Sernova Corp.

Interim Consolidated Financial Statements
For the Three and Nine Months Ended July 31, 2009
(Unaudited)

Management Comments on Unaudited Interim Consolidated Financial Statements

The accompanying Unaudited Interim Consolidated Financial Statements of Sernova Corp. for the Three and Nine Months Ended July 31, 2009 have been prepared by management and approved by the Audit Committee of the Board of Directors of the Corporation. These Unaudited Interim Consolidated Financial Statements have not been reviewed by the Corporation's external auditor.

Dated: September 23, 2009

Sernova Corp.
Consolidated Balance Sheets as at July 31, 2009 and October 31, 2008

ASSETS

	July 31, 2009	October 31, 2008
	$	$
	(unaudited)	audited
CURRENT ASSETS		
Cash	**373,221**	461,346
Accounts Receivable	**13,044**	17,355
Prepaid Expenses	**5,679**	6,197
	391,944	484,898
OTHER		
Equipment	**3,091**	4,991
Intangible Assets (Note 3)	**4,109,446**	4,659,441
	4,112,537	4,664,432
	4,504,481	5,149,330

LIABILITIES

CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	**33,783**	120,841

SHAREHOLDERS' EQUITY

Share Capital (Note 4)	**17,628,903**	17,232,859
Contributed Surplus (Note 4)	**1,974,060**	1,890,909
	19,602,963	19,123,768
Subscriptions Receivable (Notes 4 and 6)	**(32,000)**	-
Deficit	**(15,100,265)**	(14,095,279)
	4,470,698	5,028,489
	4,504,481	5,149,330

Nature and continuance of operations (Note 1)

On behalf of the Board

Dr. George Adams Director

Dr. Philip Toleikis Director

Sernova Corp.
Consolidated Statements of Operations and Deficit

	Three Months Ended July 31, 2009	Three Months Ended July 31, 2008	**Nine Months Ended July 31, 2009**	Nine Months Ended July 31, 2008
	$	$	**$**	$
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
OTHER INCOME				
Royalty Income	**10,029**	9,251	**24,398**	31,104
Interest and Other Income	**2,856**	4,741	**3,096**	33,526
	12,885	13,992	**27,494**	64,630
OPERATING EXPENSES				
Amortization of Capital Assets	**-**	655	**1,900**	1,965
Consulting Fees	**28,834**	62,560	**96,537**	124,974
Foreign Currency Loss	**3,906**	2,466	**4,397**	8,011
Patent Amortization	**209,933**	188,067	**622,971**	564,196
Patent Fees	**8,450**	1,265	**35,022**	25,827
Professional Fees	**16,198**	30,082	**34,354**	113,729
Research Costs	**-**	74,647	**388**	666,446
Office, General and Administration	**77,077**	72,288	**153,760**	243,879
Stock-Based Compensation (Note 4)	**11,164**	70,955	**83,151**	505,025
	355,562	502,985	**1,032,480**	2,254,052
NET LOSS FOR THE PERIOD	**(342,677)**	(488,993)	**(1,004,986)**	(2,189,422)
(Deficit), Beginning of Period	**(14,757,588)**	(13,042,223)	**(14,095,279)**	(11,341,794)
(Deficit), End of Period	**(15,100,265)**	(13,531,216)	**(15,100,265)**	(13,531,216)
Basic and Diluted Loss per Common Share	**(0.01)**	(0.01)	**(0.02)**	(0.04)
Weighted Average Number of Common Shares Outstanding	**61,994,455**	53,324,858	**56,214,724**	53,324,858

Sernova Corp.
Consolidated Statements of Cash Flows

	Three Months Ended July 31, 2009	Three Months Ended July 31, 2008	**Nine Months Ended July 31, 2009**	Nine Months Ended July 31, 2008
	$	**$**	**$**	**$**
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
CASH PROVIDED BY (USED FOR)				
OPERATING ACTIVITIES				
Net Loss for the Period	**(342,677)**	(488,993)	**(1,004,986)**	(2,189,422)
Items Not Requiring a Current Outlay of Cash:				
Amortization of Equipment	**0**	655	**1,900**	1,965
Patent Amortization	**209,933**	188,067	**622,971**	564,196
Stock-Based Compensation	**11,164**	70,955	**83,151**	505,025
	(121,580)	(229,316)	**(296,964)**	(1,118,236)
Changes in Non-Cash Working Capital Balances				
Accounts Receivable	**(796)**	42,354	**4,311**	48,698
Prepaid Expenses	**5,220**	9,025	**518**	14,205
Accounts Payable and Accrued Liabilities	**(7,505)**	(127,837)	**(87,058)**	(1,349)
Changes in Working Capital Balances	**(3,081)**	(76,458)	**(82,229)**	61,554
(Used by) Operating Activities	**(124,661)**	(305,774)	**(379,193)**	(1,056,682)
INVESTING ACTIVITIES				
Patent and Trademarks	**(16,467)**	-	**(72,976)**	(30,831)
Acquisition of Equipment	**-**	-		-
(Used by) Investing Activities	**(16,467)**	-	**(72,976)**	(30,831)
FINANCING ACTIVITIES				
Issue of Share Capital (Net of Issuance Costs)	**364,044**	-	**364,044**	-
Provided by Financing Activities	**364,044**	-	**364,044**	-
(DECREASE) IN CASH DURING THE PERIOD	**222,916**	(305,774)	**(88,125)**	(1,087,513)
Cash, Beginning of Period	**150,305**	1,018,466	**461,346**	1,800,205
Cash, End of Period	**373,221**	712,692	**373,221**	712,692

Supplemental disclosure with respect to cash flows (Note 6)

1. NATURE AND CONTINUANCE OF OPERATIONS

Sernova Corp. (formerly Pheromone Sciences Corp.) (the "Company") was incorporated under the Company Act (British Columbia) on August 19, 1998. Effective May 29, 2001, the Company was continued under the Canada Business Corporations Act.

These unaudited interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Sertocell Biotechnology (US) Inc. ("Sertocell") and Sertonex Inc. ("Sertonex"). All significant inter-company balances and transactions have been eliminated.

Pursuant to the definitive agreement for the sale of its proprietary technology in fiscal 2004, the Company retains a graduated royalty on worldwide sales of the fertility monitor and any related products stemming from the Fertilité-OV™ fertility monitor and accompanying technology and patents until the earlier of expiry of the patents or 2014.

These unaudited interim consolidated financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles. All financial summaries included are presented on a comparative and consistent basis showing the figures for the corresponding period in the preceding year. The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of annual financial statements, with the addition of those accounting policies described in note 2. Certain information and footnote disclosure normally included in financial statements prepared in accordance with Canadian generally accepted accounting principles has been condensed or omitted. These unaudited interim consolidated financial statements should be read together with the audited financial statements and the accompanying notes included in the Company's latest annual filing. In the opinion of the Company, its unaudited interim consolidated financial statements contain all adjustments necessary in order to present a fair statement of the results of the interim periods presented.

Going Concern

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles applicable to a going concern, which assumes that the Company will be able to realize assets and discharge liabilities in the normal course of business. The Company has incurred losses since inception and the ability of the Company to continue as a going-concern depends upon its ability to develop profitable operations and to continue to raise adequate financing. Management is actively targeting sources of additional financing which would assure continuation of the Company's operations and research programs. In order for the Company to meet its liabilities as they come due and to continue its operations, the Company is solely dependent upon its ability to generate such financing.

There can be no assurance that the Company will be able to continue to raise funds, in which case the Company may be unable to meet its obligations. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the balance sheets. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

The current market conditions and volatility increase the uncertainty of the Company's ability to continue as a going concern given the need to both curtail expenditures and to raise additional funds. The Company is experiencing, and has experienced, negative operating cash flows, and needs to invest in the continued prosecution of patents and trademarks which cannot be met from existing cash balances. The Company will continue to search for new funds and for new collaborative partners for the research but anticipates that the current market conditions may impact the ability to source such funds. The Company has suspended its research and development program and expenditures until new sources of financing or new collaborative partners are located.

	July 31, 2009	October 31, 2008
Working capital	$ 358,161	$ 364,057
Deficit	(15,100,265)	(14,095,279)

2. BASIS OF PRESENTATION

New accounting policies
The CICA has issued new standards which may affect the financial disclosures and results of operations of the Company for interim and annual periods beginning in 2008 and the Company has adopted the requirements commencing in the interim period starting November 1, 2008.

Section 1400 – Assessing going concern

AcSB amended CICA Handbook Section 1400 "General Standards on Financial Statement Presentation", to include requirements for management to assess and disclose an entities ability to continue as a going concern.

Section 3064 – Goodwill and Intangible Assets

This new Section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. Standards concerning goodwill remain unchanged from the standards included in the previous Handbook Section 3062. The new standard also provides guidance for the recognition of internally developed intangible assets (including research and development activities), ensuring consistent treatment of all intangible assets. This policy has no material impact on the unaudited interim consolidated financial statements.

Recent accounting pronouncements

International financial reporting standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date for the Company will be November 1, 2011 and will require the restatement for comparative purposes of amounts reported by the Company for the year ended October 31, 2010. The impact of the transition to IFRS on the Company's consolidated financial statement has not yet been determined.

3. INTANGIBLE ASSETS

	July 31, 2009			October 31, 2008		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Patent licences	$ 4,240,023	$ 1,526,526	$ 2,713,497	$ 4,167,048	$ 1,119,501	$ 3,047,547
Intellectual property	2,191,856	795,907	1,395,949	2,191,856	579,962	1,611,894
	$ 6,431,879	$ 2,322,433	$ 4,109,446	$ 6,358,904	$ 1,699,463	$ 4,659,441

4. CAPITAL STOCK AND CONTRIBUTED SURPLUS

	Number of of Shares	Capital Stock	Contributed Surplus
Authorized			
An unlimited number of common shares, without par value			
Balance as at October 31, 2007	56,797,358	$17,232,859	$1,307,075
Stock-based compensation	-	-	$583,834
Balance as at October 31, 2008	56,797,358	$17,232,859	$1,890,909
Shares Issued	14,000,000	$396,044	
Stock-based compensation	-	-	$83,151
Balance as at July 31, 2009	70,797,358	$17,628,903	$1,974,060

On May 29, 2009 the Company completed a private placement of 14,000,000 common shares at $0.03 per common share for gross proceeds of $420,000. The shares are subject to a hold period of four months, expiring on September 29, 2009. An agent's fee of $21,204 has been paid, along with the issuance of 703,467 agent's warrants with a two year term, exercisable into one common share per warrant at an exercise price of $0.05 in the first year and $0.10 in the second year. Share issue costs under the private placement totaled $23,954.

In connection with the private placement, the Company advanced $32,000 to one of its senior officers, with interest due at a rate of 1% per annum, to purchase 1,066,667 common shares, and accordingly these shares have been reduced from the issued number of shares for the interim unaudited consolidated financial statements. For the calculation of the loss per share and the weighted average number of shares, these shares are excluded since they are considered contingently returnable.

There were no issues of common shares in the prior year.

Escrow shares

Included in the escrow shares at July 31, 2009 are 5,146,125 common shares which were subject to time release escrow agreements and will not be released, transferred or assigned without the consent of the regulatory authorities.

Performance escrow shares

Included in issued capital stock and part of the escrow shares mentioned above at July 31, 2009 are 3,472,500 common shares subject to a performance based release as follows:

a) 1,736,250 common shares on the date the Company receives approval from authorities for the initiation of human trials for a licensed product;
b) 1,736,250 common shares on the date the Company enrolls the first patient in a Phase 3 human clinical efficacy trial for a licensed product.

4. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd…)

Escrow Shares (continued)

Any remaining performance escrow shares will be cancelled and returned to treasury upon the earlier of (i) August, 2016, and (ii) the Company ceasing to hold an interest in the intellectual property, or iii) the mutual agreement of the Company and the shareholder.

Warrants and Stock Options

The Company has a stock option plan whereby, from time to time, at the discretion of the Board of Directors, stock options are granted to directors, officers, employees and certain consultants. The exercise price of each option is based on the market price of the Company's common shares at the date of grant less an applicable discount. The options can be granted for a maximum term of five years with vesting provisions determined by the Board of Directors.

The Company issued 703,467 agent's warrants as part of the fee for the private placement on May 29, 2009 with a two year term, exercisable into one common share per warrant at an exercise price of $0.05 in the first year and $0.10 in the second year. Accordingly, there are 703,467 warrants outstanding as at July 31, 2009.

There was no warrant activity on the prior year.

Stock option transactions are summarized as follows:

	Stock Options	
	Number of Shares	Weighted Average Exercise Price
Balance outstanding, October 31, 2007	4,714,500	$0.44
Granted	425,000	$0.26
Expired	(755,000)	$0.54
Balance outstanding, October 31, 2008	4,384,500	$0.41
Granted	700,000	$0.10
Expired	(1,574,500)	$0.38
Balance outstanding, April 30, 2009	3,510,000	$0.36
Granted	883,875	$0.14
Expired	(700,000)	$0.39
Balance outstanding, July 31, 2009	3,693,875	$0.29
Exercisable, July 31, 2009	2,015,000	$0.43

4. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd…)

Warrants and Stock Options (continued)

The following table summarizes information about the stock options outstanding at July 31, 2009:

	Number of Shares	Exercise Price	Expiry Date
Options	150,000	$0.13	March 30, 2010
	585,000	$0.40	March 15, 2011
	580,000	$0.40	September 11, 2011
	300,000	$0.40	November 22, 2011
	255,000	$0.88	June 22, 2012
	140,000	$0.30	March 13, 2013
	100,000	$0.12	October 15, 2013
	700,000	$0.10	April 28, 2014
	883,875	$0.14	June 8, 2014
Total	3,693,875		

Stock-based Compensation

The Company used the Black-Scholes option pricing model to determine the fair value of options granted.

During the Three Months Ended July 31, 2009, the Company granted incentive stock options to Directors, Officers and members of its scientific Advisory Board to purchase up to 883,875 common shares at $0.14 per share for a period of 5 years, expiring June 8, 2014. During the Nine Months Ended July 31, 2009, the Company granted incentive stock options to a senior officer to purchase up to 700,000 common shares at $0.10 per share for a period of 5 years, expiring April 28, 2014. These options with weighted average fair values of $0.14 and $0.10 per option respectively are being recognized over the vesting period of the options.

During the Nine Months Ended July 31, 2008, the Company granted 325,000 options with a weighted average fair value of $0.30 per option, which is being recognized over the vesting period of the options.

During the Three and Nine Months Ended July 31, 2009, a total of 700,000 and 2,274,500 options were cancelled or expired (2008- nil).

Total stock-based compensation recognized in the Statement of Operations and Deficit for the Three and Nine Months Ended July 31, 2009 was $11,164 and $83,151 respectively (2008 – $70,955 and $505,025 respectively). This amount represents the value of vested options.

Stock-based Compensation (continued)

The fair value of stock options has been estimated with the following assumptions:

Year Ended October 31	2009	2008
Dividend yield	$0.00	$0.00
Expected volatility	110.00%	89.15%
Risk free interest rate	2.95%	2.86%
Expected life of options	5 years	5 years

5. COMMITMENTS

Pursuant to an agreement with a certain shareholder, the Company has exclusive rights to use certain patents and technology utilized in the Fertilité-OV ™. Under the agreement, the shareholder earns a royalty of 2% of cumulative revenues in excess of $1.5 million to a maximum lifetime royalty of $570,000. The shareholder will retain a security interest over the patents until the royalty is paid in full.

6. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO THE STATEMENTS OF CASH FLOWS

During the Three and Nine Months Ended July 31, 2009 the Company paid no income taxes or interest (2008 – no income taxes or interest were paid).

During the Three and Nine Months Ended July 31, 2009 the Company advanced $32,000 to a senior officer, with interest due at a rate of 1% per annum, for the purposes of purchasing 1,066,667 commons shares at $0.03 per share as part of the private placement and this amount have been deducted from shareholders' equity since the consideration is treated as not yet received and a non cash transaction.

7. INCOME TAXES

The Company has Canadian non-capital losses of approximately $4,152,000 and United States operating losses of approximately $2,709,000 available to reduce future years' taxable income. These losses, if not utilized, will expire through to 2028. Future tax benefits, which may arise as a result of these non-capital losses and other items have not been recognized in these financial statement and have been offset by a valuation allowance.

8. RELATED PARTY TRANSACTIONS

During the Three and Nine Months Ended July 31, 2009, the Company paid or accrued $29,423 and $87,516 respectively (2008 - $11,250 and $60,625 respectively) in consulting fees and wages to a director and officers, and in 2008 to a former officer and a company controlled by a director.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of the consideration established and agreed to by the parties.

9. SEGMENTED INFORMATION

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by management, in deciding how to allocate resources in assessing performance. All of the Company's operations are in research and development in the biotechnology sector with all of the Company's capital assets located in Canada. The Company's intangible assets are located in the United States.

10. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the development and commercialization of its technologies. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development and commercialization of the business. The Company defines capital that it manages as share capital and cash.

The intellectual properties in which the Company currently has an interest are in the development stage; as such the Company has historically relied on the equity markets to fund its activities. The Company will continue to assess sources of financing available and to assess the potential for collaboration with one or more interested partners with a view to manage research and administrative expenditures to reflect current financial resources in the interest of sustaining a long term viability.

Management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company, is reasonable.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments are exposed to a number of financial and market risks, including credit, liquidity, foreign exchange, interest rate and price risks. The Company, may, or may not, establish from time to time active policies to manage these risks. The Company does not currently have in place any active hedging or derivative trading policies to manage these risks since the Company's management does not believe that the current size, scale and pattern of its operations would warrant such hedging activities.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The carrying value of cash, receivables, accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

Credit Risk

Credit risk is the risk of loss associated with a counter party's inability to fulfil its payment obligation. The Company's credit risk is primarily attributable to short-term investments included in cash. Management believes that the credit risk concentration with respect to financial instruments included in cash is remote. Receivables are due from a government agency and the credit risk of other receivables is assessed through established credit monitoring activities. The Company concentrates cash management through its Canadian banking relationships.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd…)

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they become due. As at July 31, 2009, the Company had cash balances of $373,221 to settle current liabilities of $33,783. All of the Company's financial liabilities are subject to normal trade terms. As a measure to manage liquidity risk, the current research and development expenditures have been suspended pending the development of longer-term financing arrangements.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity and equity prices. In the current market environment, these fluctuations may continue to be significant.

a) Interest rate risk

The Company has cash balances and non interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As at July 31, 2009, the Company had approximately $300,000 held in interest-bearing deposits with banks. A 1% change in the interest rates would have an effect of $3,000 per year on interest income and the value of the asset.

b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, receivables and accounts payable and accrued liabilities that are denominated in foreign currencies, which is currently only United States dollars. However, management believes the risk is not currently significant as approximately $43,000 of its assets and none of its liabilities are denominated in United States dollars.

c) Price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings and operations due to movements in individual equity prices or general movements in the level of the stock market. The Company monitors individual equity movements, and the stock market to determine the appropriate course of action to be followed by the Company. Fluctuations have been significant and may continue to be significant given the current market volatility.