

CV Technologies Inc.
Consolidated
Financial Statements
June 30, 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 nine month period ended June 30, 2005

	Three month period ended June 30		Nine month period ended June 30	
	2005	2004	2005	2004
Product sales	\$ 2,836,242	\$1,227,474	\$ 24,660,547	\$ 4,146,976
Cost of goods sold	586,501	337,351	5,704,007	1,144,510
Gross margin (2005 - 79.3%, 2004 – 72.5%; 2005 - 76.9%, 2004 – 72.4%)	2,249,741	890,123	18,956,540	3,002,466
Other revenue				
Interest	28,050	793	26,664	1,617
Other revenue	4,725	-	15,835	3,026
Research and development assistance	-	-	-	40,000
	32,775	793	42,499	44,643
Operating expenses				
Advertising and marketing	709,544	258,745	4,450,693	822,677
Salaries and employee benefits	563,762	237,230	1,384,037	783,174
Stock-based compensation (Note 2)	554,314	-	2,373,989	-
Administration, occupancy and insurance	300,714	170,187	894,315	440,799
Quality control, research and development	271,346	134,368	1,286,820	420,887
Amortization (Note 2)	139,098	25,674	298,701	72,743
Consulting, contracting and professional fees	114,577	75,591	1,059,489	368,873
Public relations and business promotion	73,044	33,280	404,957	176,060
Bad debts expense (recovery)	18,751	(1,342)	18,751	(1,342)
Interest and bank charges	5,164	12,877	20,847	31,815
	2,750,314	946,610	12,192,599	3,115,686
Earnings (loss) before non-controlling interest share of subsidiary's loss	(467,798)	(55,694)	6,806,440	(68,577)
Non-controlling interest share of loss	1,340	763	4,467	10,008
Net income (loss)	\$ (466,458)	\$ (54,931)	\$ 6,810,907	\$ (58,569)

See accompanying notes to the consolidated financial statements

CV Technologies Inc. Consolidated Statements of Deficit

(Unaudited – Prepared by Management)

For the nine month period ended June 30, 2005

	Three month period ended June 30		Nine month period ended June 30	
	2005	2004	2005	2004
Deficit, beginning of period	\$ (8,833,268)	\$ (14,774,622)	\$ (14,250,917)	\$ (14,770,984)
Adjustment for stock-based compensation (Note 2)	-	-	(1,859,716)	-
As restated	\$ (8,833,268)	\$ (14,774,622)	\$ (16,110,633)	\$ (14,770,984)
Net income (loss)	(466,458)	(54,931)	\$6,810,907	(58,569)
Deficit, end of year	\$ (9,299,726)	\$ (14,829,553)	\$ (9,299,726)	\$ (14,829,553)
Earnings (loss) per share (Note 11)				
Basic earnings (loss) per share	\$ (0.0048)	\$ (0.0007)	\$ 0.0707	\$ (0.0127)
Diluted earnings (loss) per share	\$ (0.0048)	\$ (0.0007)	\$ 0.0618	\$ (0.0127)

The calculation of diluted loss per share for the period ended June 30 and the prior year produced anti-dilutive results.

CV Technologies Inc. Consolidated Balance Sheet

(Unaudited – Prepared by Management)

For the nine month period ended June 30, 2005

	June 30, 2005	September 30, 2004 (audited)
Assets		
Current		
Cash and cash equivalents	\$ 7,600,987	\$ -
Receivables	1,369,069	1,949,061
Inventory	5,828,764	2,398,666
Prepaid expenses	<u>181,235</u>	<u>289,768</u>
	<u>14,980,055</u>	<u>4,637,495</u>
Patents and registered trademarks (Note 3)	829,970	853,872
Capital assets (Note 4)	472,212	200,560
Deferred development costs (Note 2)	<u>1,627,205</u>	<u>1,808,006</u>
	<u>\$ 17,909,442</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)	2,030,742	1,228,983
Current portion of obligations		
Under capital leases (Note 7)	24,227	17,144
Current portion of lease inducements	<u>11,016</u>	<u>11,016</u>
	<u>2,065,985</u>	<u>2,713,113</u>
Deferred license revenue	30,000	30,000
Obligations under capital leases (Note 7)	34,564	38,790
Lease inducement	<u>31,664</u>	<u>39,008</u>
	<u>2,162,213</u>	<u>2,820,911</u>
Non-controlling interest (Note 8)	<u>20,247</u>	<u>24,714</u>
Shareholders' Equity		
Capital stock (Note 9)	20,721,445	18,833,667
Contributed surplus (Note 10)	4,305,263	71,558
Deficit	<u>(9,299,726)</u>	<u>(14,250,917)</u>
	<u>15,726,982</u>	<u>4,654,308</u>
	<u>\$ 17,909,442</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 nine month period ended June 30, 2005

	Three months ended June 30		Nine months ended June 30	
	2005	2004	2005	2004
Increase (decrease) in cash and cash equivalents				
Operating				
Net income (loss)	\$ (466,458)	\$ (54,931)	\$ 6,810,907	\$ (58,569)
Amortization	139,098	25,674	298,701	72,743
Gain on disposal of assets	(7,785)	-	(7,785)	-
Non-controlling interest share of loss	(1,340)	(763)	(4,467)	(10,008)
Accrued interest on debenture payable	-	7,502	-	21,957
Accrued interest	-	-	-	188
Stock-based compensation expense	554,314	12,202	2,373,989	16,318
	<u>217,829</u>	<u>(10,316)</u>	<u>9,471,345</u>	<u>42,629</u>
Change in non-cash operating working capital				
Receivables	3,687,845	(214,552)	579,992	(452,253)
Inventory	(2,668,956)	62,930	(3,430,098)	(1,358,400)
Prepaid expenses	(85,179)	44,439	108,533	(127,032)
Payables and accruals	(186,022)	(365,654)	801,759	541,320
Lease inducement	(1,837)	14,649	(7,344)	38,649
	<u>963,680</u>	<u>(468,504)</u>	<u>7,524,187</u>	<u>(1,315,087)</u>
Financing				
Advances for capital lease	-	17,034	17,936	32,014
Repayment of obligations under capital leases	(5,468)	(1,285)	(15,077)	(2,667)
Repayment of demand loan	-	-	(1,275,000)	-
Issuance of capital stock, net	254,425	14,499	1,887,778	1,243,664
	<u>248,957</u>	<u>30,248</u>	<u>615,637</u>	<u>1,273,011</u>
Investing				
Purchase of capital assets	(208,240)	(35,572)	(362,390)	(124,078)
Purchase of patents and registered trademarks	(3,783)	(30,298)	(31,046)	(55,974)
Proceeds from disposal of assets	35,569	-	35,569	-
	<u>(176,454)</u>	<u>(65,870)</u>	<u>(357,867)</u>	<u>(180,052)</u>
Increase (decrease) in cash and cash equivalents	1,036,183	(504,126)	7,781,957	(222,128)
Cash and cash equivalents (bank indebtedness)				
Beginning of period	6,564,804	264,826	(180,970)	(17,172)
End of period	<u>\$7,600,987</u>	<u>\$ (239,300)</u>	<u>\$ 7,600,987</u>	<u>(239,300)</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 nine month period ended June 30, 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 nine month period ended June 30, 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 \$5,216 (2004 – gain of \$3,026) arising from these translations are included in the consolidated statements of earnings.

3. Patents and registered trademarks

<u>June 30, 2005</u>			
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Patents	\$ 1,194,895	\$ 437,435	\$ 757,460
Registered trademarks	<u>127,007</u>	<u>54,497</u>	<u>72,510</u>
	<u>\$ 1,321,902</u>	<u>\$ 491,932</u>	<u>\$ 829,970</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>June 30, 2005</u>			
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Furniture and equipment	\$ 161,311	\$ 83,100	\$ 78,212
Computer hardware	146,538	23,412	123,126
Computer software	97,389	35,620	61,769
Lab equipment	143,957	11,695	132,262
Automobiles	44,788	3,359	41,429
Equipment under capital leases	<u>52,434</u>	<u>17,019</u>	<u>35,415</u>
	<u>\$ 646,417</u>	<u>\$ 174,204</u>	<u>\$ 472,212</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.
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For the nine month period ended June 30, 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 \$7,500,000 based on receivables, inventory and tax credits. At June 30, 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 0.75% 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	\$ 7,782
2006	31,121
2007	23,127
2008	2,239
2009 and thereafter	<u>1,732</u>
Total minimum lease payments	66,001
Less: amounts representing interest at a weighted average rate of 14.78%	<u>7,210</u>
Balance of obligations under capital leases	58,791
Less: current portion	<u>24,227</u>
Long term balance of obligations under capital leases	<u>\$ 34,564</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 nine month period ended June 30, 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	93,791,710	\$ 19,244,285
Exercise of options	3,234,440	922,735
Exercise of warrants	<u>2,500,000</u>	<u>300,000</u>
Balance March 31, 2005	99,526,150	\$ 20,467,020
Exercise of options	<u>941,021</u>	<u>254,425</u>
Balance June 30, 2005	<u>100,467,171</u>	<u>\$ 20,721,445</u>

CV Technologies Inc.

Notes to the Consolidated Financial Statements

(Unaudited – Prepared by Management)
For the nine month period ended June 30, 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 June 30, 2005 there are 16,761,520 (September 30, 2004 - 17,294,444) stock options outstanding, which are exercisable at prices ranging from \$0.10 to \$2.84 and expire between June 15, 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:

June 30, 2005

	<u>Stock Options</u>	<u>Weighted Average Exercise Price</u>
Outstanding, beginning of year	17,294,444	\$ 0.3676
Granted	4,519,000	2.8400
Reinstated	4,500	0.2900
Forfeited/cancelled	(47,500)	1.8279
Exercised	<u>(5,008,924)</u>	<u>0.2126</u>
Outstanding, end of period	<u>16,761,520</u>	<u>\$ 1.0545</u>
Exercisable, end of period	<u>12,267,520</u>	<u>\$ 0.4004</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 nine month period ended June 30, 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 June 30, 2005:

<u>Exercise Price</u>	<u>Number Outstanding</u>	<u>Remaining Contractual Life (years)</u>	<u>Number Exercisable</u>
0.1000	210,000	1.91	210,000
0.1500	6,128,158	2.85	6,128,158
0.2000	291,000	2.98	291,000
0.2300	200,000	0.96	200,000
0.5000	300,000	4.05	300,000
0.5300	25,000	4.03	25,000
0.5700	233,750	4.09	233,750
0.6400	15,000	3.56	15,000
0.7100	1,264,085	3.53	1,264,085
0.7400	3,600,527	3.86	3,600,527
2.8400	4,494,000	4.68	-
	<hr/> 16,761,520 <hr/>		<hr/> 12,267,520 <hr/>

CV Technologies Inc.
Notes to the Consolidated Financial Statements

(Unaudited – Prepared by Management)
For the nine month period ended June 30, 2005

9. Capital stock (cont'd)

Warrants

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

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

June 30, 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 nine month period ended June 30, 2005

10. Contributed surplus	June 30, 2005	September 30, 2004
Balance, beginning of period	\$ 3,750,949	\$ -
Stock-based compensation recognition of fair value of stock options granted to:		
- Non-employees	56,793	71,558
- Employees	<u>497,522</u>	<u>-</u>
Balance, end of period	<u>\$ 4,305,263</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 June 30, 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 June 30, 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.

CV Technologies Inc.
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(Unaudited – Prepared by Management)
For the nine month period ended June 30, 2005

11. Earnings per share **June 30,**
2005 September 30,
2004

The following table sets forth the computation of basic and diluted earnings per share:

Numerator for basic earnings per share	<u>\$ 6,810,907</u>	<u>\$ 150,918</u>
Denominator:		
Weighted average number of common shares	<u>96,329,331</u>	<u>87,826,426</u>
Denominator for basic earnings per share	96,329,331	87,826,426
Dilutive effect of stock options	13,817,864	2,501,727
Dilutive effect of warrants	<u>-</u>	<u>4,291,919</u>
Denominator for diluted earnings per share	<u>110,147,195</u>	<u>94,620,072</u>
Earnings per share		
- Basic	\$ 0.0707	\$ 0.0017
- Diluted	0.0618	\$ 0.0016

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

12. Supplemental cash flow information **June 30,**
2005 June 30,
2004

Interest paid	<u>\$ 14,966</u>	<u>\$ 28,270</u>
Non-cash financing and investing activity:		
Purchase of assets under capital leases	<u>\$ 17,936</u>	<u>\$ 32,014</u>

CV Technologies Inc.
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(Unaudited – Prepared by Management)

For the nine month period ended June 30, 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 quarter, the Company accrued \$39,490 (June 30, 2004 - \$16,318) of this financial assistance, which was charged to earnings. At June 30, 2005, \$39,490 (September 30, 2004 - \$86,984) is included in payables and accruals. Up to June 30, 2005, the Company has expensed \$500,200 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 June 30, 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 \$39,490 (June 30, 2004 - \$16,318) of this financial assistance, which was charged to earnings. At June 30, 2005, \$39,490 (September 30, 2004 - \$96,984) is included in payables and accruals. Up to June 30, 2005, the Company has expensed \$505,780 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.
- e) The Company has entered into an agreement to lease a premise in Toronto, Ontario requiring minimum annual lease payments of \$37,250 for the next three years and minimum annual lease payments of \$52,150 for the fourth and fifth year. In addition, the Company must pay a proportionate share of common area costs. The initial lease term expires September 30, 2010.

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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.

	June 30, 2005	September 30, 2004
Assets		
Cash and cash equivalents	\$ 22,528	\$ 22,558
Liabilities		
Payables and accruals	\$ 77	\$ -
 Revenues, expenses and cash flows for the period ended		
Revenue	\$ -	\$ 1,107
Expenses		
Selling, general and administrative	21	33
Clinical studies and lab expenses	9,130	-
Net earnings (loss)	\$ (9,160)	\$ 1,074
Cash flows		
Cash flows from operating activities	\$ (9,160)	\$ 4,666

CV Technologies Inc.
Notes to the Consolidated Financial Statements
(Unaudited – Prepared by Management)
For the nine month period ended June 30, 2005

15. Income taxes

Non-capital losses

The company has non-capital losses available for carry-forward of \$10,705,549. The benefits of these losses have not been recognized in these financial statements. These losses are available to reduce income taxes in future years and, if not utilized will expire as follows:

2005	\$ 296,340
2006	1,792,404
2007	2,650,530
2008	3,062,082
2009	947,494
2010	<u>1,956,699</u>
	<u>\$ 10,705,549</u>

16. Subsequent events

Subsequent to June 30, 2005 the Company purchased 902,611 common shares in its subsidiary, ChemBioPrint Asia Limited, for total cash consideration of \$154,734. The share purchase resulted in the Company owning 99.1% of ChemBioPrint Asia Limited's outstanding common shares.

17. Comparative figures

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