroBioPharm, is in the early stages of developing omega-3 phospholipids medical foods, over-the-counter products and prescription drugs.

At this moment, NKO® and EKO™ are the only products sold in the nutraceutical market by Neptune. NKO® and EKO™ presently generate the same gross margins in the market where they are sold. In the case of Acasti and NeuroBioPharm, no products are presently generating revenues, except Onemia™, which has generated revenues of $237 in the quarter ended August 31, 2012.

The consolidated treasury flows are explained in the following section. Except as described below, significant consolidated cash flows are consistent with those of the nutraceutical segment.

Selected financial information by segment is as follows:

(Expressed in thousands)

The following table show selected financial information by segments (net of inter segments eliminations):

Three-month period ended August 31, 2012

	Nutraceutical	Cardiovascular	Neurological	Total
	$	$	$	$
Revenues from external sales	7,862	237	-	8,099
Adjusted EBITDA	504	(961)	(247)	(704)
Net loss	(2,797)	(1,513)	(374)	(4,684)
Total assets	40,917	7,085	1,263	49,265
Working capital	10,578	6,229	976	17,783

Adjusted EBITDA calculation				
Net loss	(2,797)	(1,513)	(374)	(4,684)
add (deduct):				
Depreciation and amortization	185	2	-	187
Finance costs, excluding change in fair value	41	1	-	42
Stock-based compensation	2,418	523	127	3,068
Foreign exchange loss	261	26	-	287
Change in fair value in derivatives over equity	396	-	-	396
Adjusted EBITDA	504	(961)	(247)	(704)

Six-month period ended August 31, 2012

	Nutraceutical	Cardiovascular	Neurological	Total
	$	$	$	$
Revenues from external sales	14,001	251	-	14,252
Adjusted EBITDA	1,793	(1,850)	(505)	(562)
Net loss	(2,749)	(2,897)	(733)	(6,379)
Total assets	40,917	7,085	1,263	49,265
Working capital	10,578	6,229	976	17,783

Adjusted EBITDA calculation				
Net loss	(2,749)	(2,897)	(733)	(6,379)
add (deduct):				
Depreciation and amortization	371	4	-	375
Finance costs, excluding change in fair value	78	1	-	79
Stock-based compensation	3,408	1,053	228	4,689
Foreign exchange loss (gain)	66	(11)	-	55
Change in fair value in derivatives over equity	619	-	-	619
Adjusted EBITDA	1,793	(1,850)	(505)	(562)

Three-month period ended August 31, 2011

	Nutraceutical	Cardiovascular	Neurological	Total
	$	$	$	$
Revenues from external sales	4,353	-	-	4,353
Adjusted EBITDA	650	(1,228)	(330)	(908)
Net profit (loss)	206	(1,535)	(439)	(1,768)
Total assets	32,570	2,618	206	35,394
Working capital	20,262	1,898	(76)	22,084

Adjusted EBITDA calculation				
Net profit (loss)	206	(1,535)	(439)	(1,768)
add (deduct):				
Depreciation and amortization	183	3	-	186
Finance costs, excluding change in fair value	87	4	-	91
Stock-based compensation	483	299	109	891
Foreign exchange (gain) loss	(99)	1	-	(98)
Change in fair value in derivatives over equity	(210)	-	-	(210)
Adjusted EBITDA	650	(1,228)	(330)	(908)

Six-month period ended August 31, 2011

	Nutraceutical	Cardiovascular	Neurological	Total
	$	$	$	$
Revenues from external sales	8,636	-	-	8,636
Adjusted EBITDA	1,424	(1,956)	(544)	(1,076)
Net profit (loss)	136	(2,426)	(736)	(3,026)
Total assets	32,570	2,618	206	35,394
Working capital	20,262	1,898	(76)	22,084

Adjusted EBITDA calculation				
Net profit (loss)	136	(2,426)	(736)	(3,026)
add (deduct):				
Depreciation and amortization	372	6	-	378
Finance costs, excluding change in fair value	173	5	-	178
Stock-based compensation	840	447	192	1,479
Foreign exchange (gain) loss	(239)	12	-	(227)
Change in fair value in derivatives over equity	142	-	-	142
Adjusted EBITDA	1,424	(1,956)	(544)	(1,076)

OPERATING RESULTS

Revenue

Revenue for the second quarter continued to increase to a record amount of $8,099 for the three-month period ended August 31, 2012, representing an increase of 86% compared to $4,353 for the three-month period ended August 31, 2011. Revenue for the six-month period ended August 31, 2012 increased to a record $14,252, an increase of 65% compared to $8,636 for the six-month period ended August 31, 2011. This increase in the Corporation's revenue is mainly attributable to the aggressive penetration of the American, Canadian and Australian markets of NKO® and EKO™, especially from important follow up orders from United States and Australia.

Virtually all of the Corporation's sales for the six-month period ended August 31, 2012 are derived from the nutraceutical segments with the exception of $251 generated by Acasti's medical food Onemia™.

Gross Profit

Gross profit is calculated by deducting the cost of sales from revenue. Cost of sales consists primarily of costs incurred to manufacture products. It also includes related overheads, such as depreciation of property, plant and equipment, certain costs related to quality control and quality assurance, inventory management, sub-contractors and costs for servicing and commissioning.

The following table shows gross profit in dollars as well as a percentage of revenue for the three-month and six-month periods ended August 31, 2012 and August 31, 2011:

	Three Months Ended August 31,		Six Months Ended August 31,	
	2012	2011	**2012**	2011
Gross profit	3,055	2,223	6,668	4,447
Gross profit as % of revenue	38%	51%	47%	52%

Gross profit for the second quarter ended August 31, 2012 increased by $832 to $3,055 or 38% of revenue compared to $2,223 or 51% of revenue for the same period in 2011. Gross profit for the six-month period ended August 31, 2012 increased by $2,221 to $6,668 or 47% of revenue compared to $4,447 or 52% of revenue for the same period in 2011. The decrease in the gross profit percentage for both periods is mainly due to the unfavorable US to CDN dollar exchange rate, to the aggressive policy of volume discount helping secure market share. It was also attributable to the cost of product reprocessing mainly caused by our high quality standards as well as variability of the biomass. Finally, the ongoing expansion at the Sherbrooke plant has also impacted the production by slowing down certain production steps and contributed to supplemental production costs.

Selling Expenses

Selling expenses for the three-month and six-month periods ended August 31, 2012 and August 31, 2011 were as follows:

	Three Months Ended August 31,		Six Months Ended August 31,	
	2012	2011	**2012**	2011
Selling expenses	619	419	1,190	1,067
Selling expenses as % of revenue	8%	10%	8%	12%

Selling expenses amounted to $619 or 8% of revenue in the second quarter ended August 31, 2012 compared to $419 or 10% of revenue for the corresponding period in 2011. Selling expenses amounted to $1,190 or 8% of revenue in the six-month period ended August 31, 2012 compared to $1,067 or 12% of revenue for the corresponding period in 2011. The small increase in dollars in both periods is mainly attributable to the increase in marketing expenses. The expenses have been reduced in percentage of the total revenues, as a result of the increase in revenues for the respective periods.

General and Administrative Expenses

G&A expenses for the three-month and six-month periods ended August 31, 2012 and August 31, 2011 were as follows:

	Three Months Ended August 31,		Six Months Ended August 31,	
	2012	2011	**2012**	2011
General and administrative expenses	4,994	2,329	7,957	4,142
General and administrative expenses as % of revenue	62%	54%	56%	48%

G&A expenses amounted to $4,994 or 62% of revenue in the second quarter ended August 31, 2012, compared to $2,329 or 54% of revenue for the corresponding period in 2011, an increase of $2,665 compared to the corresponding period in 2011. G&A expenses amounted to $7,957 or 56% of revenue for the six-month period ended August 31, 2012, compared to $4,142 or 48% of revenue for the corresponding period of 2011, an increase of $3,815 compared to the corresponding period of 2011. The increase over 2011 is mainly explained by increased stock-based compensation expense of $2,115 and $2,806 for the three-month and the six-month periods ended August 31, 2012 respectively. This important increase is mainly attributable to grants of options to consultants, management and employees as well as grant of warrants to a consultant for financial consulting services. The increase in G&A expenses is also due to increases in both legal fees and road show expenses by approximately $400 and $150 respectively.

Research and Development Expenses

R&D expenses, net of tax credits, for the three-month and six-month periods ended August 31, 2012 and August 31, 2011 were as follows:

	Three Months Ended August 31,		Six Months Ended August 31,	
	2012	2011	**2012**	2011
Research and development expenses, net of tax credits	1,445	1,496	3,223	2,232
Research and development expenses, net of tax credits as % of revenue	18%	34%	23%	26%

R&D expenses amounted to $1,445 or 18% of revenue in the second quarter ended August 31, 2012 compared to $1,496 or 34% of revenue for the corresponding period in 2011, a decrease of $51 compared to the same period in 2011. R&D expenses amounted to $3,223 or 23% of revenue for the six-month period ended August 31, 2012 compared to $2,232 or 26% of revenue for the corresponding period in 2011, an increase of $991 compared to the same period in 2011. The increase of $991 in the six-month period is mainly attributable to an increase in stock-based compensation expenses of approximately $400 and an increase in legal fees related to our intellectual property of approximately $500.

Finance Costs

Finance costs for the three-month and six-month periods ended August 31, 2012 and August 31, 2011 were as follows:

	Three Months Ended August 31,		Six Months Ended August 31,	
	2012	2011	**2012**	2011
Finance costs	439	(119)	698	320
Finance costs as % of revenue	5%	(3%)	5%	4%

Finance costs amounted to $439 or 5% of revenue in the second quarter ended August 31, 2012 compared to ($119) or (3%) of revenue for the corresponding period in 2011, an increase of $558 compared to the same period in 2011. Finance costs amounted to $698 or 5% of revenue for the six-month period ended August 31, 2012 compared to $320 or 4% of revenue for the corresponding period of 2011, an increase of $378 compared to the same period in 2011. These increases are mainly attributable to the re-evaluation of the fair value of derivative financial instruments. Included in finance costs is the change in fait value of derivatives over equity (the 2011 Private placement – US) of $396 and $619, respectively, for the three and six-month periods ended August 31, 2012. This increase is due to the increase in the Corporation's share price during the respective periods, compared to the corresponding periods in 2011.

Foreign Exchange (Loss) Gain

Foreign exchange (loss) gain for the three-month and six-month periods ended August 31, 2012 and August 31, 2011 were as follows:

	Three Months Ended August 31,		Six Months Ended August 31,	
	2012	2011	**2012**	2011
Foreign exchange (loss) gain	(287)	99	(55)	226
Foreign exchange (loss) gain as % of revenue	(4%)	2%	(1%)	3%

Foreign exchange loss amounted to ($287) or (4%) of revenue in the second quarter ended August 31, 2012 compared to a gain of $99 or 2% of revenue for the corresponding period of 2011, a decrease of $386 compared to the same period in 2011. Foreign exchange loss amounted to ($55) or (1%) of revenue for the six-month period ended August 31, 2012 compared to a gain of $226 or 3% of revenue for the corresponding period of 2011, a decrease of $281 compared to the same period in 2011. This decrease is mainly attributable to the strength of the Canadian dollar over the U.S. dollar during these two periods.

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

Adjusted EBITDA improved by $204 for the three-month period ended August 31, 2012 to ($704) compared to ($908) for the three-month period ended August 31, 2011. Adjusted EBITDA improved by $514 for the six-month period ended August 31, 2012 to ($562) compared to ($1,076) for the six-month period ended August 31, 2011. The improvements for the three-month and six-month periods ended August 31, 2012 are mainly attributable to the increased revenues which more than offset the increase in both G&A and R&D expenses.

Net loss

The Corporation realized a consolidated net loss for the three-month period ended August 31, 2012 of ($4,684) compared to ($1,768) for the three-month period ended August 31, 2011. The Corporation realized a consolidated net loss for the six-month period ended August 31, 2012 of ($6,379) compared to ($3,026) for the six-month period ended August 31, 2011. The increase in the net consolidated loss is mainly attributable to the increase in stock-based compensation expense of $2,177 for the three-month period ended August 31, 2012 and $3,210 for the six-month period ended August 31, 2012.

LIQUIDITY AND CAPITAL RESOURCES

Operating Activities

During the six-month period ended August 31, 2012, the operating activities generated a decrease in liquidities of $1,609, compared to a decrease of $3,039 for the corresponding period ended August 31, 2011. The difference in the change in liquidities derived from the operating activities is mainly attributable to the lower earnings for the six-month period ended August 31, 2012 over the corresponding period of 2011, partially offset by higher non-cash charges, including the stock-based compensation expense. The decrease in liquidities is also caused by the changes in non-cash operating working capital items, especially by an increase in trade and other receivables of $1,105 and inventories by $1,519 offset by an increase in accounts payable of $1,647 resulting from the growth in the Corporation's business.

Investing Activities

During the six-month period ended August 31, 2012, the investing activities generated a decrease in liquidities of ($792). This decrease is mainly due to an increase in the acquisition of property, plant and equipment for $6,226, related primarily to the plant expansion in Sherbrooke, partially offset by the maturity of short-term investments for $5,607. In 2011, investing activities generated a decrease in liquidities of $6,399, primarily from the net purchase of short-term investments of $5,978.

Financing Activities

During the six-month period ended August 31, 2012, the financing activities generated an increase in liquidities of $2,513. This increase is mainly due the net increase in loans and borrowings of $1,530. In 2011, financing activities generated an increase in liquidities of $13,149, primarily from funds raised from private placement $11,503 as well as the proceeds from exercise of options of $2,767 offset by repayment of loans and borrowings of $1,123.

Overall, as a result of cash flows from all activities, the Corporation increased its cash by $52 for the six-month period ended August 31, 2012.

At August 31, 2012, the Corporation's liquidity position, consisting of cash and short-term investments, was $10,977.

Also, at August 31, 2012, the Corporation had an authorized operating line of credit $1,570, of which $640 was available as well as an additional unused line of $200 for foreign exchange contracts.

The Corporation believes that its available cash and short-term investments, expected interest income, research collaborations and licensing agreements, research tax credits, loans and borrowings, funds available under our line of credit and access to capital markets should be sufficient to finance the Corporation's operations and capital needs during the ensuing fiscal year. However, in light of the uncertainties associated with the regulatory approval process, clinical trial results, commercialization of nutraceutical products and the Corporation's ability to secure additional licensing, partnership and/or other agreements, further financing may be required to support the Corporation's operations in the future.

See ''Subsequent events'' for details regarding the issuance of common shares after the quarter end.

COMMITMENTS AND CONTINGENCIES

Contingencies:

On or around January 27, 2010, the Corporation and Acasti filed a Motion for the Issuance of a Permanent Injunction before the Quebec Superior Court against US Nutraceuticals LLC (d.b.a. Valensa), a US based corporation. Neptune and Acasti are seeking *inter alia* an injunction ordering Valensa to amend some patent applications filed by Valensa to add Neptune as co-owner, or in the alternative to have Valensa assign these patent applications to Neptune, as well as punitive damages, loss of profit and loss of business opportunity for an amount currently established at $3,000.

On September 28, 2011, Valensa filed its Defence wherein it denied Neptune/Acasti's allegations and requested a dismissal of the Motion. Valensa also filed a Cross-Demand but only against Neptune, wherein it alleged breach of contract and damages in the amount of $2,300. The Corporation denies all material allegations made by Valensa. The case is currently pending and no trial dates have been set. No provision has been recorded by the Corporation as at August 31, 2012 for this matter.

On October 4, 2011, the Corporation filed a Complaint in the US District Court for the District of Delaware against Aker Biomarine ASA, Aker Biomarine Antarctic USA Inc. and Schiff Nutrition International Inc. (Aker et al.) for the infringement of the Corporation's US patent 8,030,348 and for damages. On December 19, 2011, Aker et al. filed Counterclaims denying any infringement, seeking the invalidity of the Corporation's patent, and seeking an award for costs and damages. The proceedings have been stayed due to the reexamination of the patent and no trial dates have been set. No provision has been recorded by the Corporation as at August 31, 2012 for this matter.

In addition, on October 2, 2012, the Corporation filed a Complaint in the US District Court for the District of Delaware against Aker Biomarine ASA, Aker Biomarine Antartic USA Inc., Aker Biomarine Antartic AS, Schiff Nutrition Group Inc. and Schiff Nutrition International Inc. (Aker et al.) for the infringement of the Corporation's US patent 8,278,351 and for damages.

On October 4, 2011, the Corporation filed a Complaint in the US District Court for the District of Delaware against Enzymotec Limited, Enzymotec USA Inc., Mercola.com Health Resources, LLC and Azantis Inc. for the infringement of the Corporation's US patent 8,030,348 and for damages. On December 30, 2011, Enzymotec USA Inc. filed a Counterclaim denying any infringement, seeking the invalidity of the Corporation's patent, and seeking an award for costs and damages. On December 30, 2011, Mercola.com Health Resources, LLC and Azantis Inc. filed a Counterclaim denying any infringement, seeking the invalidity of the Corporation's patent, and seeking an award for costs and damages. The proceedings have been stayed due to the re-examination of the patent and no trial dates have been set. No provision has been recorded by the Corporation as at August 31, 2012 for this matter.

In addition, on October 2, 2012, the Corporation filed a Complaint in the US District Court for the District of Delaware against Enzymotec Limited, Enzymotec USA Inc., Mercola.com Health Resources, LLC for the infringement of the Corporation's US patent 8,278,351 and for damages.

On December 22, 2011, the Corporation received a motion filed by the University of Sherbrooke, the worldwide registered owner of patents relating to the extraction process (the “Patents”) licensed to the Corporation, asking the Court to order the transfer and force the Corporation to take ownership of the Patents. The case is currently pending and no trial dates have been set.

Commitments:

In September 2011, Neptune announced the conclusion of a memorandum of understanding (“MOU”) with Shanghai KaiChuang Deep Sea Fisheries Co., Ltd. (“SKFC”) to form a 50/50 joint venture named Neptune-SKFC Biotechnology, which would manufacture and commercialize Neptune’s krill products in Asia. The initial cost and total value of the project, which includes the construction of a production facility and development of a commercial distribution network for Asia, as well as other details of this arrangement are currently being reviewed by the parties. SFKC is 43% owned by Shanghai Fisheries General Corporation (“SFGC”), a large fishing conglomerate owned by the Government of China. SFGC is specializing in pelagic fishing, fishing vessels, fishing machinery, fresh grocery and storage services. It is present in more than 10 countries and employs more than 4,000 employees. SKFC also has the largest fleet of vessels of krill harvesting in the Antarctic Ocean. The MOU is subject to further negotiations and to approval by the boards of each party as well as by Chinese regulators.

In December 2011, the Corporation announced the official start of its Phase I plant expansion, which Neptune expects will increase its annual krill oil production capacity to 300,000 kilograms. The cost of the expansion project is estimated at $21,000 and is expected to be funded primarily by a Canadian federal government grant and interest-free loan, certain investment tax credits, a secured credit facility and a portion of Neptune’s working capital. Financing agreements in the amount of $15,500 were negotiated shortly after the end of the third quarter of fiscal 2012. The financing is in the form of a standard loan in the amount of $9,000 bearing interest at prime rate plus 2% with a five-year term, an interest-free loan in the amount of $3,500 with a ten-year term, and a $3,000 government grant. As at August 31, 2012, the Corporation signed agreements amounting to approximately $320 with various suppliers with respect to the plant expansion.

In the normal course of business, a Corporation’s subsidiary has signed agreements with various partners and suppliers for them to execute research projects and to produce and market certain products. The Corporation has reserved certain rights relating to these projects.

A Corporation’s subsidiary initiated research and development projects that will be conducted over a 12 to 24 month period for a total initial cost of $4,105, partially paid to date. As at August 31, 2012, an amount of $383 is included in “Trade and other payables” in relation to these projects.

SUBSEQUENT EVENTS

Distribution by way of dividend-in-kind of NeuroBioPharm warrants:

On September 5, 2012, NeuroBioPharm filed a prospectus qualifying the distribution by Neptune of the Dividend. NeuroBioPharm became a reporting issuer under applicable securities regulation upon filing of the prospectus. A total of 2,000,000 Units will be distributed to the holders of record of Neptune’s common shares on the Dividend Record Date. Each Unit will consist of one Class A Subordinate Voting Share and two Warrants. See “Business Overview - Neptune”.

Issuance of common shares:

On September 25, 2012, Neptune filed a prospectus supplement to a short-form base shelf prospectus for the distribution of 7,318,000 common shares of the Corporation at a price of US$4.10 per common share, for total gross proceeds of US$30,004. On October 2, 2012, the Corporation announced the closing of this public offering, resulting in a total of 8,307,762 common shares, including 989,762 common shares from the exercise of the over-allotment option by the underwriters, being issued for gross proceeds of approximately US$34,100. See “Business Overview - Neptune”.

FINANCIAL POSITION

The following table details the important changes to the balance sheet (other than equity) at August 31, 2012 compared to February 29, 2012:

Accounts	Increase (Reduction) (In Thousands of dollars)	Comments
Cash	52	See cash flows statement
Short-term investments	(5,552)	Maturity of short-term investments
Trade and other receivables	1,155	Extended terms for products launches
Inventories	1,519	Purchase of raw material for increased demand
Property, plant and equipment	7,192	Plant expansion project
Trade and other payables	4,211	Extended terms from raw material suppliers as well as plant expansion suppliers

See the statement of changes in equity for details of changes to the equity accounts from August 31, 2011.

PRIMARY FINANCIAL RATIOS

	August 31, **2012**	February 29, 2012	August 31, 2011
Working Capital Ratio (current assets / current liabilities)[1]	**2.37**	3.62	4.81
Solvency Ratio (Loans and borrowings / Total equity)[2]	**0.19**	0.18	0.17

1 The Working Capital Ratio is presented for information purposes only and represents a financial performance measurement tool mostly used in financial circles. Because there is no standard method endorsed by IFRS requirements, the results may not be comparable to similar measurements presented by other public corporations.

2 The Solvency Ratio is presented for information purposes only and represents a financial performance measurement tool mostly used in financial circles. Because there is no standard method endorsed by IFRS requirements, the results may not be comparable to similar measurements presented by other public corporations.

The Corporation's Working Capital Ratio slightly decrease at August, 31 2012 compared to February 29, 2012 and August 31, 2011 mainly due to the use of funds for managing the Corporation's growth. The Corporation's solvency ratio remained stable at August 31, 2012 compared to February 29, 2012 and August 31, 2011.

RELATED PARTY TRANSACTIONS

Under the terms of an agreement entered into with a corporation controlled by an officer and director (who is also a shareholder of the Corporation), the Corporation is committed to pay royalties of 1% of its revenues in semi-annual instalments, for an unlimited period. The annual amount disbursed cannot exceed net earnings before interest, taxes and amortization of the Corporation on a non-consolidated basis. For the three-month and six-month periods ended August 31, 2012, total royalties included in operating expenses amounted to $72 and $140 (three-month and six-month periods ended August 31, 2011 - $43 and $89). As at August 31, 2012, the balance due to this corporation under this agreement amounts to $79 (February 29, 2012 - $190). This amount is presented in the consolidated interim statement of financial position under ''Accounts payable and accrued liabilities''.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The consolidated interim financial statements are prepared in accordance with IFRS. In preparing the consolidated interim financial statements for the three-month and six-month periods ended August 31, 2012 and August 31, 2011, management made estimates in determining transaction amounts and statement of financial position balances. Certain policies have more importance than others. We consider them critical if their application entails a substantial degree of judgement or if they result from a choice between numerous accounting alternatives and the choice has a material impact on reported results of operation or financial position. The following sections describe the Corporation's most significant accounting policies and the items for which critical estimates were made in the consolidated interim financial statements and should be read in conjunction with the notes to the consolidated interim financial statements for the three-month and six-month periods ended August 31, 2012 and August 31, 2011.

USE OF ESTIMATES AND JUDGMENT

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates are based on management's best knowledge of current events and actions that the Corporation may undertake in the future. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include the following:

- Assessing the recognition of contingent liabilities.

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year include the following:

- Utilization of tax losses and investment tax credits;
- Measurement of derivative financial liabilities and stock-based compensation; and
- Collectability of trade receivable.

Refer to notes 2(d) and 3 of the consolidated annual financial statements.

Also, the Corporation uses its best estimate to determine which R&D expenses qualify for R&D tax credits and in what amounts. The Corporation recognizes the tax credits once it has reasonable assurance that they will be realized. Recorded tax credits are subject to review and approval by tax authorities and therefore, could be different from the amounts recorded.

DISCLOSURE CONTROLS, PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of Neptune, including the Chief Executive Officer and Chief Financial Officer, have designed disclosure controls and procedures to provide reasonable assurance that material information relating to the Corporation, including its consolidated subsidiaries, is made known to them by others within those entities, particularly during the period in which the annual filings are being prepared, and information required to be disclosed by the Corporation in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation. Also, management of Neptune, have designed internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Corporation's IFRS.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

During the three-month and six-month periods ended August 31, 2012, the President and the CFO evaluated whether there were any material changes in internal control over financial reporting pursuant to National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*. They individually concluded that there was no change during the three-month and six-month periods ended August 31, 2012 that affected materially or is reasonably likely to affect materially the Corporation's internal controls over financial reporting and disclosure controls and procedures.

RISKS AND UNCERTAINTIES

Investing in securities of the Corporation involves a high degree of risk. Prospective investors should carefully consider the risks and uncertainties described in our filings with securities regulators, including those described under the heading "Risk Factors" in our latest revised annual information form and in our final base shelf prospectus dated September 19, 2012, available on SEDAR at www.sedar.com and on EDGAR at www.sec.gov/edgar.shtml. Risks and uncertainties include, without limitation, (i) the successful commercialization of NKO® and EKO™; (ii) changes in regulatory requirements and interpretations of regulatory requirements; (iii) the Corporation's reliance on third parties for the manufacture, supply and distribution of its products and for the supply of raw materials; (iv) the Corporation's reliance on a limited number of distributors; (v) the Corporation's ability to manage its growth efficiently; (vi) the Corporation's ability to further penetrate core or new markets; (vii) the Corporation's dependence on a single manufacturing facility; (viii) the Corporation's ability to attract and retain skilled labor; (ix) the Corporation's ability to attract, hire and retain key management and personnel; (x) the success of current and future clinical trials by the Corporation and its subsidiaries; (xi) the Corporation's ability to achieve its publicly announced milestones on time; (xii) product liability lawsuits brought against the Corporation and its subsidiaries; (xiii) intense competition from other companies in the pharmaceutical and nutraceutical industry; and (xiv) the Corporation's ability to secure and defend its intellectual property rights. Additional risks and uncertainties, including those of which the Corporation is currently unaware or that it deems immaterial, may also adversely affect the Corporation's business, financial condition, liquidity, results of operation and prospects.

ADDITIONAL INFORMATION

Updated and additional Corporation information is available on SEDAR at www.sedar.com and on EDGAR at www.sec.gov/edgar.shtml.

As at October 11, 2012, the total number of common shares issued by the Corporation and in circulation was 59,031,824 and Corporation common shares were being traded on the TSX under the symbol "NTB" and on NASDAQ Capital Market under the symbol "NEPT". There were also 2,040,130 warrants and 6,732,500 options outstanding as at the same date. In addition, Acasti had 5,532,500 options, 5,612,350 Series 4 warrants and 750,000 Series 6 & 7 warrants outstanding. NeuroBioPharm had 496,250 options and 6,000,000 series 2011-1 warrants, 3,450,075 series 2011-2 warrants and 8,050,175 series 2011-3 warrants outstanding at this date.

/s/ Henri Harland

Henri Harland
President and Chief Executive Officer

/s/ André Godin

André Godin
Chief Financial Officer

Consolidated Interim Financial Statements of
(Unaudited)

NEPTUNE TECHNOLOGIES & BIORESSOURCES INC.

For the three-month and-six month periods ended August 31, 2012 and 2011

NEPTUNE TECHNOLOGIES & BIORESSOURCES INC.

Consolidated Interim Financial Statements
(Unaudited)

For the three-month and six-month periods ended August 31, 2012 and 2011

Financial Statements

Notice:

These consolidated interim financial statements have not been reviewed by an auditor.

NEPTUNE TECHNOLOGIES & BIORESSOURCES INC.

Consolidated Interim Statements of Financial Position
(Unaudited)

As at August 31, 2012 and February 29, 2012

	August 31, 2012	February 29, 2012
Assets		
Current assets:		
Cash	$ 3,817,180	$ 3,765,265
Short-term investments	7,159,336	12,711,310
Trade and other receivables	9,775,568	8,620,838
Tax credits receivable	1,479,154	1,215,524
Inventories	8,352,001	6,832,910
Prepaid expenses	219,386	430,368
	30,802,625	33,576,215
Government grant receivable	–	50,000
Property, plant and equipment	14,744,433	7,552,126
Intangible assets	1,518,317	1,357,740
Investment tax credit receivable	1,200,000	1,200,000
Deferred tax asset	1,000,000	1,000,000
Total assets	$ 49,265,375	$ 44,736,081
Liabilities and Equity		
Current liabilities:		
Loans and borrowings (note 7)	$ 1,871,325	$ 2,908,898
Trade and other payables	9,182,347	4,971,018
Advance payments (note 6)	865,764	813,203
Private placement warrants (note 3)	1,100,299	573,688
	13,019,735	9,266,807
Loans and borrowings (note 7)	4,160,867	2,845,272
Total liabilities	17,180,602	12,112,079
Equity:		
Share capital (note 3)	47,411,315	45,841,986
Warrants (note 3)	599,617	743,195
Contributed surplus	16,251,692	13,156,913
Deficit	(36,851,736)	(31,973,311)
Total equity attributable to equity holders of the Corporation	27,410,888	27,768,783
Non-controlling interest (note 4)	1,704,847	3,178,566
Subsidiary options (note 3)	2,969,038	1,676,653
Total equity attributable to non-controlling interest	4,673,885	4,855,219
Total equity	32,084,773	32,624,002
Commitments and contingencies (note 10)		
Subsequent events (note 12)		
Total liabilities and equity	$ 49,265,375	$ 44,736,081

See accompanying notes to unaudited consolidated interim financial statements.

NEPTUNE TECHNOLOGIES & BIORESSOURCES INC.

Consolidated Interim Statements of Earnings and Comprehensive Loss
(Unaudited)

Three-month and six-month periods ended August 31, 2012 and 2011

	Three-month periods ended August 31, 2012	Three-month periods ended August 31, 2011	Six-month periods ended August 31, 2012	Six-month periods ended August 31, 2011
Revenue from sales	$ 8,098,956	$ 4,352,924	$ 14,252,086	$ 8,636,158
Cost of sales	(5,044,173)	(2,130,257)	(7,583,748)	(4,188,730)
Gross profit	3,054,783	2,222,667	6,668,338	4,447,428
Other income - revenue from research contracts	–	–	–	9,464
Selling expenses	(618,758)	(418,554)	(1,190,010)	(1,066,872)
General and administrative expenses	(4,993,569)	(2,329,434)	(7,956,866)	(4,141,507)
Research and development expenses, net of tax credits of $98,131 and $293,598 (2011 - $(9,325) and $99,379)	(1,444,646)	(1,495,913)	(3,222,561)	(2,232,094)
	(4,002,190)	(2,021,234)	(5,701,099)	(2,983,581)
Finance income	43,346	36,059	75,444	51,118
Finance costs	(438,662)	119,141	(698,137)	(320,268)
Foreign exchange (loss) gain	(286,598)	98,502	(54,818)	226,330
Net finance (expense) income	(681,914)	253,702	(677,511)	(42,820)
Net loss and comprehensive loss for the period	$ (4,684,104)	$ (1,767,532)	$ (6,378,610)	$ (3,026,401)
Net loss and comprehensive loss attributable to:				
Owners of the Corporation	$ (3,895,084)	$ (1,075,984)	$ (4,878,425)	$ (1,914,488)
Non-controlling interest	(789,020)	(691,548)	(1,500,185)	(1,111,913)
Net loss and comprehensive loss for the period	$ (4,684,104)	$ (1,767,532)	$ (6,378,610)	$ (3,026,401)
Basic loss per share	$ (0.08)	$ (0.02)	$ (0.10)	$ (0.04)
Diluted loss per share	(0.08)	(0.02)	(0.10)	(0.04)
Basic weighted average number of common shares	49,966,258	49,038,234	49,851,373	46,801,613
Diluted weighted average number of common shares	49,966,258	49,038,234	49,851,373	46,801,613

See accompanying notes to unaudited interim consolidated financial statements.

NEPTUNE TECHNOLOGIES & BIORESSOURCES INC.

Consolidated Interim Statements of Changes in Equity
(Unaudited)

Six-month periods ended August 31, 2012 and 2011

	Attributable to equity holders of the Corporation						Attributable to non-controlling interest			
	Share capital									
	Number	Dollars	Warrants	Contributed surplus	Deficit	Total	Subsidiary options	Non-controlling interest	Total	Total equity
Balance, February 29, 2012	49,688,843	$ 45,841,986	$ 743,195	$ 13,156,913	$ (31,973,311)	$ 27,768,783	$ 1,676,653	$ 3,178,566	$ 4,855,219	$ 32,624,002
Net loss and comprehensive loss for the period	–	–	–	–	(4,878,425)	(4,878,425)	–	(1,500,185)	(1,500,185)	(6,378,610)
	49,688,843	45,841,986	743,195	13,156,913	(36,851,736)	22,890,358	1,676,653	1,678,381	3,355,034	26,245,392
Transactions with owners, recorded directly in equity										
Contributions by and distribution to owners										
Warrants exercised	201,718	777,296	(143,578)	–	–	633,718	–	–	–	633,718
Share-based payment transactions	–	–	–	3,396,312	–	3,396,312	1,292,385	–	1,292,385	4,688,697
Share options exercised	270,500	792,033	–	(291,283)	–	500,750	–	–	–	500,750
Total contributions by and distribution to owners	472,218	1,569,329	(143,578)	3,105,029	–	4,530,780	1,292,385	–	1,292,385	5,823,165
Change in ownership interests in subsidiaries that do not result in a loss of control										
Exercise of subsidiary warrants and options by third parties	–	–	–	16,095	–	16,095	–	28,980	28,980	45,075
Acquisition of subsidiary shares on the market	–	–	–	(26,345)	–	(26,345)	–	(2,514)	(2,514)	(28,859)
Total changes in ownership interest in subsidiaries	–	–	–	(10,250)	–	(10,250)	–	26,466	26,466	16,216
Total transactions with owners	472,218	1,569,329	(143,578)	3,094,779	–	4,520,530	1,292,385	26,466	1,318,851	5,839,381
Balance at August 31, 2012	50,161,061	$ 47,411,315	$ 599,617	$ 16,251,692	$ (36,851,736)	$ 27,410,888	$ 2,969,038	$ 1,704,847	$ 4,673,885	$ 32,084,773

See accompanying notes to unaudited consolidated interim financial statements.

NEPTUNE TECHNOLOGIES & BIORESSOURCES INC.

Consolidated Interim Statements of Changes in Equity, Continued
(Unaudited)

Six-month periods ended August 31, 2012 and 2011 (continued)

	Attributable to equity holders of the Corporation						Attributable to non-controlling interest			
	Share capital									
	Number	Dollars	Warrants	Contributed surplus	Deficit	Total	Subsidiary options	Non-controlling interest	Total	Total equity
Balance, February 28, 2011	42,490,874	$ 31,148,232	$ 104,987	$ 9,471,507	$ (28,586,171)	$ 12,138,555	$ 207,128	$ 920,681	$ 1,127,809	$ 13,266,364
Net loss and comprehensive loss for the period	–	–	–	–	(1,914,488)	(1,914,488)	–	(1,111,913)	(1,111,913)	(3,026,401)
	42,490,874	31,148,232	104,987	9,471,507	(30,500,659)	10,224,067	207,128	(191,232)	15,896	10,239,963
Transactions with owners, recorded directly in equity										
Contributions by and distribution to owners										
Issuance of shares and warrants through private placement	5,785,057	10,139,717	743,195	–	–	10,882,912	–	–	–	10,882,912
Share-based payment transactions	–	–	–	1,323,171	–	1,323,171	156,146	–	156,146	1,479,317
Share-options exercised	1,093,825	3,835,890	–	(1,068,595)	–	2,767,295	–	–	–	2,767,295
Warrants exercised	48,082	133,778	(18,718)	–	–	115,060	–	–	–	115,060
Distribution of subsidiary rights as dividend	–	–	–	(1,492,046)	–	(1,492,046)	1,492,046	–	1,492,046	–
Total contributions by and distribution to owners	6,926,964	14,109,385	724,477	(1,237,470)	–	13,596,392	1,648,192	–	1,648,192	15,244,584
Change in ownership interests in subsidiaries that do not result in a loss of control										
Conversion of subsidiary convertible redeemable shares	–	–	–	–	(1,459,061)	(1,459,061)	–	1,459,061	1,459,061	–
Distribution of subsidiary rights by Acasti	–	–	–	–	–	–	998,234	(998,234)	–	–
Exercise of subsidiary warrants by third parties	–	–	–	30,300	–	30,300	–	19,076	19,076	49,376
Buyback of subsidiary rights	–	–	–	–	–	–	(12,603)	–	(12,603)	(12,603)
Total changes in ownership interest in subsidiaries	–	–	–	30,300	(1,459,061)	(1,428,761)	985,631	479,903	1,465,534	36,773
Total transactions with owners	6,926,964	14,109,385	724,477	(1,207,170)	(1,459,061)	12,167,631	2,633,823	479,903	3,113,726	15,281,357
Balance at August 31, 2011	49,417,838	$ 45,257,617	$ 829,464	$ 8,264,337	$ (31,959,720)	$ 22,391,698	$ 2,840,951	$ 288,671	$ 3,129,622	$ 25,521,320

See accompanying notes to unaudited consolidated interim financial statements.

NEPTUNE TECHNOLOGIES & BIORESSOURCES INC.

Consolidated Interim Statements of Cash Flows
(Unaudited)

Three-month and six-month periods ended August 31, 2012 and 2011

	Three-month periods ended August 31,		Six-month periods ended August 31,	
	2012	2011	2012	2011
Cash flows from operating activities:				
Net loss for the period	$ (4,684,104)	$ (1,767,532)	$ (6,378,610)	$ (3,026,401)
Adjustments:				
Depreciation of property, plant and equipment	177,489	177,873	356,154	361,124
Amortization of intangible assets	9,465	8,113	18,930	16,225
Stock-based compensation	3,068,156	891,096	4,688,697	1,479,317
Net finance expense (income)	681,914	(253,702)	677,511	42,820
Foreign exchange (loss) gain	(286,598)	98,502	(54,818)	226,330
Foreign exchange loss on cash	123,729	–	59,959	–
Unrealized foreign exchange gain on advance payments	(16,046)	–	(31,928)	–
	(925,995)	(845,650)	(664,105)	(900,585)
Changes in non-cash operating working capital items:				
Trade and other receivables	(485,175)	(1,326,444)	(1,104,730)	(1,624,144)
Tax credits receivable	(68,163)	(253,445)	(263,630)	147,159
Prepaid expenses	319,311	(8,974)	210,982	703,273
Inventories	595,124	35,929	(1,519,091)	(2,101,787)
Trade and other payables	1,107,384	72,975	1,647,223	710,108
Advance payments	(26,585)	6,847	84,489	27,266
	1,441,896	(1,473,112)	(944,757)	(2,138,125)
	515,901	(2,318,762)	(1,608,862)	(3,038,710)
Cash flows from investing activities:				
Interest received	1,979	36,059	20,628	51,118
Acquisition of property, plant and equipment	(3,057,849)	(366,159)	(6,226,283)	(450,898)
Acquisition of intangible assets	(24,685)	(16,747)	(193,149)	(20,459)
Maturity of short-term investments	2,268,290	931,077	5,606,790	–
Acquisition of short-term investments	–	(491,320)	–	(5,978,288)
	(812,265)	92,910	(792,014)	(6,398,527)
Cash flows from financing activities:				
Repayment of loans and borrowings	(115,293)	(244,935)	(1,507,410)	(1,123,014)
Increase in loans and borrowings	–	–	3,037,393	–
Proceeds from exercise of subsidiary warrants	30,813	49,376	45,075	49,376
Buyback of subsidiary rights	–	(12,603)	–	(12,603)
Proceeds from exercise of warrants	537,901	115,060	541,214	115,060
Acquisition of subsidiary shares on the market	(28,859)	–	(28,859)	–
Net proceeds from private placement	–	(14,612)	–	11,502,706
Proceeds from exercise of options	283,250	2,594,295	500,750	2,767,295
Interest paid	(40,419)	(90,866)	(75,413)	(149,867)
	667,393	2,395,715	2,512,750	13,148,953
Foreign exchange loss on cash held in foreign currencies	(123,729)	–	(59,959)	–
Net increase in cash	247,300	169,863	51,915	3,711,716
Cash (bank indebtedness), beginning of period	3,569,880	3,502,320	3,765,265	(39,533)
Cash, end of period	$ 3,817,180	$ 3,672,183	$ 3,817,180	$ 3,672,183
Supplemental cash flow disclosure:				
Non-cash transactions:				
Acquired property, plant and equipment included in accounts payable and accrued liabilities	$ 36,825	$ –	$ 4,045,163	$ –
Intangible assets included in accounts payable and accrued liabilities	2,027	–	31,463	–
Ascribed value to share capital on exercise of private placement warrants	92,504	–	92,504	–

See accompanying notes to unaudited interim consolidated financial statements.

1. Reporting entity:

Neptune Technologies & Bioressources Inc. (the "Corporation") is incorporated under the *Business Corporations Act* (Québec) (formerly Part 1A of the *Companies Act* (Québec)). The Corporation is domiciled in Canada and its registered office is located at 545 Promenade du Centropolis, Laval, Québec, H7T 0A3. The condensed consolidated interim financial statements of the Corporation comprise the Corporation and its subsidiaries, Acasti Pharma Inc. and NeuroBioPharm Inc. The Corporation focuses on the research, development and commercialization of products derived from marine biomasses for the nutraceutical, pharmaceutical and cosmetic industries. The Corporation develops proprietary and potent health ingredients from underexploited marine biomasses, such as krill, with its patented extraction process Neptune OceanExtract™. The Corporation develops and industrializes its extraction process and markets its marine oil Neptune Krill Oil - NKO® and ECO Krill Oil - EKO™, as well as its protein concentrated Neptune Krill Aquatein - NKA™. Its products are aimed at the nutraceutical, biopharmaceutical, cosmetics, and pet food markets.

The Corporation's subsidiaries are subject to a number of risks associated with the successful development of new products and their marketing, the conduct of clinical studies and their results, the meeting of development objectives set by the Corporation in its license agreements and the establishment of strategic alliances. The Corporation's subsidiaries will have to finance its research and development activities and its clinical studies. To achieve the objectives of their business plans, the Corporation's subsidiaries plan to establish strategic alliances, raise the necessary capita,l and make sales. It is anticipated that the products developed by the Corporation's subsidiaries will require approval from the U.S. Food and Drug Administration and equivalent organizations in other countries before their sale can be authorized.

2. Basis of preparation:

(a) Statement of compliance:

These consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), on a basis consistent with those accounting policies followed by the Corporation in the most recent audited consolidated annual financial statements. These condensed consolidated interim financial statements have been prepared under IFRS in accordance with IAS 34, *Interim Financial Reporting*. Certain information, in particular the accompanying notes, normally included in the consolidated annual financial statements prepared in accordance with IFRS, has been omitted or condensed. Accordingly, the condensed consolidated interim financial statements do not include all of the information required for full annual consolidated financial statements, and therefore should be read in conjunction with the audited consolidated financial statements and the notes thereto for the year ended February 29, 2012.

(b) Basis of measurement:

The consolidated financial statements have been prepared on the historical cost basis except for the following:

- Equity warrants and stock options which are measured at fair value of date of grant pursuant to IFRS 2;
- Liabilities for warrants which are measured at fair value at each reporting date;
- Debenture conversion options and derivative financial liabilities which are measured at fair value; and
- Non-interest bearing refundable contribution which is measured at fair value at the time of the contribution is received and at amortized cost thereafter.

(c) Functional and presentation currency:

These consolidated interim financial statements are presented in Canadian dollars, which is the Corporation and its subsidiaries' functional currency.

2. Basis of preparation (continued):

(d) Use of estimates and judgements:

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates are based on the management's best knowledge of current events and actions that the Corporation may undertake in the future. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the Consolidated financial statements include the following:

- Assessing the recognition of contingent liabilities.

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year include the following:

- Utilization of tax losses and investment tax credits;
- Measurement of derivative financial liabilities and stock-based compensation; and
- Collectability of trade receivable.

Also, the Corporation uses its best estimate to determine which research and development ("R&D") expenses qualify for R&D tax credits and in what amounts. The Corporation recognizes the tax credits once it has reasonable assurance that they will be realized. Recorded tax credits are subject to review and approval by tax authorities and therefore could be different from the amounts recorded.

3. Capital and other components of equity:

(a) Share capital:

Authorized capital stock:

Unlimited number of shares without par value:

- Common shares

Preferred shares, issuable in series, rights, privileges and restrictions determined at time of issuance:

- Series A preferred shares, non-voting, non-participating, fixed, preferential and non-cumulative dividend of 5% of paid-up capital, exchangeable at the holder's option under certain conditions into common shares (none issued and outstanding).

(b) Private placements:

On May 3 and May 13, 2011, the Corporation closed the two portions of a private placement financing, from U.S. and Canadian accredited investors, for gross proceeds of $12,419,768.

A portion of the proceeds came from US institutional investors for 2,722,222 common shares at US$2.25 per share and warrants (the "2011 Private placement - US" warrants) to purchase 680,556 additional common shares. The warrants to purchase additional shares will be exercisable at a price of US$2.75 per share for 18 months commencing one day following their issue date. The other portion of the proceeds came from Canadian institutional investors for 3,062,835 common shares at $2.15 per share and warrants (the "2011 Private placement - CA" warrants) to purchase 765,709 additional shares. The warrants to purchase additional shares will be exercisable at a price of $2.65 per share for 18 months commencing one day following their issue date. Because the 2011 Private placement - US warrants are exercisable at a price denominated in a currency other than the Corporation's functional currency, they were determined to be a derivative financial liability. Total issue costs related to these transactions amounted to $942,638.

3. Capital and other components of equity (continued):

(c) Warrants:

The warrants of the Corporation are composed of the following as at August 31, 2012 and February 29, 2012:

	August 31, 2012		February 29, 2012	
	Number outstanding	Amount	Number outstanding	Amount
2011 Private placement - CA	616,769	$ 599,617	765,709	$ 743,195
2011 Private placement - US	627,778	1,100,299	680,556	573,688
	1,244,547	$ 1,699,916	1,446,265	$ 1,316,883

	August 31, 2012	February 29, 2012
Classified as:		
Equity	$ 599,617	$ 743,195
Liability	1,100,299	573,688
	$ 1,699,916	$ 1,316,883

The significant terms of the warrants are as follows:

	Exercise price	Expiry
2011 Private placement - CA	$ 2.65	November 3, 2012
2011 Private placement - US	USD 2.75	November 3, 2012

During the three-month period ended August 31, 2012, the Corporation granted one three-year warrant to purchase 1,000,002 common shares to a consultant under a financial consulting agreement. The warrants will be exercisable at a price of US$5.00 per share until June 15, 2015. The warrant shall be subject to vesting in six equal instalments of 166,667 warrant shares, the first vesting being on the date of issuance and the remaining vesting being respectively on the last day of each quarter. At August 31, 2012, 333,334 warrant shares had vested. The Corporation recognized a stock-based compensation expense of $836,199, included in contributed surplus, during the three-month period ended August 31, 2012, for this grant.

3. Capital and other components of equity (continued):

(d) Subsidiary options:

	August 31, 2012		February 29, 2012	
	Number outstanding	Amount	Number outstanding	Amount
Acasti Pharma Inc.				
Series 4 warrants	5,672,350	$ 353,925	5,775,500	$ 299,779
Options outstanding under stock-based compensation plan	5,482,500	2,055,896	3,347,500	919,604
Private placement warrants				
Series 6	375,000	306,288	375,000	306,288
Series 7	375,000	78,088	375,000	7,027
	11,904,850	2,794,197	9,873,000	1,532,698
NeuroBioPharm Inc.				
Series 2011-2 warrants	3,450,075	11,355	800,000	5,461
Series 2011-3 warrants	8,050,175	150,926	6,303,929	128,358
Options outstanding under stock-based compensation plan	496,250	12,560	496,250	10,136
	11,996,500	174,841	7,600,179	143,955
	23,901,350	$ 2,969,038	17,473,179	$ 1,676,653

The characteristics of the Acasti subsidiary warrants are as follows:

Series 4 allows the holder to purchase one Class A share of Acasti for $0.25 per share until October 8, 2012.

Series 6 allows the holder to purchase one Class A share of Acasti for $1.50 per share until February 10, 2015.

Series 7 allows the holder to purchase one Class A share of Acasti for $1.50 per share until February 10, 2015, subject to the achievement of certain agreed upon and predefined milestones.

3. Capital and other components of equity (continued):

(d) Subsidiary options (continued):

On April 12, 2011, NeuroBioPharm proceeded with the following transactions affecting its capital structure:

- NeuroBioPharm consolidated all classes of its capital stock on a 2:1 basis.
- NeuroBioPharm exchanged the resulting 50 Class A shares for 1,000 new Class A shares, 26,000,000 Class H shares redeemable for $0.45 per share, and 6,000,000 Series 2011-1 warrants.
- NeuroBioPharm exchanged the resulting 17,500,000 Class C shares, 3,500,000 Series 4 warrants and 1,500,000 Series 5 warrants for 17,500,000 Class G shares redeemable for $0.20 per share, 3,450,075 Series 2011-2 warrants and 8,050,175 Series 2011-3 warrants.
- The Corporation converted its accounts receivable in the amount of approximately $850,000 into 8,500,000 Class A shares.

The characteristics of the NeuroBioPharm subsidiary warrants are as follows:

Series 2011-2 allows the holder to purchase one Class A share of NeuroBioPharm for $0.47 per share until the earliest of the two following events: (i) fifteen (15) days after the listing to the corporation's shares on a recognized stock exchange, or (ii) on April 12, 2016.

Series 2011-3 allows the holder to purchase one Class A share of NeuroBioPharm for $0.40 per share until April 12, 2016.

(e) Distribution of subsidiary rights as dividend:

On July 5, 2011, Neptune received from Acasti's Rights offering a total of 38,617,733 rights. Neptune transferred these rights to its own shareholders at the Record Date in payment of a dividend on its common shares. The dividend declared by Neptune on its common shares is of $0.030421697 per common share and this dividend was paid by the transfer to Neptune's shareholder at the Record Date of 0.787 of an Acasti Right per common share of Neptune. The dividend declared represented a value of $1,492,046. On July 5, 2011, Neptune repurchased 326,000 of Acasti Rights, for an amount of $12,603.

4. Non-controlling interest:

During the six-month period ended August 31, 2012, the Corporation's participation in Acasti Pharma changed as follows:

During the six-month period ended August 31, 2012, the Corporation acquired on the market 13,600 shares of Acasti at a price of $2.12.

Throughout the six-month period ended August 31, 2012, various holders of Acasti warrants and options exercised their right to purchase Class A shares, resulting in the issuance of 123,150 shares by Acasti and cash proceeds of $39,412.

The distribution of the shareholdings of issued and outstanding Acasti Pharma's capital stock between the Corporation and other shareholders as at August 31, 2012 and February 29, 2012 is detailed as follows:

			August 31, 2012
	Corporation	Other shareholders	Total
Class A shares	41,381,333	31,378,705	72,760,038
Votes	57%	43%	100%
Participation	57%	43%	100%

4. Non-controlling interests (continued):

			February 29, 2012
	Corporation	Other shareholders	Total
Class A shares	41,367,733	31,269,155	72,636,888
Votes	57%	43%	100%
Participation	57%	43%	100%

Class A shares are voting (one vote per share), participating and without par value.

Class B shares are voting (ten votes per share), non-participating, without par value and maximum annual non-cumulative dividend of 5% on the amount paid for said shares. Class B shares are convertible, at the holder's discretion, into Class A shares, on a one-for-one basis, and Class B shares are redeemable at the holder's discretion for $0.80 per share, subject to certain conditions.

Class C shares are non-voting, non-participating, without par value and maximum annual non-cumulative dividend of 5% on the amount paid for said shares. Class C shares are convertible, at the holder's discretion, into Class A shares, on a one-for-one basis, and Class C shares are redeemable at the holder's discretion for $0.20 per share, subject to certain conditions.

Throughout the six-month period ended August 31, 2012, the Corporation owned at least 99% of NeuroBioPharm's issued and outstanding capital stock.

5. Share-based payment:

Description of the share-based payment arrangements:

At August 31, 2012, the Corporation has the following share-based payment arrangements:

(a) Corporation stock-based compensation plan:

The Corporation has established a stock-based compensation plan for administrators, officers, employees and consultants. The plan provides for the granting of common share options. The purchase price of the shares covered by the stock options granted under the plan is the closing price of the common shares listed on the TSX on the eve of the grant. Under this plan, 6,850,000 common shares have been reserved for issuance. The terms and conditions for acquiring and exercising options are set by the Board of Directors, as well as the term of the options which, however, cannot be more than five years or any other shorter period as specified by the Board of Directors, according to the regulations of the plan. The Corporation's stock-option plan allows the Corporation to issue a number of incentive stock options not in excess of 15% of the number of shares issued and outstanding. The total number of shares issued to a single person cannot exceed 5% of the Corporation's total issued and outstanding common shares, with the maximum being 2% for any one consultant.

The Board of Directors adopted the amendments to the Amended and Restated Stock Option Plan on May 9, 2012. The proposed amendments deal with, amongst other things: (i) the conversion of the Stock Option Plan from a ''fixed'' plan to a ''rolling'' plan, (ii) the clarification of the powers of the Board, (iii) the clarification of the early termination of options upon the concurrence of certain predetermined events, (iv) allowing the Board to make certain amendments to the Stock Option Plan, (v) providing for a blackout period extension, (vi) providing for change of control and sale of the Corporation clauses and (vii) other ''housekeeping'' changes. On June 21, 2012, the resolution was passed by a simple majority of the votes cast by shareholders present in person or by proxy at the Annual Shareholders Meeting.

Every stock option issuance in the stock option plan will be subject to conditions no less restrictive than a minimal vesting period of 18 months, with the vesting rights acquisition gradual and equal, at least on a quarterly basis.

5. Share-based payment (continued):

(a) Corporation stock-based compensation plan (continued):

The number and weighted average exercise prices of share options are as follows:

		Weighted average exercise price	Number of options		Weighted average exercise price	Number of options
Outstanding at March 1, 2012 and 2011	$	2.46	3,768,000	$	2.27	3,871,625
Forfeited		3.45	(50,000)		2.61	(77,000)
Expired		–	–		2.70	(326,300)
Exercised		1.85	(270,500)		2.53	(1,093,825)
Granted		3.37	3,040,000		3.22	250,000
Outstanding at August 31, 2012 and 2011	$	2.88	6,487,500	$	2.18	2,624,500
Exercisable at August 31, 2012 and 2011	$	2.35	2,702,827	$	1.98	1,060,575

The fair value of options granted has been estimated according to the Black-Scholes option pricing model and based on the weighted average of the following assumptions for options granted during the periods ended:

	Six-month periods ended August 31,	
	2012	2011
Dividend	0.02%	0.02%
Risk-free interest	1.29%	1.81%
Estimated life	2.64 years	2.40 years
Expected volatility	66.47%	71.18%

The weighted average of the fair value of the options granted to employees during the six-month period ended August 31, 2012 is $1.11 (2011 - $1.18). The weighted average of the fair value of the options granted to non-employees during the six-month period ended August 31, 2012 is $1.67 (2011 - $0.70).

5. Share-based payment (continued):

(b) Acasti Pharma stock-based compensation plan:

The subsidiary Acasti Pharma has established a stock-based compensation plan for administrators, officers, employees and consultants. The plan provides for the granting of options to purchase Acasti Class A shares. The exercise price of the stock options granted under the plan is not lower than the closing price of the shares listed on the eve of the grant. Under this plan, the maximum number of options that can be issued equalled the lower of 1,530,000 or 10% of Acasti Class A shares held by public shareholders, as approved annually by such shareholders. On March 21, 2011, Acasti's Board of Directors amended the incentive stock option plan (the ''Plan''). The amendments to the Plan were approved by the shareholders on June 22, 2011. The main modification to the Plan consists of an increase in the number of shares reserved for issuance of incentive stock options under the Plan to 6,443,444. On June 21, 2012, Acasti's shareholders approved the renewal of the corporation stock option plan, under which the maximum number of options that can be issued is 7,269,379, corresponding to 10% of the shares outstanding as of the date of shareholders' approval. The terms and conditions for acquiring and exercising options are set by Acasti's Board of Directors, subject, among others, to the following limitations: the term of the options cannot exceed ten years and every stock option granted under the stock option plan will be subject to conditions no less restrictive than a minimal vesting period of 18 months, a gradual and equal acquisition of vesting rights, at least on a quarterly basis. The total number of shares issued to a single person cannot exceed 5% of the Corporation's total issued and outstanding common shares, with the maximum being 2% for any one consultant.

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Outstanding at March 1, 2012 and 2011	$ 1.15	3,347,500	$ 0.25	800,000
Exercised	0.68	(20,000)	0.25	(25,000)
Granted	2.10	2,155,000	1.41	2,485,000
Outstanding at August 31, 2012 and 2011	$ 1.53	5,482,500	$ 1.14	3,260,000
Exercisable at August 31, 2012 and 2011	$ 0.95	1,776,333	$ 0.25	557,500

The fair value of options granted has been estimated according to the Black-Scholes option pricing model and based on the weighted average of the following assumptions for options granted during the periods ended:

	Six-month periods ended August 31, 2012	Six-month periods ended August 31, 2011
Dividend	–	–
Risk-free interest	1.34%	1.89%
Estimated life	4.19 years	3.98 years
Expected volatility	70.52%	76.18%

The weighted average of the fair value of the options granted to employees during the six-month period ended August 31, 2012 is $1.13 (2011 - $0.78). The weighted average of the fair value of the options granted to non-employees during the six-month period ended August 31, 2012 is $0.90 (2011 - $0.73).

5. Share-based payment (continued):

(c) NeuroBioPharm stock-based compensation plan:

On May 25, 2011, the Board of Directors approved the establishment of a stock option plan for Board members, executive officers, employees and consultants of the subsidiary NeuroBioPharm. The maximum number of Class A shares that may be issued under the plan is 600,000 Class A shares, with specified individual limits established for consultants, investor relations and individuals. The exercise price of the options will be determined by the Board of Directors but may not be lower than either (i) the price per share obtained in the latest arm's length private placement within the last year, and (ii) the demonstration of value in one of the following ways: formal valuation; deferred expenditures incurred within the five previous years which have contributed to or can reasonably be expected to contribute to the development of the product or technology for which NeuroBioPharm intends to conduct a recommended research and development program in the following twelve months; net tangible assets; five times average cash flows; or some other determination of value acceptable to a recognized stock exchange where the securities of NeuroBioPharm are listed, if applicable. The life of the option will be of a maximum of 10 years. The total number of shares issued to a single person cannot exceed 5% of the Corporation's total issued and outstanding common shares, with the maximum being 2% for any one consultant.

The stock option plan will be subject to conditions no less restrictive than a minimal vesting period of 18 months, a gradual and equal acquisition of vesting rights, at least on a quarterly basis.

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Outstanding at March 1, 2012 and 2011	$ 0.50	496,250	$ –	–
Granted	–	–	0.50	546,250
Outstanding at August 31, 2012 and 2011	$ 0.50	496,250	$ 0.50	546,250
Exercisable at August 31, 2012 and 2011	$ 0.50	248,134	$ –	–

The fair value of options granted has been estimated according to the Black-Scholes option pricing model and based on the weighted average of the following assumptions for options granted during the six-month period ended August 31, 2011:

Dividend	–
Risk-free interest	2.08%
Estimated life	3.5 years
Expected volatility	75%

The weighted average of the fair value of the options granted to employees during the six-month period ended August 31, 2011 is $0.02.

No options were granted during the six-month period ended August 31, 2012.

5. Share-based payment (continued):

(d) Other stock-based compensation:

From time to time, the Corporation awards incentive rights to employees over Series 4 warrants it owns in its subsidiary Acasti and Series 2011-2 and Series 2011-3 warrants it owns in its subsidiary NeuroBioPharm. The rights vest gradually. All are subject to the employees' continued service, or having reached four years of continued service for directors.

The number and weighted average exercise prices of rights over Acasti warrants are as follows:

	Weighted average exercise price	Number of rights	Weighted average exercise price	Number of rights
Outstanding at March 1, 2012 and 2011	$ 0.33	5,715,500	$ 0.27	5,792,500
Forfeited	–	–	0.35	(25,000)
Exercised	0.30	(103,150)	0.31	(126,250)
Granted	–	–	1.25	165,000
Outstanding at August 31, 2012 and 2011	$ 0.33	5,612,350	$ 0.33	5,806,250
Exercisable at August 31, 2012 and 2011	$ 0.30	4,951,100	$ 0.27	4,658,750

The fair value of rights over Acasti warrants granted has been estimated according to the Black-Scholes option pricing model and based on the weighted average of the following assumptions for rights granted during the six-month period ended August 31, 2011:

Dividend	–
Risk-free interest	1.71%
Estimated life	2.38 years
Expected volatility	71.56%

The weighted average of the fair value of the rights granted to employees during the six-month period ended August 31, 2011 is $0.51.

No rights were granted during the six-month period ended August 31, 2012.

5. Share-based payment (continued):

(d) Other stock-based compensation (continued):

The number and weighted average exercise prices of rights over NeuroBioPharm warrants are as follows:

		Weighted average exercise price	Number of rights		Weighted average exercise price	Number of rights
Outstanding at March 1, 2012 and 2011	$	0.51	7,023,427	$	0.13	5,750,000
Cancelled		–	–		0.10	(5,000)
Series 4 exchanged		–	–		0.13	(5,745,000)
Series 2011-3 granted		–	–		0.43	6,605,149
Forfeited		–	–		0.57	(39,501)
Granted		0.75	730,000		0.64	1,524,279
Outstanding at August 31, 2012 and 2011	$	0.53	7,753,427	$	0.47	8,089,927
Exercisable at August 31, 2012 and 2011	$	0.47	5,161,529	$	0.42	5,466,878

The fair value of rights over NeuroBioPharm warrants granted has been estimated according to the Black-Scholes option pricing model and based on the weighted average of the following assumptions for rights granted during the periods ended:

	Six-month period ended August 31,	
	2012	2011
Dividend	–	–
Risk-free interest	1.20%	2.19%
Estimated life	2.91 years	3.49 years
Expected volatility	74.44%	75%

The weighted average of the fair value of the options granted to employees during the six-month period ended August 31, 2012 is $0.01 (2011 - $0.01).

No rights were granted during the three-month periods ended August 31, 2012 and 2011.

6. Partnership and collaboration agreements:

In 2008, the Corporation received a first payment of €500,000 out of several payments scheduled under the terms of a partnership agreement. The agreement foresees the Corporation's commitment of developing a clinical research program and the development of products incorporating Neptune Krill Oil - NKO® in a dietary matrix. An amount of 62.5% of the initial payment is refundable only if the parties fail to meet certain development milestones, prior to the release of the products on the market. The extent of any reimbursement obligations are currently being discussed between Neptune and the partner, but no agreement has been reached. In addition, during the year ended February 28, 2011, the Corporation received an amount of €100,000 which was conditional to the Corporation receiving the Novel Food status as well as meeting positive organoleptic results as defined in an amendment to the partnership agreement between the two parties. No revenues have been recognized by the Corporation under this agreement. As at August 31, 2012, an amount of $781,275 is included in "advance payments" in the consolidated statements of financial position ($813,203 - February 29, 2012).

7. Loans and borrowings:

This note provides information about the contractual terms of the Corporation's interest-bearing loans and borrowings, which are measured at amortized cost.

	August 31, 2012	February 29, 2012
Non-current loans and borrowings		
Mortgage loan, principal balance of $3,500,000, bearing interest at the prime rate plus 2%, partly secured (38.46%) by Investissement Québec (for an annual premium of 2.5% on the secured amount), through a savings guarantee from Neptune of $1,000,000, and through a first-ranking mortgage on the plant, a first-ranking mortgage on all movable assets (except for accounts receivable and inventories), current and future, corporeal and incorporeal, and tangible and intangible except for intellectual property (which is subject to a negative pledge agreement), and a second-ranking mortgage on all accounts receivable and inventories, reimbursable in monthly principal payments of $41,667 until November 2015. The amount recorded is net of related financial expenses.	$ 1,601,545	$ 1,847,936
Mortgage loan, principal balance of $3,000,000, bearing interest at the prime rate plus 2%, secured as indicated above, reimbursable in monthly principal payments of $36,165 until August 2016.	1,699,744	1,952,898
Refundable contribution obtained from a federal program, without collateral or interest, payable in monthly instalments of $50,623, from March 2016 to February 2021. The cash contribution received of $3,037,393 has been initially recorded at its estimated fair value of $1,742,326, using a discount rate of 9%.	1,781,823	–
Two refundable contributions obtained from a federal program available for small and medium-sized businesses, without collateral or interest, payable in semi-annual instalments of $9,702 until October 2012.	9,702	19,403
Finance lease liabilities, interest rates varying from 7.1% to 10.6%, payable in average monthly instalments of $2,091 ($2,589 as at February 29, 2012), maturing at different dates until 2014.	9,378	13,933
	5,102,192	3,834,170
Less current portion	941,325	988,898
Loans and borrowings - non-current	$ 4,160,867	$ 2,845,272

7. Loans and borrowings (continued):

		August 31, 2012		February 29, 2012
Current loans and borrowings:				
Current portion of mortgage loans	$	926,760	$	962,925
Current portion of contributions from a federal program		9,702		19,403
Current portion of finance lease liabilities		4,863		6,570
		941,325		988,898
Authorized operating line of credit of $1,570,000, bearing interest at the prime rate plus 2.50%, representing an effective interest rate of 5.50% (February 29, 2012 - 2.50% and 5.50%, respectively). The line of credit is guaranteed by a first-ranking movable mortgage on all accounts receivable and inventories, a second-ranking mortgage on the production plant, and a third-ranking mortgage on all other movable assets, current and future, corporeal and incorporeal, and tangible and intangible except for intellectual property (which is subject to a negative pledge agreement). The Corporation has an authorized exchange line of credit of $200,000, bearing interest at the prime rate plus 1.75%. The exchange line of credit is to support risk content of forward contracts. The exchange line of credit bears the same conditions as the operating line of credit.		930,000		1,920,000
Current loans and borrowings	$	1,871,325	$	2,908,898

8. Determination of fair values:

Derivatives over equity:

The fair value of the 2011 Private placement - US is determined by using valuation models incorporating the following estimates and assumptions at the following dates:

	August 31, 2012	February 29, 2012
Valuation model	Black & Scholes	Black & Scholes
Dividend yield	–	–
Volatility	49.99%	64.42%
Estimate life	0.17 year	0.67 year
Risk-free rate	0.16%	0.18%

Included in finance costs is the change in fair value of these derivatives over equity:

		August 31, 2012		August 31, 2011
2011 Private placement - US	$	619,115	$	141,874

9. Operating segments:

The Corporation has three reportable segments structured in legal entities, as described below, which are the Corporation's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Corporation's CEO reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Corporation's reportable segments:

- *Neptune* produces and commercializes nutraceutical products.
- *Acasti Pharma Inc*. develops and commercializes pharmaceutical applications for cardiovascular diseases.
- *NeuroBioPharm Inc.* develops and commercializes pharmaceutical applications for neurological diseases.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Corporation's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Transfer pricing is based on predetermined rates accepted by all parties involved.

Information about reportable segments is as follows:

Three-month period ended August 31, 2012:

	Nutraceutical	Cardiovascular	Neurological	Intersegment Eliminations	Total
Revenue from external sales	$ 7,861,642	$ 237,314	$ –	$ –	$ 8,098,956
Revenue from internal sales or internal research contracts	242,125	–	–	(242,125)	–
Depreciation and amortization	(184,966)	(166,274)	(81,325)	245,611	(186,954)
Stock-based compensation	(2,417,466)	(523,007)	(127,683)	–	(3,068,156)
Finance income	40,181	15,938	352	(13,125)	43,346
Finance costs	(438,243)	(419)	(13,125)	13,125	(438,662)
Reportable segment loss	(2,658,392)	(1,752,466)	(518,857)	245,611	(4,684,104)
Reportable segment assets	55,908,112	13,651,575	4,488,751	(24,783,063)	49,265,375
Reportable segment liabilities	16,167,251	1,418,633	19,167,571	(19,572,853)	17,180,602

Three-month period ended August 31, 2011:

	Nutraceutical	Cardiovascular	Neurological	Intersegment Eliminations	Total
Revenue from external sales	$ 4,352,924	$ –	$ –	$ –	$ 4,352,924
Revenue from internal sales or internal research contracts	–	32,987	–	(32,987)	–
Depreciation and amortization	(183,301)	(166,971)	(81,325)	245,611	(185,986)
Stock-based compensation	(482,757)	(299,449)	(108,890)	–	(891,096)
Finance income	29,202	6,632	225	–	36,059
Finance costs	123,500	(4,359)	–	–	119,141
Reportable segment profit (loss)	246,436	(1,723,982)	(535,597)	245,611	(1,767,532)
Reportable segment assets	41,628,235	10,100,386	3,757,369	(20,091,618)	35,394,372
Reportable segment liabilities	8,881,357	2,603,405	16,975,838	(18,609,270)	9,851,330

9. Operating segments (continued):

Six-month period ended August 31, 2012:

	Nutraceutical	Cardiovascular	Neurological	Intersegment Eliminations	Total
Revenue from external sales	$ 14,001,114	$ 250,972	$ –	$ –	$ 14,252,086
Revenue from internal sales or internal research contracts	320,316	–	–	(320,316)	–
Depreciation and amortization	(371,124)	(332,532)	(162,650)	491,222	(375,084)
Stock-based compensation	(3,408,420)	(1,052,634)	(227,643)	–	(4,688,697)
Finance income	78,205	23,137	352	(26,250)	75,444
Finance costs	(696,849)	(1,288)	(26,250)	26,250	(698,137)
Reportable segment loss	(2,518,816)	(3,328,446)	(1,022,570)	491,222	(6,378,610)
Reportable segment assets	55,908,112	13,651,575	4,488,751	(24,783,063)	49,265,375
Reportable segment liabilities	16,167,251	1,418,633	19,167,571	(19,572,853)	17,180,602

Six-month period ended August 31, 2011:

	Nutraceutical	Cardiovascular	Neurological	Intersegment Eliminations	Total
Revenue from external sales	$ 8,636,158	$ –	$ –	$ –	$ 8,636,158
Revenue from internal sales or internal research contracts	239,278	115,966	–	(355,244)	–
Depreciation and amortization	(371,980)	(333,941)	(162,650)	491,222	(377,349)
Stock-based compensation	(839,456)	(447,742)	(192,119)	–	(1,479,317)
Finance income	35,501	15,392	225	–	51,118
Finance costs	(315,524)	(4,744)	–	–	(320,268)
Reportable segment profit (loss)	176,775	(2,747,285)	(947,113)	491,222	(3,026,401)
Reportable segment assets	41,628,235	10,100,386	3,757,369	(20,091,618)	35,394,372
Reportable segment liabilities	8,881,357	2,603,405	16,975,838	(18,609,270)	9,851,330

Differences between the sums of all segments and consolidated balances are explained primarily by the cardiovascular and neurological segments operating under licenses issued by the nutraceutical segment, the ultimate owner of the original intellectual property used in pharmaceutical applications. The intangible license assets of the pharmaceutical segments, their amortization charges and royalties are eliminated upon consolidation. Intersegment investments and balances payable or receivable explain further eliminations to reportable segment assets and liabilities.

The nutraceutical segment is the primary obligor of corporate expenses of the group. All material corporate expenses, except financing costs and certain common office expenses, are allocated to each reportable segment in a fraction that is commensurate to the estimated fraction of services or benefits received by each segment. These charges may not represent the cost that the segments would otherwise need to incur, should they not receive these services or benefits through the shared resources of the group or receive financing from the nutraceutical segment.

10. Commitments and contingencies:

(a) Contingencies:

(i) On or around January 27, 2010, the Corporation and Acasti filed a Motion for the Issuance of a Permanent Injunction before the Quebec Superior Court against US Nutraceuticals LLC (d.b.a. Valensa), a US based corporation. Neptune and Acasti are seeking *inter alia* an injunction ordering Valensa to amend some patent applications filed by Valensa to add Neptune as co-owner, or in the alternative to have Valensa assign these patent applications to Neptune, as well as punitive damages, loss of profit and loss of business opportunity for an amount currently established at $3,000,000.

On September 28, 2011, Valensa filed its Defence wherein it denied Neptune/Acasti's allegations and requested a dismissal of the Motion. Valensa also filed a Cross-Demand but only against Neptune, wherein it alleged breach of contract and damages in the amount of $2,300,000. The Corporation denies all material allegations made by Valensa. The case is currently pending and no trial dates have been set. No provision has been recorded by the Corporation as at August 31, 2012 for this matter.

(ii) On October 4, 2011, the Corporation filed a Complaint in the US District Court for the District of Delaware against Aker Biomarine ASA, Aker Biomarine Antarctic USA Inc., and Schiff Nutrition International Inc. (Aker et al.) for the infringement of the Corporation's US patent 8,030,348 and for damages. On December 19, 2011, Aker et al. filed Counterclaims denying any infringement, seeking the invalidity of the Corporation's patent, and seeking an award for costs and damages. The proceedings have been stayed due to the reexamination of the patent and no trial dates have been set. No provision has been recorded by the Corporation as at August 31, 2012 for this matter.

In addition, on October 2, 2012, the Corporation filed a Complaint in the US District Court for the District of Delaware against Aker Biomarine ASA, Aker Biomarine Antartic USA Inc., Aker Biomarine Antartic AS, Schiff Nutrition Group Inc., and Schiff Nutrition International Inc. (Aker et al.) for the infringement of the Corporation's US patent 8,278,351 and for damages.

(iii) On October 4, 2011, the Corporation filed a Complaint in the US District Court for the District of Delaware against Enzymotec Limited, Enzymotec USA Inc., Mercola.com Health Resources, LLC, and Azantis Inc. for the infringement of the Corporation's US patent 8,030,348 and for damages. On December 30, 2011, Enzymotec USA Inc. filed a Counterclaim denying any infringement, seeking the invalidity of the Corporation's patent, and seeking an award for costs and damages. On December 30, 2011, Mercola.com Health Resources, LLC and Azantis Inc. filed a Counterclaim denying any infringement, seeking the invalidity of the Corporation's patent, and seeking an award for costs and damages. The proceedings have been stayed due to the reexamination of the patent and no trial dates have been set. No provision has been recorded by the Corporation as at August 31, 2012 for this matter.

In addition, on October 2, 2012, the Corporation filed a Complaint in the US District Court for the District of Delaware against Enzymotec Limited, Enzymotec USA Inc., Mercola.com Health Resources, LLC for the infringement of the Corporation's US patent 8,278,351 and for damages.

(iv) On December 22, 2011, the Corporation received a motion filed by the University of Sherbrooke, the worldwide registered owner of patents relating to the extraction process (the "Patents") licensed to the Corporation, asking the Court to order the transfer and force the Corporation to take ownership of the Patents. The case is currently pending and no trial dates have been set.

(b) Commitments:

(i) In September 2011, Neptune announced the conclusion of a memorandum of understanding ("MOU") with Shanghai KaiChuang Deep Sea Fisheries Co., Ltd. ("SKFC") to form a 50/50 joint venture named Neptune-SKFC Biotechnology, which would manufacture and commercialize Neptune's krill products in Asia. The initial cost and total value of the project, which includes the construction of a production facility and development of a commercial distribution network for Asia, as well as other details of this arrangement are currently being reviewed by the parties. SFKC is 43% owned by Shanghai Fisheries General Corporation ("SFGC"), a large fishing conglomerate owned by the Government of China. SFGC is specializing in pelagic fishing, fishing vessels, fishing machinery, fresh grocery and storage services. It is present in more than 10 countries and employs more than 4,000 employees. SKFC also has the largest fleet of vessels of krill harvesting in the Antarctic Ocean. The MOU is subject to further negotiations and to approval by the boards of each party as well as by Chinese regulators.

10. Commitments and contingencies (continued):

(b) Commitments (continued):

(ii) In December 2011, the Corporation announced the official start of its Phase I plant expansion, which Neptune expects will increase its annual krill oil production capacity to 300,000 kilograms. The cost of the expansion project is estimated at $21,000,000 and is expected to be funded primarily by a Canadian federal government grant and interest-free loan, certain investment tax credits, a secured credit facility and a portion of Neptune's working capital. Financing agreements in the amount of $15,500,000 were negociated shortly after the end of the third quarter of fiscal 2012. The financing is in the form of a standard loan in the amount of $9,000,000 bearing interest at prime rate plus 2% with a five-year term, an interest-free loan in the amount of $3,500,000 with a ten-year term, and a $3,000,000 government grant. As at August 31, 2012, the Corporation signed agreements amounting to approximately $320,000 with various suppliers with respect to the plant expansion.

(iii) In the normal course of business, a Corporation's subsidiary has signed agreements with various partners and suppliers for them to execute research projects and to produce and market certain products. The Corporation has reserved certain rights relating to these projects.

The Corporation's subsidiary initiated research and development projects that will be conducted over a 12 to 24 month period for a total initial cost of $4,105,000, partially paid to date. As at August 31, 2012, an amount of $383,000 is included in "Trade and other payables" in relation to these projects.

11. Related parties:

Transactions with key management personnel:

Under the terms of an agreement entered into with a corporation controlled by an officer and director (which is also a shareholder of the Corporation), the Corporation is committed to pay royalties of 1% of its revenues in semi-annual instalments, for an unlimited period. The annual amount disbursed cannot exceed net earnings before interest, taxes and amortization of the Corporation on a non-consolidated basis. For the three-month and six-month period ended August 31, 2012, total royalties included in operating expenses amounted to $72,024 and $140,289, respectively (three-month and six-month periods ended August 31, 2011 - $43,437 and $88,664). As at August 31, 2012, the balance due to this Corporation under this agreement amounts to $79,024 (February 29, 2012 - $189,748). This amount is presented in the consolidated statements of financial position under ''Accounts payable and accrued liabilities''.

Key management personnel compensation:

The key management personnel of the Corporation are the members of the Board of Directors and certain officers. They control 4% of the voting shares of the Corporation.

Key management personnel compensation includes the following for the periods ended:

	Three-month period ended August 31,		Six-month period ended August 31,	
	2012	2011	2012	2011
Short-term employee benefits	$ 535,892	$ 407,435	$ 1,071,784	$ 814,870
Share-based compensation costs	895,600	556,354	1,426,049	847,917
	$ 1,431,492	$ 963,789	$ 2,497,833	$ 1,662,787

12. Subsequent events:

(a) Distribution by way of dividend-in-kind of NeuroBioPharm warrants:

On September 5, 2012, NeuroBioPharm filed a Canadian non-offering prospectus to become a reporting issuer under Canadian securities regulation. Upon qualification of this prospectus with the securities regulatory authorities, 2,000,000 units of NeuroBioPharm will be distributed by way of dividend-in-kind to the holders of record of the Corporation's shares. Under the terms of the distribution, the holder of record of the Corporation's common shares on the record date will receive one unit for each lot of 29.27 common shares held. Each unit will consist of one Class A share of NeuroBioPharm and two of a Series 2011-1 warrant.

(b) Issuance of common shares:

On September 25, 2012, Neptune filed a prospectus supplement to a short-form base shelf prospectus for the distribution of 7,318,000 common shares of the Corporation at a price of US$4.10 per common share, for total gross proceeds of US$30,003,800. On October 2, 2012, the Corporation announced the closing of this public offering, resulting in a total of 8,307,762 common shares, including 989,762 common shares from the exercise of the over-allotment option by the underwriters, being issued for gross proceeds of approximately US$34,100,000.