First Quarterly Report
Ending August 31, 2005

EXECUTIVE ANALYSIS ON THE FINANCIAL SITUATION AND PRODUCTION RESULTS / EXECUTIVE COMMENTS AND ANALYSIS

This analysis is presented in order to provide the reader with an overview of the changes to the financial situation for Neptune Technologies & Bioressources Inc. ("Neptune" or "the Company") between May 31, 2005 and August 31, 2005. It also includes a comparison between the operational results, treasury flow and financial situation for the 3-month period ending August 31, 2005 and those from the 3-month period ending August 31, 2004.

This analysis, completed on October 11, 2005, must be read in conjunction with the Company's audited and consolidated financial statements as at May 31, 2005, presented in the last annual report. Neptune financial statements were produced in accordance with Generally Accepted Accounting Principles (GAAP). Company results are published in Canadian dollars. All amounts appearing in this executive analysis are in Canadian dollars, unless otherwise indicated.

OVERVIEW

Neptune's first quarterly report ending August 31, 2005 was dedicated to the marketing of its products in North America and Asia. Neptune also deployed development initiatives in the European market. To accomplish this, the Company participated in various tradeshows to promote its products and maintain visibility for its level of excellence, established and developed since the Company's foundation.

The Company sustained its clinical research initiatives. As a result, the Company can now take advantage of scientific findings that demonstrate the benefits of Neptune Krill Oil (NKO™) on various human conditions, such as those relating to skin cancer, premenstrual syndrome, elevated cholesterol levels and inflammation problems. Neptune is also pursuing clinical research activities aimed at demonstrating the benefits of NKO™ for people suffering from osteoarthritis and arteriosclerosis.

During the first quarter of the May 31, 2006 fiscal year-end, the Company generated sales of $1.8M, as compared to $1.1M for the quarter ending August 31, 2004; an increase of more than 60%.

PRINCIPAL QUARTERLY FINANCIAL DATA

(In thousands of dollars, except per share data)

Fiscal Year Ending May 31, 2006

	Total	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Sales Figures	1,822	1,822			
EBITDA (before loss on foreign exchange)	342	342			
Net Loss	390	390			
Loss per Share	0.015	0.015			

Fiscal Year Ended May 31, 2005

	Total	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Sales Figures	5,038	1,134	1,180	1,292	1,432
EBITDA (before loss on foreign exchange)	401	151	119	117	14
Net Loss	1,768	388	503	344	533
Loss per Share	0.069	0.015	0.020	0.013	0.021

Fiscal Year Ended May 31, 2004

	Total	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Sales Figures	2,262	643	956	602	61
EBITDA	(1,659)	(353)	(269)	(240)	(797)
Net Loss	3,534	799	744	717	1,274
Loss per Share	0.161	0.037	0.034	0.033	0.057

During the first quarter ending August 31, 2005, the Company decreased its (loss) before loss on foreign exchange by 13% compared to the quarter ending August 31, 2004. The Company also more than doubled its EBITDA, going from $0,151M for the quarter ending August 31, 2004, to $0,342M for the quarter ending August 31, 2005, and maintained a positive EBITDA for the fifth quarter in a row. The Company recorded an operating loss of $0,390M for the quarter ending August 31, 2005, which was similar to the loss for the corresponding quarter ending August 31, 2004. The main factors contributing to the similarity in losses were: the plant shut down during last year's quarter ending August 31, 2004; a substantial increase in the cost of sales and operating expenses generated by plant operations during this quarter, which amounted to close to $300,000; an increase in the Company's commercialization expenses in order to accelerate penetration into new markets, including the European Continent; and, finally, an adjustment to the accounting value of the granted options in the amount of $75,000 (approximate) was made during the current quarter, which also contributed to the end result.

TREASURY FLOW AND FINANCIAL SITUATION

Operating Activities
During the first quarter ending August 31, 2005, the Company's operations generated an increase in liquidities of $41,972, compared to a decrease of $431,763 for the quarter ending August 31, 2004. The increase of $0,474M is due in large part to changes in the working capital items from one quarter to the other. The changes to the working capital items for the first quarter ending August 31, 2005 are mainly due to a decrease in receivables in the amount of $206,740, an increase in inventories totalling $148,693, and a decrease in accounts payable amounting to $50,192, as compared to the year ended May 31, 2005.

Investment Activities
The variance in investment activities was related primarily to the acquisition of fixed and intangible assets totalling $35,027.

Financing Activities
There were no financing activities during the second quarter, except for the reimbursement of long-term debt.

Overall, taking the treasury flow into account, the Company decreased its cash by $50,618 since May 31, 2005.

Financial Situation
The following table details the important changes to the balance sheets as at August 31, 2005 and May 31, 2005:

Accounts	Increase (Reduction) (In thousands of dollars)	Comments
Cash	(51)	See cash flow statement
Receivables	207	Directly linked to the increase of operation and sales activities
Inventory	(149)	Decrease in inventory related to the increase in sales and the just in time inventory management
Other assets	(109)	Amortisation of start-up costs
Convertible debenture	182	Addition of capitalised interest

PRIMARY ANNUAL FINANCIAL RATIOS

	Aug. 31, 2005	May 31, 2005	May 31, 2004
Working Capital Ratio	**1.97**	**1.19**	**1.05**
Solvency Ratio			
Debt Capital/Shareholder Equity*	1.56	1.47	1.31

* including convertible debentures

Most of the Company's financial ratios improved for the quarter ending August 31, 2005, as compared to the year ended May 31, 2005. This was mostly due to the increase in sales and improved management practices.

The Company's contractual obligations, including payments due during the next 5 reporting periods, as well as subsequent periods, are presented in the following table:

		Required Payments per Period			
Contractual Obligations	**Total**	**Less than one period**	**2 to 3 periods**	**4 to 5 periods**	**More than 5 periods**
Long-term Debt (1)	3,670,986	70,986	1,226,667	1,472,000	901,333
Loans guaranteed by investments in rental contracts (2)	171,856	86,814	69,891	15,151	-
Total liabilities	3,842,842	157,800	1,296,558	1,487,151	901,333

(1) This amount does not consider the value of the warrants and stock issued.
(2) Including interest fees

Related Party Transactions
The transactions between related parties are described in note 2 "*Related Party Transactions*" of the Company's financial statements as at August 31, 2005.

Change in Accounting Policies
No changes in accounting policies since May 31, 2005.

Subsequent Events
There were no subsequent events of importance after August 31, 2005.

RISK FACTORS

Financial Risks
Management intends to continue the careful management of risks relating to exports, foreign exchange, interest rates and sale prices for its merchandise.

The majority of the Company's accounts receivables are 90% guaranteed by insurers. All export sales are completed in American funds. The exchange rate risks incurred by the Company are, at present, limited to those relating to the American dollar. In spite of the fact that raw-material purchases are in American dollars, the Executive is still deploying financial tools in order to decrease the exchange rate risk.

Product Liability
The Company acquires a $5M liability insurance policy to cover civil liability relating to its products on a yearly basis. The Company also maintains a quality-assurance process that is PGO certified by the Canadian Food Inspection Agency (CFIA). In addition, the Company is in process of finalizing the steps required to receive *Good Manufacturing Practices* accreditation by Health Canada.

Prospective Statements
This Executive Analysis contains prospective information. Prospective statements include a certain amount of risk and uncertainty, and it is possible that the actual future results of the Company differ somewhat from those predicted. These risks include: the growth in demand for Company products, seasonal variations in customer orders, changes in pricing and availability for raw materials, and changes to economic conditions in Canada, the United-States and Europe (including variations in exchange and interest rates).

The Company based its analysis on the prospective statement information available at the time of drafting. The inclusion of this information should not be considered a declaration by the Company that the predicted results have been achieved.

Additional Information
Updated and additional Company information is available from the SEDAR Website at: http://www.sedar.com.

On October 11, 2005, the total number of common shares issued by the Company and in circulation was 25,594,805, and Company common shares were being traded on the TSX stock exchange in Toronto under the listing NTB.

Henri Harland
President and CEO

André Godin
Vice-president, Administration & Finance

NEPTUNE
technologies & bioressources

First Quarterly Report
Ending August 31, 2005

Neptune Technologies & Bioressources inc.

Interim Consolidated Statement of Earnings
(unaudited)

	Three months ended August 31,	
	2005	2004
	$	$
Sales	**1 821 741**	1 134 284
Cost of sales and operating expenses (before amortization)	**1 493 599**	971 934
Research expenses	**60 624**	38 054
Financial expenses	**302 967**	251 109
Amortization of property and equipment	**285 175**	243 322
	2 142 365	1 504 419
Loss before other revenue (expenses)	**320 624**	370 135
Interest income	**195**	105
Exchange loss	**(69 399)**	(18 200)
Net loss	**389 828**	388 230
Basic and diluted loss per share	**0,015**	0,015
Weighted average number of shares outstanding	**25 594 805**	25 066 383

Neptune Technologies & Bioressources inc.

Interim Consolidated Statement of Deficit
Interim Consolidated Contributed Surplus
(unaudited)

Interim Consolidated Statement of Deficit
(unaudited)

	Three months ended August 31, 2005	2004
	$	$
Balance, beginning of year	**13 982 437**	12 194 383
Net loss	**389 828**	388 230
Share issue expenses		20 469
Balance, end of year	**14 372 265**	12 603 082

Interim Consolidated Contributed Surplus
(unaudited)

	Three months ended August 31, 2005	2004
	$	$
Balance, beginning of year	**345 387**	187 754
Expired warrants		62 049
Stock-based compensation - employees	**67 910**	26 605
Stock-based compensation - non-employees	**5 935**	
Balance, end of year	**419 232**	276 408

Neptune Technologies & Bioressources inc.

Interim Consolidated Statement of Cash Flows
(unaudited)

	Three months ended August 31, 2005	2004
	$	$
OPERATING ACTIVITIES		
Net loss	**(389 828)**	(388 230)
Non-cash items		
Amortization of property and equipment	**285 175**	243 322
Amortization of deferred financing costs	**6 282**	6 282
Financial expenses	**190 151**	161 081
Stock-based compensation - employees	**67 910**	26 605
Stock-based compensation - non-employees	**5 935**	
Changes in working capital items	**(123 653)**	(480 823)
Cash flows from operating activities	**41 972**	(431 763)
INVESTING ACTIVITIES		
Intangible assets	**(35 027)**	(13 965)
Cash flows from investing activities	**(35 027)**	(13 965)
FINANCING ACTIVITIES		
Repayment of long-term debt	**(57 563)**	(38 714)
Issue of capital stock		370 839
Issue of warrants		340 092
Share issue expenses		(15 280)
Cash flows from financing activities	**(57 563)**	656 937
Increase (decrease) in cash and cash equivalents	**(50 618)**	211 209
Cash and cash equivalents, beginning of period	**181 950**	(46 955)
Cash and cash equivalents, end of period	**131 332**	164 254

Neptune Technologies & Bioressources inc.

Interim Consolidated Balance Sheets

	Unaudited August 31, 2005	Audited May 31 2005
	$	$
ASSETS		
Current assets		
Cash	**106 332**	181 950
Short-term investment, 1% interest	**25 000**	
Accounts receivable	**1 361 119**	1 154 379
Research tax credits receivable	**75 613**	61 198
Inventories	**664 949**	813 642
Prepaid expenses	**63 672**	62 673
	2 296 685	2 273 842
Property and equipment	**3 764 935**	3 881 552
Intangible assets	**587 553**	553 833
Other assets	**479 535**	588 118
	7 128 708	7 297 345
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities		
Company controlled by an officer and director	**4 664**	73 494
Other	**1 015 583**	996 945
Instalments on long-term debt	**148 064**	841 917
	1 168 311	1 912 356
LONG-TERM DEBT (Note 3)	**3 577 768**	2 868 780
LIABILITY COMPONENT OF CONVERTIBLE DEBENTURES (Note 4)	**5 338 833**	5 156 430
	10 084 912	9 937 566
SHAREHOLDERS' EQUITY (DEFICIENCY)		
Capital stock and warrants (Note 5)	**10 996 829**	10 996 829
Contributed surplus	**419 232**	345 387
Deficit	**(14 372 265)**	(13 982 437)
	(2 956 204)	(2 640 221)
	7 128 708	7 297 345

Neptune Technologies & Bioressources inc.

Notes to Interim Financial Statements
August 31, 2005 (unaudited)

1 - INTERIM FINANCIAL INFORMATION

These interim consolidated financial statements as at August 31, 2005 are unaudited. They have been prepared by the Company in accordance with generally accepted accounting principles in Canada for interim information and use the same accounting policies and methods of computation as the consolidated financial statements for the fiscal year ended May 31, 2005. These interim consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements and notes thereto in the Company's 2005 annual report.

2 - RELATED PARTY TRANSACTIONS

The Company entered into an agreement with a shareholder (a company controlled by an officer and director), as of June 1, 2002, calling royalties to be paid in semi-annual instalments of 1% of net annual sales, for an unlimited period. The amount paid cannot exceed net earnings before interest, taxes and amortization. For the current period, total royalties amount to $16,200 ($9,992 in 2004). As at August 31, 2005, the balance due to this shareholder amounts to $4,664 ($73,494 as at May 31,2005). This amount is shown on the balance sheet under accounts payable and accrued liabilities.

These transactions occurred in the normal course of operations and are measured at the exchange amount, which is the amount of consideration determined and accepted by the parties involved.

Neptune Technologies & Bioressources inc.

Notes to Interim Financial Statements
August 31, 2005 (unaudited)

3 - LONG TERM DEBT

	August 31, 2005	May 31 2005
	$	$
Mortgage loan, $1,200,000 par value, secured by processing and laboratory equipment having an amortized cost of $2,853,570 in 2005, prime rate plus 6.25% (12.5% as at August 31, 2005 and as at May 31, 2005), payable in monthly capital instalments of $20,000, with a moratorium up until September 2006, maturing in May 2011	**1 120 000**	1 140 000
Mortgage loan, $980,000 par value less the net value of series "E" warrants, secured by the universality of property, weekly variable interest rate determined by the lender plus 1.25% (7% as at August 31, 2005 and as at May 31, 2005), payable in 60 monthly capital instalments of $16,333, with a moratorium up until September 2006, maturing in September 2011	**953 364**	951 726
Mortgage loan, $1,500,000 par value less the net value of the issued shares, secured by the universality of property, weekly variable interest rate determined by the lender plus 2.25% (8% as at August 31, 2005 and as at May 31, 2005), payable in 60 monthly capital instalments of $25,000, with a moratorium up until September 2006, maturing in September 2011	**1 426 920**	1 420 810
9% unsecured loan, payable in monthly blended instalments of $993, maturing in September 2005	**986**	3 900
Unsecured loan, without interest, matured	**70 000**	70 000
Obligations under capital leases, interest rates varying from 0.00% to 15.46%, payable in monthly instalments of $7,235, maturing at different dates until August 2010	**154 562**	124 261
	3 725 832	3 710 697
Instalments due within one year	**148 064**	841 917
	3 577 768	2 868 780

4 - LIABILITY COMPONENT OF CONVERTIBLE DEBENTURES

	August 31, 2005	May 31 2005
	$	$
Unsecured convertible debenture (a face amount of $2,195,342, bearing interest at 15%)	**2 332 552**	2 250 226
Secured convertible debenture (a face amount of $1,261,780, bearing interest at 15% compounded annually)	**1 731 281**	1 668 704
Unsecured convertible debenture (a face amount of $1,000,000, bearing interest at 15%)	**1 275 000**	1 237 500
	5 338 833	5 156 430

Neptune Technologies & Bioressources inc.

Notes to Interim Financial Statements
August 31, 2005 (unaudited)

5 - CAPITAL STOCK AND WARRANTS

	August 31, 2005	May 31 2005
	$	$
Issued and fully paid		
25,594,805 common shares (25,594,805 common shares as at May 31, 2005)	**10 656 737**	10 656 737
3,025,922 series "H" warrants	**302 592**	302 592
250,000 series "I" warrants	**37 500**	37 500
	340 092	340 092
	10 996 829	10 996 829

6 - STOCK-BASED COMPENSATION PLAN

Activities within the plan are detailed as follows:

	August 31, 2005		May 31, 2005	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
		$		$
Options outstanding, beginning of period	**2 926 000**	**0,25**	2 280 000	0,88
Awarded	**1 880 000**	**0,25**	1 129 000	0,25
Cancelled	**(820 000)**	**0,25**	(483 000)	0,80
Exercise price amendment				
Former price			(1 920 000)	0,85
New price			1 920 000	0,25
Options outstanding, end of period	**3 986 000**	**0,25**	2 926 000	0,25
Exercisable options, end of period	**760 000**	**0,25**	1 430 000	0,25

August 31, 2005

Options outstanding			**Exercisable options**	
Weighted average exercise price	**Weighted remaining contractual life outstanding**	**Number of options outstanding as at 2005-08-31**	**Number of options exercisable as at 2005-08-31**	**Weighted average exercise price**
$				**$**
0,25	**4,07**	**3 986 000**	**760 000**	**0,25**

Neptune Technologies & Bioressources inc.

Notes to Interim Financial Statements
August 31, 2005 (unaudited)

6 - STOCK-BASED COMPENSATION PLAN (continued)

On June 14, 2005, the Company granted 690,000 stock options to employees and 250,000 stock options to non-employees at an exercise price of $0.25 per share. The fair value of each option granted has been estimated according to the Black-Scholes option pricing model using the following assumptions:

i) Fair value of the common shares at $0.23
ii) Risk-free interest rate of 3.28%
iii) Estimated life of four and a half years
iv) Expected volatility of 118%

The fair value of the options granted is $0.1831 per option.

On June 14, 2005, the Company granted 940,000 stock options to employees at an exercise price of $0.25 per share. The fair value of each option granted has been estimated according to the Black-Scholes option pricing model using the following assumptions:

i) Fair value of the common shares at $0.23
ii) Risk-free interest rate of 3.22%
iii) Estimated life of four years
iv) Expected volatility of 118%

The fair value of the options granted is $0.1765 per option.

During the period ended August 31, 2005, an amount of $67,910 ($26,605 in 2004) representing employees' vested interests during the period was expensed as compensation. An amount of $5,935 (nil in 2004) representing non-employees' vested interests during the period was expensed.

7 - COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the presentation adopted in the current period.