

CV Technologies Inc.
Consolidated
Financial Statements
March 31, 2005

These financial statements have not been reviewed by the auditors

CV Technologies Inc. Consolidated Statements of Earnings (Loss)

(Unaudited – Prepared by Management)

For the six month period ended March 31, 2005

	Three month period ended March 31		Six month period ended March 31	
	2005	2004	2005	2004
Product sales	\$ 10,520,652	\$ 1,163,828	\$ 21,824,305	\$ 2,919,502
Cost of goods sold	2,523,986	416,147	5,826,852	979,619
Gross margin (2005 - 76.0%, 2004 – 64.2%; 2005 - 73.3%, 2004 – 66.4%)	7,996,666	747,681	15,997,453	1,939,883
Other revenue				
Interest	-	77	-	824
Research and development assistance	-	20,000	-	40,000
	-	20,007	-	40,824
Operating expenses				
Advertising and marketing	1,677,566	308,433	3,737,039	561,798
Stock-based compensation (Note 2)	1,281,476		1,819,675	
Quality control, research and development	606,568	143,669	1,066,146	333,739
Salaries and employee benefits	465,449	276,642	820,275	537,240
Public and investor relations	211,624	79,208	234,300	147,616
Office and occupancy	182,095	83,943	306,443	149,343
Travel	102,211	30,244	177,218	56,421
Professional fees	97,469	47,636	136,511	72,627
Amortization of deferred development costs (Note 2)	90,400		90,400	
Business promotions & donations	82,193	17,331	127,613	25,164
Insurance and licenses	59,815	18,882	79,816	34,205
Amortization	35,419	24,356	69,203	47,069
Consulting fees	19,522	5,000	42,892	9,430
Interest and bank charges	4,507	9,132	15,684	18,162
Interest on long term debt	-	576	-	776
	4,916,314	1,045,052	8,723,215	1,993,590
Earnings (loss) before non-controlling interest share of subsidiary's loss	3,080,352	(277,364)	7,274,238	(12,883)
Non-controlling interest share of loss	921	8,047	3,127	9,245
Net income (loss)	\$ 3,081,273	\$ (269,317)	\$ 7,277,365	\$ (3,638)

See accompanying notes to the consolidated financial statements

CV Technologies Inc.
Consolidated Statements of Deficit

(Unaudited – Prepared by Management)

For the six month period ended March 31, 2005

	Three month period ended March 31		Six month period ended March 31	
	2005	2004	2005	2004
Deficit, beginning of period	\$ (11,914,541)	\$ (14,505,305)	\$ (14,250,917)	\$ (14,770,984)
Adjustment for stock-based compensation (Note 2)	-	-	(1,859,716)	-
As restated	\$ (11,914,541)	\$ (14,505,305)	\$ (16,110,633)	\$ (14,770,984)
Net income (loss)	3,081,273	(269,317)	\$7,277,365	(3,638)
Deficit, end of year	\$ (8,833,268)	\$ (14,774,622)	\$ (8,833,268)	\$ (14,774,622)
Earnings (loss) per share (Note 11)				
Basic earnings (loss) per share	\$ 0.03	\$ (0.00)	\$ 0.08	\$ (0.00)
Diluted earnings (loss) per share	\$ 0.03	\$ (0.00)	\$ 0.07	\$ (0.00)

The calculation of diluted loss per share in the prior year produced anti-dilutive results.

CV Technologies Inc. Consolidated Balance Sheet

(Unaudited – Prepared by Management)

For the six month period ended March 31, 2005

	March 31, 2005	September 30, 2004 (audited)
Assets		
Current		
Cash and cash equivalents	\$ 6,564,804	\$ -
Receivables	5,056,914	1,949,061
Inventory	3,159,808	2,398,666
Prepaid expenses	<u>96,056</u>	<u>289,768</u>
	<u>14,877,582</u>	<u>4,637,495</u>
Patents and registered trademarks (Note 3)	845,207	853,872
Capital assets (Note 4)	321,434	200,560
Deferred development costs (Note 2)	<u>1,717,605</u>	<u>1,808,006</u>
	<u>\$ 17,761,828</u>	<u>\$ 7,499,933</u>
Liabilities		
Current		
Bank indebtedness (Note 5)	\$ -	\$ 180,970
Demand Loan (Note 6)	-	1,275,000
Payables and accruals (Note 13)	2,216,764	1,228,983
Current portion of obligations		
Under capital leases (Note 7)	23,303	17,144
Current portion of lease inducements	<u>11,016</u>	<u>11,016</u>
	<u>2,251,083</u>	<u>2,713,113</u>
Deferred license revenue	30,000	30,000
Obligations under capital leases (Note 7)	40,956	38,790
Lease inducement	<u>33,501</u>	<u>39,008</u>
	<u>2,355,540</u>	<u>2,820,911</u>
Non-controlling interest (Note 8)	<u>21,587</u>	<u>24,714</u>
Shareholders' Equity		
Capital stock (Note 9)	20,467,020	18,833,667
Contributed surplus (Note 10)	3,750,949	71,558
Deficit	<u>(8,833,268)</u>	<u>(14,250,917)</u>
	<u>15,384,701</u>	<u>4,654,308</u>
	<u>\$ 17,761,828</u>	<u>\$ 7,499,933</u>

See accompanying notes to the consolidated financial statements

CV Technologies Inc.

Consolidated Statements of Cash Flows

(Unaudited – Prepared by Management)

For the six month period ended March 31, 2005

	Three months ended March 31		Six months ended March 31	
	2005	2004	2005	2004
Increase (decrease) in cash and cash equivalents				
Operating				
Net income (loss)	\$ 3,081,273	\$ (269,317)	\$ 7,277,365	\$ (3,638)
Amortization	125,819	24,346	159,603	47,069
Non-controlling interest share of loss	(921)	(8,047)	(3,127)	(9,245)
Accrued interest on debenture payable	-	7,117	-	14,455
Accrued interest	-	188	-	188
Stock-based compensation expense	1,281,476	4,116	1,819,675	4,116
	<u>4,487,647</u>	<u>(241,597)</u>	<u>9,253,516</u>	<u>52,945</u>
Change in non-cash operating working capital				
Receivables	2,164,910	493,967	(3,107,853)	(237,701)
Inventory	(703,063)	(382,669)	(761,142)	(1,421,330)
Prepaid expenses	110,723	(90,338)	193,712	(171,471)
Payables and accruals	(1,647,336)	(244,602)	987,781	906,974
Lease inducement	(2,754)	18,000	(5,507)	24,000
	<u>4,410,127</u>	<u>(447,239)</u>	<u>6,560,507</u>	<u>(846,583)</u>
Financing				
Advances for capital lease	13,536	-	17,936	14,980
Repayment of obligations under capital leases	(5,423)	(889)	(9,609)	(1,382)
Repayment of demand loan	-	-	(1,275,000)	-
Issuance of capital stock, net	1,222,735	12,500	1,633,353	1,229,165
	<u>1,230,848</u>	<u>11,611</u>	<u>366,680</u>	<u>1,242,763</u>
Investing				
Purchase of capital assets	(26,811)	(8,472)	(154,150)	(88,506)
Purchase of patents and registered trademarks	(5,483)	(25,676)	(27,263)	(25,676)
	<u>(32,294)</u>	<u>(34,148)</u>	<u>(181,413)</u>	<u>(114,182)</u>
Increase (decrease) in cash and cash equivalents	5,608,681	(469,776)	6,745,774	281,998
Cash and cash equivalents (bank indebtedness)				
Beginning of period	956,123	734,602	(180,970)	(17,172)
End of period	<u>\$ 6,564,804</u>	<u>\$ 264,826</u>	<u>\$ 6,564,804</u>	<u>\$ 264,826</u>
Supplemental cash flow information (Note 12)				

See accompanying notes to the consolidated financial statements

CV Technologies Inc.

Notes to the Consolidated Financial Statements

(Unaudited – Prepared by Management)

For the six month period ended March 31, 2005

1. Nature of operations

CV Technologies Inc. is a publicly owned company that develops and sells biopharmaceutical and health supplement products. It is incorporated under the Business Corporations Act (Alberta), and trades on the TSX Venture Exchange under the symbol "CVQ".

2. Summary of significant accounting policies

The consolidated financial statements of the company have been prepared by management in accordance with Canadian generally accepted accounting principles. The preparation of consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. The consolidated financial statements have, in management's opinion, been properly prepared using careful judgment with reasonable limits of materiality. These interim consolidated financial statements should be read in conjunction with the most recent annual consolidated financial statements. The significant accounting policies follow that of the most recently reported annual consolidated financial statements.

Deferred development costs

Development costs are capitalized for the technologies that are at a stage where potentially profitable markets have been identified and evaluated. The costs deferred are for clinical studies related to the development of Parathyroid Hypertensive Factor technology related to cardiovascular therapies. Amortization of the development costs commences with commercial production or use of the product or process being developed. As this stage has been reached, amortization has commenced in the present period and is being provided for on a straight line basis over 5 years.

Stock-based compensation

The Company has adopted the Canadian accounting standard outlined in the CICA Handbook Section 3870, "Stock-based Compensation and Other Stock-based Payments." As permitted by the standard, this policy has been adopted retroactively effective October 1, 2004 without restatement of prior periods financial statements. This new section provides for the fair-value method to record stock-based compensation expense with respect to stock options granted. The fair value of each option granted is estimated on the date of grant using the Black-Scholes option pricing model. As a result, the Company adjusts its opening retained earnings for \$1,859,716 in fiscal 2005 to reflect the cumulative effect of the change on prior periods.

CV Technologies Inc.

Notes to the Consolidated Financial Statements

(Unaudited – Prepared by Management)

For the six month period ended March 31, 2005

Translation of foreign currencies

Monetary assets and liabilities of the Company's foreign subsidiary are translated into Canadian dollars at the exchange rate in effect at the balance sheet date. Non-monetary assets and liabilities are translated at the rates in effect when the transactions giving rise to the asset or liability take place. The income and expenses of the subsidiary are translated using the average exchange rate for the year. Realized and unrealized gain of \$1,234 (2004 – loss of 875) arising from these translations are included in the consolidated statements of earnings.

3. Patents and registered trademarks

<u>March 31, 2005</u>			
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Patents	\$ 1,191,112	\$ 422,506	\$ 768,606
Registered trademarks	<u>127,007</u>	<u>50,406</u>	<u>76,601</u>
	<u>\$ 1,318,119</u>	<u>\$ 472,912</u>	<u>\$ 845,207</u>
<u>September 30, 2004</u>			
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Patents	\$ 1,176,818	\$ 392,870	\$ 783,948
Registered trademarks	<u>114,037</u>	<u>44,113</u>	<u>69,924</u>
	<u>\$ 1,290,855</u>	<u>\$ 436,983</u>	<u>\$ 853,872</u>

4. Capital assets

<u>March 31, 2005</u>			
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Furniture and equipment	\$ 161,387	\$ 78,771	\$ 82,616
Computer hardware	77,955	16,709	61,246
Computer software	75,551	32,481	43,070
Lab equipment	84,197	6,362	77,835
Equipment under capital leases	<u>73,141</u>	<u>16,474</u>	<u>56,667</u>
	<u>\$ 472,231</u>	<u>\$ 150,797</u>	<u>\$ 321,434</u>
<u>September 30, 2004</u>			
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Furniture and equipment	\$ 131,317	\$ 67,931	\$ 63,386
Computer hardware	59,844	15,610	44,234
Computer software	56,122	28,777	27,345
Lab equipment	8,566	650	7,916
Equipment under capital leases	<u>62,232</u>	<u>4,553</u>	<u>57,679</u>
	<u>\$ 318,081</u>	<u>\$ 117,521</u>	<u>\$ 200,560</u>

CV Technologies Inc.

Notes to the Consolidated Financial Statements

(Unaudited – Prepared by Management)

For the six month period ended March 31, 2005

5. Bank indebtedness

The Company's bank indebtedness consists of bank overdrafts and cheques issued in excess of funds on deposit. Bank overdraft amounts, if any, are subject to the same terms and conditions as discussed in Note 6 below.

6. Demand loan

The Company has a demand operating line of credit up to a maximum of \$2,500,000 based on receivables, inventory and tax credits. At March 31, 2005, the Company had drawn \$Nil on the line of credit (September 30, 2004 - \$1,275,000). The operating line bears interest at Royal Bank of Canada prime rate plus 1.25% per annum. The collateral security lodged by the Company to support the operating line of credit is a General Security Agreement constituting a first ranking security interest in all personal property of the Company.

7. Obligations under capital leases

The following is a schedule by year of future minimum lease payments together with the balance of the obligations under capital leases:

2005	\$	23,341
2006		31,121
2007		23,127
2008		2,239
2009 and thereafter		<u>1,732</u>
Total minimum lease payments		81,560
Less: amounts representing interest at a weighted average rate of 14.78%		<u>17,303</u>
Balance of obligations under capital leases		64,259
Less: current portion		<u>23,303</u>
Long term balance of obligations under capital leases	\$	<u>40,956</u>

8. Non-controlling interest

The non-controlling interest represents the 42.6% equity interest of the minority shareholders in the Company's subsidiary, ChemBioPrint Asia Limited.

CV Technologies Inc.
Notes to the Consolidated Financial Statements

(Unaudited – Prepared by Management)

For the six month period ended March 31, 2005

9. Capital stock

Authorized:

Unlimited number of Class A voting common shares
Unlimited number of Class P preferred shares,
voting rights to be determined prior to first issue

Issued and outstanding:

Class A common shares:	<u>Shares</u>	<u>Amount</u>
Balance September 30, 2003	77,283,160	\$ 17,257,905
Conversion of convertible debenture	3,050,977	305,098
Exercise of options	615,689	114,327
Exercise of warrants	<u>10,638,375</u>	<u>1,156,337</u>
Balance September 30, 2004	91,588,201	\$ 18,833,667
Exercise of options	833,509	253,618
Exercise of warrants	<u>1,370,000</u>	<u>157,000</u>
Balance December 31, 2004 19,244,285	93,791,710	\$
Exercise of options	3,234,394	922,735
Exercise of warrants	<u>2,500,000</u>	<u>300,000</u>
Balance March 31, 2005	<u>99,526,104</u>	<u>\$ 20,467,020</u>

CV Technologies Inc.

Notes to the Consolidated Financial Statements

(Unaudited – Prepared by Management)

For the six month period ended March 31, 2005

9. Capital stock (cont'd)

Stock options

The Company has adopted a stock option plan that permits the Board of Directors to grant to employees, officers and directors options to purchase from Treasury up to 19,170,442 common shares. Options issued after the listing of the Company on the TSX Venture Exchange shall have an exercise price not less than the minimum price required by the TSX Venture Exchange.

As at March 31, 2005 there are 17,727,541 (September 30, 2004 - 17,294,444) stock options outstanding, which are exercisable at prices ranging from \$0.10 to \$2.84 and expire between January 29, 2006 and March 3, 2010. A summary of the status of the Company's stock options for the years presented and changes during the years ended on those dates are as follows:

March 31, 2005

	<u>Stock Options</u>	<u>Weighted Average Exercise Price</u>
Outstanding, beginning of period	17,294,444	\$ 0.3676
Granted	4,519,000	2.8400
Reinstated	4,500	0.2900
Forfeited/cancelled	(22,500)	0.7033
Exercised	<u>(4,067,903)</u>	<u>0.2853</u>
Outstanding, end of period	<u>17,727,541</u>	<u>\$ 0.3901</u>
Exercisable, end of period	<u>13,208,541</u>	<u>\$ 0.3912</u>

September 30, 2004

	<u>Stock Options</u>	<u>Weighted Average Exercise Price</u>
Outstanding, beginning of year	13,139,606	\$ 0.1743
Granted	8,760,527	0.6879
Reinstated	10,000	0.2500
Forfeited/cancelled	(375,000)	0.5900
Exercised	(615,689)	0.1813
Expired	<u>(3,625,000)</u>	<u>0.4514</u>
Outstanding, end of year	<u>17,294,444</u>	<u>\$ 0.3676</u>
Exercisable, end of year	<u>5,188,556</u>	<u>\$ 0.3658</u>

CV Technologies Inc.

Notes to the Consolidated Financial Statements

(Unaudited – Prepared by Management)

For the six month period ended March 31, 2005

9. Capital stock (cont'd)

Stock options (cont'd)

All options granted prior to the 2003 fiscal year vested immediately. The following vesting matrix, based on gross annual sales and common stock price, applies to all stock options granted after October 1, 2002 and before March 3, 2005:

<u>Percentage</u>	<u>Gross Annual Sales</u>	<u>Common Stock Price</u>
25%	\$ 5,000,000	\$0.50
50%	\$10,000,000	\$1.00
75%	\$15,000,000	\$2.00
100%	\$20,000,000	\$3.00

As of March 31, 2005 all criteria of the vesting matrix have been achieved and therefore related options have fully vested.

All options granted on March 3, 2005 will vest at 20% per year over 5 years.

The following table summarizes information about the stock options outstanding at March 31, 2005:

<u>Exercise Price</u>	<u>Number Outstanding</u>	<u>Remaining Contractual Life</u> (years)	<u>Number Exercisable</u>
0.1000	210,000	2.16	210,000
0.1500	6,818,158	3.10	6,818,158
0.2000	316,000	3.22	316,000
0.2300	200,000	1.21	200,000
0.3000	10,000	0.83	10,000
0.5000	300,000	4.30	300,000
0.5300	25,000	4.28	25,000
0.5700	306,250	4.33	306,250
0.6400	30,000	3.06	30,000
0.7100	1,367,606	3.77	1,367,606
0.7400	3,625,527	4.10	3,625,527
2.8400	4,519,000	4.92	-
	17,727,541		13,208,541
	17,727,541		13,208,541

CV Technologies Inc.
Notes to the Consolidated Financial Statements

(Unaudited – Prepared by Management)
For the six month period ended March 31, 2005

9. Capital stock (cont'd)

Warrants

The Company has no warrants outstanding at March 31, 2005 (September 30, 2004 – 3,870,000).

A summary of the status of the Company's warrants as of March 31, 2005 and September 30, 2004, and changes during the period ending on those dates is presented below:

March 31, 2005

	<u>Warrants</u>	<u>Weighted Average Exercise Price</u>
Outstanding, beginning of period	3,870,000	\$ 0.1200
Exercised	<u>(3,870,000)</u>	<u>0.1200</u>
Outstanding, end of period	<u>-</u>	<u>\$ -</u>
Exercisable, end of period	<u>-</u>	<u>\$ -</u>

September 30, 2004

	<u>Warrants</u>	<u>Weighted Average Exercise Price</u>
Outstanding, beginning of year	14,508,375	\$ 0.1112
Exercised	<u>(10,638,375)</u>	<u>0.1074</u>
Outstanding, end of year	<u>3,870,000</u>	<u>\$ 0.1181</u>
Exercisable, end of year	<u>3,870,000</u>	<u>\$ 0.1181</u>

CV Technologies Inc.

Notes to the Consolidated Financial Statements

(Unaudited – Prepared by Management)

For the six month period ended March 31, 2005

10. Contributed surplus	March 31, <u>2005</u>	September 30, <u>2004</u>
Balance, beginning of period	\$ 2,469,473	\$ -
Stock-based compensation recognition of fair value of stock options granted to:		
- Non-employees	-	71,558
- Employees	<u>1,281,476</u>	<u>-</u>
Balance, end of period	<u>\$ 3,750,949</u>	<u>\$ 71,558</u>

The Company uses the Black-Scholes option-pricing model to estimate the fair value of the options granted. The following weighted average assumptions were used for the period ended March 31, 2005, resulting in a weighted average fair value of \$0.40 per option issued prior to March 3, 2005:

Dividend yield	0.00%
Volatility	114.9%
Risk free interest rate	4.11%
Expected life (years)	3 years

The following weighted average assumptions were used for the period ended March 31, 2005, resulting in a weighted average fair value of \$2.46 per option issued on March 3, 2005:

Dividend yield	0.00%
Volatility	129.61%
Risk free interest rate	3.75%
Expected life (years)	5 years

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

The total stock compensation expense for the options granted March 3, 2005 is \$11,116,740 and will vest at 20% per year. This expense is non-cash.

CV Technologies Inc.
Notes to the Consolidated Financial Statements

(Unaudited – Prepared by Management)

For the six month period ended March 31, 2005

11. Earnings per share

	March 31, <u>2005</u>	September 30, <u>2004</u>
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The following table sets forth the computation of basic and diluted earnings per share:

Numerator for basic earnings per share	<u>\$ 7,277,365</u>	<u>\$ 150,918</u>
Denominator:		
Weighted average number of common shares	<u>93,037,061</u>	<u>87,826,426</u>
Denominator for basic earnings per share	93,037,061	87,826,426
Dilutive effect of stock options	11,363,246	2,501,727
Dilutive effect of warrants	<u> -</u>	<u> 4,291,919</u>
Denominator for diluted earnings per share	<u>104,400,307</u>	<u>94,620,072</u>
Earnings per share		
- Basic	\$ 0.0782	\$ 0.0017
- Diluted	0.0697	\$ 0.0016

The convertible debenture had an anti-dilutive effect on earnings per share in prior year.

12. Supplemental cash flow information

	March 31, <u>2005</u>	March 31, <u>2004</u>
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Interest paid	<u>\$ 15,684</u>	<u>\$ 18,938</u>
Non-cash financing and investing activity:		
Purchase of assets under capital leases	<u>\$ 17,936</u>	<u>\$ -</u>

CV Technologies Inc.

Notes to the Consolidated Financial Statements

(Unaudited – Prepared by Management)

For the six month period ended March 31, 2005

13. Commitments and contingencies

- a) The Company has an agreement with the National Research Council of Canada to obtain up to \$495,000 in assistance for research and development expenditures. As of September 30, 2002, all assistance under this agreement had been received.

The Company is obliged to repay the financial assistance by way of 1.5% of the Company's gross revenues, which commenced April 1, 2002, up to a maximum of \$742,000, which is 150% of the original contribution amount. The obligation to pay terminates at the earlier of the full repayment of the \$742,000 or 10 years after the start of the repayment period. The Company is not obliged to repay any of the grants received should the Company have no future revenues on product sales.

During the period, the Company accrued \$158,067 (March 31, 2004 - \$15,193) of this financial assistance, which was charged to earnings. At March 31, 2005, \$158,167 (September 30, 2004 - \$86,984) is included in payables and accruals. Up to March 31, 2005, the Company has expensed \$460,710 since inception relating to this agreement.

- b) The Company has an agreement with AVAC Ltd. to obtain up to \$525,000 in assistance to fund continued development of the proprietary ChemBioPrint technology platform and CVT-E002. As at March 31, 2005, \$8,333 (2004 - \$8,333) of assistance is still available to the Company.

The Company is obliged to repay the financial assistance by way of 1.5% of the Company's gross revenues after January 1, 2002 up to 200% of the original contribution amount or to a maximum of \$1,000,000. The Company is not obliged to repay any of the assistance received should the Company have no future revenues on product sales.

During the period, the Company accrued \$158,068 (March 31, 2004 - \$15,193) of this financial assistance, which was charged to earnings. At March 31, 2005, \$158,068 (September 30, 2004 - \$96,984) is included in payables and accruals. Up to March 31, 2005, the Company has expensed \$466,290 since inception relating to this agreement.

- c) The Company has entered into an agreement to lease new premises in Calgary, Alberta requiring minimum annual lease payments of \$72,000 for the next five years. In addition, the Company must pay a proportionate share of common area costs. The initial lease term expires April 30, 2009 with a renewal period extending to April 30, 2013.
- d) The Company has entered into an agreement to lease a premise in Edmonton, Alberta requiring minimum annual lease payments of \$47,254 for the next five years. In addition, the Company must pay a proportionate share of common area costs. The initial lease term expires April 30, 2009.

CV Technologies Inc.
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(Unaudited – Prepared by Management)
For the six month period ended March 31, 2005

14. Joint venture

On October 29, 2002 the Company entered into a joint venture with Centaur Pharmaceuticals, a private company, in the creation of Vet Ex Inc. The joint venture, in which the Company holds a 60% interest, has licensed the veterinary rights for the Company's nutraceutical products and ChemBioPrint technology.

The Company has recorded its interest in Vet Ex Inc. using the proportionate consolidation method. The following table summarizes the Company's share of the assets, liabilities, revenue, expenses and cash flows of Vet Ex Inc. included in these consolidated financial statements.

	March 31, 2005	September 30, 2004
Assets		
Cash and cash equivalents	\$ <u>22,537</u>	\$ <u>22,558</u>
Liabilities		
Payables and accruals	\$ <u>77</u>	\$ <u>-</u>
 Revenues, expenses and cash flows for the period ended		
Revenue	\$ <u>-</u>	\$ <u>1,107</u>
Expenses		
Selling, general and administrative	<u>21</u>	<u>33</u>
Net earnings (loss)	\$ <u>(21)</u>	\$ <u>1,074</u>
Cash flows		
Cash flows from operating activities	\$ <u>(21)</u>	\$ <u>4,666</u>

15. Subsequent events

Subsequent to year-end, 53,521 options were exercised for cash proceeds of \$38,000.

16. Comparative figures

Certain prior year figures have been reclassified to conform to the current year's presentation.