

CV Technologies Inc.
Consolidated Financial Statements
Three month period ended December 31, 2007
(unaudited)

CV Technologies Inc.
Consolidated Balance Sheets
(unaudited)

December 31, 2007

September 30, 2007

In Canadian dollars

Assets

Current

Cash and cash equivalents	\$ 10,048,573	\$ 2,702,572
Accounts receivable	6,196,124	6,442,418
Inventory (note 4)	9,739,414	8,891,706
Prepaid expenses and deposits	797,885	391,266
Income taxes receivable	-	721,099
Future income taxes	271,139	-
	27,053,135	19,149,061

Inventory, non-current (note 4)	2,631,370	7,351,019
Patents and registered trademarks	927,089	893,849
Property, plant and equipment (note 5)	12,478,420	11,132,142
Prepaid intra-group tax asset	2,384,341	2,436,174
Future income taxes	14,826	345,548
	\$ 45,489,181	\$ 41,307,793

Liabilities and Shareholders' Equity

Current

Bank indebtedness (note 6)	\$ -	\$ 2,039,164
Accounts payable and accruals	6,769,684	9,839,925
Customer deposits (note 7)	6,870,788	10,374,967
Current portion of mortgage (note 6)	463,140	2,645,122
Income taxes payable	2,792,727	-
Current portion of obligations under capital lease	12,802	6,472
Current portion of deferred revenue	494,050	-
	17,403,191	24,905,650

Long term portion of mortgage (note 6)	4,528,476	-
Obligations under capital lease	703,644	682,535
Deferred revenue	180,000	180,000
Future income taxes	21,200	33,533
	22,836,511	25,801,718

Shareholders' Equity

Share capital (note 8)	23,027,098	22,875,648
Contributed surplus (note 9)	8,035,513	7,839,387
Deficit	(8,409,941)	(15,208,960)
	22,652,670	15,506,075
	\$ 45,489,181	\$ 41,307,793

Contingencies (notes 15)

See accompanying notes to the consolidated financial statements

On behalf of the Board

Director _____

Director _____

CV Technologies Inc.
Consolidated Statements of Deficit
(unaudited)

For the three month period ended December 31	2007	2006 As restated (note 3)
In Canadian dollars		
Deficit, beginning of period	\$ (15,208,960)	\$ (5,378,379)
Net earnings (loss) and comprehensive income (loss)	<u>6,799,019</u>	<u>(3,584,137)</u>
Deficit, end of period	<u>\$ (8,409,941)</u>	<u>\$ (8,962,516)</u>

See accompanying notes to the consolidated financial statements

CV Technologies Inc.
Consolidated Statements of Earnings (Loss) and
Comprehensive Income (Loss)
(unaudited)

For the three month period ended December 31	2007	2006 As restated (note 3)
In Canadian dollars		
Product sales	\$ 21,275,414	\$ 22,614,679
Cost of goods sold	<u>5,458,790</u>	<u>5,904,279</u>
Gross profit	<u>15,816,624</u>	<u>16,710,400</u>
Operating expenses		
Advertising and marketing	1,682,143	10,857,691
Salaries and employee benefits	1,354,580	1,426,499
Contracting, consulting and professional fees	714,591	2,269,486
Research and development	543,310	735,205
Administration, occupancy and insurance	640,027	610,534
Stock-based compensation (note 9)	250,076	617,746
Amortization (note 11)	80,201	199,687
Interest and bank charges	77,864	17,983
Bad debts	2,814	70,034
Loss on foreign exchange	90,444	716,974
	<u>5,436,050</u>	<u>17,521,839</u>
Earnings (loss) before other revenue, other expenses and income taxes	<u>10,380,574</u>	<u>(811,439)</u>
Other revenue (expenses)		
Interest revenue	18,966	83,744
Other items	9,661	(13,288)
	<u>28,627</u>	<u>70,456</u>
Earnings (loss) before income taxes	<u>10,409,201</u>	<u>(740,983)</u>
Income tax expense		
Current	3,562,932	4,831,683
Future	47,250	(1,988,529)
	<u>3,610,182</u>	<u>2,843,154</u>
Net earnings (loss) and comprehensive income (loss)	<u>6,799,019</u>	<u>\$ (3,584,137)</u>
Earnings (loss) per share (note 10)		
Basic earnings (loss) per share	\$ 0.07	\$ (0.03)
Diluted earnings (loss) per share	<u>\$ 0.06</u>	<u>\$ (0.03)</u>

See accompanying notes to the consolidated financial statements

CV Technologies Inc.
Consolidated Statements of Cash Flows
(unaudited)

For the three month period ended December 31	2007	2006 As restated (note 3)
In Canadian dollars		
Operating activities		
Net earnings (loss) and comprehensive income (loss) for the period	\$ 6,799,019	\$ (3,584,137)
Items not affecting cash		
Stock-based compensation (note 9)	250,076	617,746
Amortization (note 11)	80,201	199,687
Amortization of prepaid intra-group tax asset	51,833	51,833
Future income tax expense	47,250	(1,988,529)
	<u>7,228,379</u>	<u>(4,703,400)</u>
Changes in non-cash operating working capital		
Accounts receivable	246,294	(121,021)
Inventory	3,871,941	(2,244,349)
Prepaid expenses and deposits	(406,619)	513,295
Accounts payable and accruals	(2,511,199)	5,507,546
Income taxes payable/receivable	3,513,826	(1,662,324)
Customer deposits	(3,504,179)	15,715,486
Deferred revenue	494,050	30,000
	<u>8,932,493</u>	<u>13,035,233</u>
Financing activities		
Repayment on obligations under capital lease	(1,679)	(16,363)
Issuance of share capital (note 8)	97,500	184,965
Repayment of bank indebtedness	(2,039,164)	-
Issuance of mortgage (note 6)	2,346,494	-
	<u>403,151</u>	<u>168,602</u>
Investing activities		
Purchase of property, plant and equipment (note 5)	(1,936,284)	(1,223,886)
Purchase of patents and registered trademarks	(53,359)	(8,406)
	<u>(1,989,643)</u>	<u>(1,232,292)</u>
Increase in cash and cash equivalents	7,346,001	11,971,543
Cash and cash equivalents, beginning of period	2,702,572	7,913,281
Cash and cash equivalents, end of period	<u>\$ 10,048,573</u>	<u>\$ 19,884,824</u>
Supplemental cash flow information (note 12)		

See accompanying notes to the consolidated financial statements

CV Technologies Inc.

Notes to the Consolidated Financial Statements

For the three month period ended December 31, 2007

All amounts are in Canadian dollars, except where noted

(unaudited)

1. Nature of operations and basis of presentation

CV Technologies Inc. (CVQ or the Company) is a publicly owned company that develops and sells biopharmaceutical products. It is incorporated under the Business Corporations Act (Alberta) and trades on the Toronto Stock Exchange under the symbol "CVQ". The head office and research centre is located in Edmonton, Canada.

These unaudited interim consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles (GAAP) for interim financial statements. The accounting principles and methods of computation adopted in these interim consolidated financial statements are the same as those of the audited consolidated financial statements for the year ended September 30, 2007, except as disclosed in note 2 below.

Omitted in these statements are certain information and note disclosures normally included in the annual consolidated financial statements prepared in accordance with Canadian GAAP. The interim consolidated financial statements and notes presented should be read in conjunction with the audited consolidated financial statements for the year ended September 30, 2007.

2. Summary of significant accounting policies

Use of estimates and measurement uncertainty

In preparing consolidated financial statements in conformity with Canadian GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period presented. Actual results could differ from these estimates.

Significant estimates made by management include provisions for customer discounts and incentives, allowances for uncollectible accounts, right of returns, the realizable portion of inventory during the Company's normal business cycle, inventory provisions, the realizability of future income taxes, useful lives of long-lived assets, future expected cash flows used in evaluating long-lived assets for impairment, percentage completion of contracted service expenditures and stock-based compensation fair values. On an ongoing basis, management reviews its estimates to ensure that these values appropriately reflect changes in the Company's business and new information as it becomes available. As at December 31, 2007, management's estimate for customer discounts and incentives totalled approximately \$3,500,000 (September 30, 2007 - \$1,400,000), which are included in accounts payable and accruals and customer deposits and as a reduction in accounts receivable.

CV Technologies Inc.

Notes to the Consolidated Financial Statements

For the three month period ended December 31, 2007

All amounts are in Canadian dollars, except where noted

(unaudited)

2. Summary of significant accounting policies (cont'd)

Accounting changes

On October 1, 2007, the Company adopted CICA Handbook Section 1506, Accounting Changes. This Section allows an entity to change an accounting policy only if the change is required by a primary source of GAAP or results in the consolidated financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance or cash flows. This standard is effective for interim and annual periods relating to fiscal years beginning on or after January 1, 2007. The adoption did not have any effect on the Company's consolidated financial statements.

On October 1, 2007, the Company adopted CICA Handbook Section 1535, Capital Disclosures. This Section establishes standards for disclosing information about an entity's capital and how it is managed. The standard is effective for interim and annual consolidated financial statements relating to fiscal years beginning on or after October 1, 2007. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

Capital disclosures

The Company's objective to manage capital is to safeguard the entity's ability to continue as a going concern so that it can continue to develop and commercialize evidence-based natural health products to increase shareholder value.

The Company has externally imposed capital requirements as governed through its financing facilities. These requirements are to ensure the Company continues to operate in the normal course of business and to ensure the Company manages its debt relative to net worth. These capital requirements are congruent with the Company's management of capital.

The Company monitors capital on the basis of the current ratio and debt to tangible net worth ratio which are both financial covenants of its lending agreement. The current ratio is calculated as current assets (as shown on the balance sheet) over current liabilities (as shown on the balance sheet) and is to be maintained above 1.00:1. As at December 31, 2007 this ratio is 1.55:1 (September 30, 2007 – 0.77:1). The increase in this ratio is primarily the result of turning over inventory generating cash and accounts receivable which were applied to reduce accounts payable, customer deposits and classification of the mortgage as long term.

Debt to tangible net worth is calculated as total liabilities (as shown on the balance sheet) over tangible net worth. Tangible net worth is defined as the sum of share capital, contributed surplus and retained earnings (deficit) less intangible assets. This ratio is to be maintained below 2.50:1. At December 31, 2007 this ratio was 1.05:1 (September 30, 2007 – 1.76:1). The decrease in this ratio is due to a profitable quarter that enabled the Company to reduce accounts payable and customer deposits.

The Company met all externally imposed capital requirements at the end of the period.

CV Technologies Inc.

Notes to the Consolidated Financial Statements

For the three month period ended December 31, 2007

All amounts are in Canadian dollars, except where noted

(unaudited)

3. Restatement of previously issued consolidated financial statements

Subsequent to the preparation of the Company's unaudited consolidated financial statements for the three month period ended December 31, 2006, the Company learned that there was significant uncertainty in estimating product returns in the US market. According to the Company's revenue recognition policy, this uncertainty should have precluded the recognition of revenue until the risk of return was substantially eliminated. The application of the revenue recognition policy also affected the appropriate classification of its foreign subsidiaries and the appropriate translation method utilized for consolidation. The Company had classified foreign subsidiaries as self-sustaining and used the current rate method for currency translation. Foreign subsidiaries were reclassified as integrated foreign operations and the consolidated balance sheet amounts and operating results were translated using the temporal method. As a result, the Company has restated its consolidated balance sheet and statement of deficit, as at December 31, 2006 and consolidated statement of earnings (loss) and comprehensive income (loss) and statement of cash flows for the three month period ended December 31, 2006. The adjustments relate to:

- Revenue recognition errors, and
- Foreign currency translation of foreign operations from using the current rate method to the temporal method.

The impact of these changes was a decrease in product sales, gross profit and net earnings (loss) and comprehensive income (loss) of \$2,536,639, \$1,551,004 and \$1,997,135 respectively. Total assets increased \$2,704,343, total liabilities increased \$8,160,571 and total shareholders' equity decreased \$5,456,228. Basic and diluted earnings (loss) per share decreased \$0.01 and \$0.02 respectively.

4. Inventory

Inventory is comprised of the following:

	December 31, 2007	September 30, 2007
Finished goods	\$ 6,769,052	\$ 9,014,194
Work-in-progress	2,524,697	3,755,470
Product shipped with right-of-return	705,717	1,267,932
Raw materials	1,431,548	1,448,528
Packaging materials	939,770	756,601
	<hr/>	<hr/>
	\$ 12,370,784	\$ 16,242,725
Less current portion	9,739,414	8,891,706
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Non-current inventory	\$ 2,631,370	\$ 7,351,019

CV Technologies Inc.

Notes to the Consolidated Financial Statements

For the three month period ended December 31, 2007

All amounts are in Canadian dollars, except where noted

(unaudited)

5. Property, plant and equipment

	Cost	Accumulated Amortization	Net Book Value
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December 31, 2007			
Building under construction	\$10,766,820	\$ -	\$10,766,820
Land under capital lease	616,099	-	616,099
Lab equipment	440,541	132,655	307,886
Computer hardware	404,518	158,637	245,881
Furniture and equipment	494,517	167,346	327,171
Computer software	291,122	177,623	113,499
Leasehold improvements	121,126	91,531	29,595
Automobiles	44,788	27,533	17,255
Equipment under capital lease	92,438	38,224	54,214
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	\$13,271,969	\$ 793,549	\$12,478,420
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September 30, 2007			
Building under construction	\$ 9,552,210	\$ -	\$ 9,552,210
Land under capital lease	616,099	-	616,099
Lab equipment	435,466	116,584	318,882
Computer hardware	393,961	136,904	257,057
Furniture and equipment	364,969	155,650	209,319
Computer software	284,282	171,147	113,135
Leasehold improvements	99,207	90,744	8,463
Automobiles	44,788	26,134	18,654
Equipment under capital lease	74,631	36,308	38,323
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	\$11,865,613	\$ 733,471	\$11,132,142
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During the three month period ended December 31, 2007, the Company recorded property, plant and equipment amortization expense of \$60,082 (2006 - \$89,545) and additions to equipment under capital lease totalled \$17,808 (2006 - \$nil). Building under construction includes interest capitalized during the three month period ended December 31, 2007 of \$11,309 (2006 - \$nil).

CV Technologies Inc.

Notes to the Consolidated Financial Statements

For the three month period ended December 31, 2007

All amounts are in Canadian dollars, except where noted

(unaudited)

6. Financing facilities

The Company's bank credit facilities are comprised of the following:

a) At December 31, 2007, the Company had access to a \$10,000,000 demand operating line of credit and had drawn \$ nil (September 30, 2007 - \$2,039,164). The line of credit is based on 75% of accounts receivable aged less than 90 days plus 50% of finished goods inventory for the period from September to February or 65% of finished goods inventory for the period from March to August each year to a maximum limit of \$6,000,000. Interest under the operating line facility is based on the bank prime lending rate plus a stamping fee equal to 1.5% per annum. The effective interest rate for the quarter was 6.75%.

Included in the operating line facility the Company has the ability to issue up to \$1,000,000 of letters of guarantee. At December 31, 2007, the Company had two standby letters of credit in the amount of \$495,600 and \$124,000 which will remain in effect until December 1, 2008 and December 1, 2009, respectively. Standby letters of credit are subject to a charge of 1% per annum.

b) The Company also has a \$6,175,000 three-year term mortgage facility for the construction of the new headquarters and research centre on land held under a capital lease. This mortgage is to be advanced to the Company, based on estimated progress of completion, in four installments commencing August 31, 2007. As at December 31, 2007, the Company has drawn \$5,044,861 under this facility. The facility bears interest at the Bank's prime lending rate plus 0.75% per annum. Using the effective interest method to determine the carrying value of the financial liability, the effective interest rate of the mortgage is 7.46%. Repayments are to be interest only until March 31, 2008 and a monthly principal payment of \$51,460 plus interest thereafter. The Company may prepay the mortgage without penalty at any time in whole or in part. Such payments would be applied to the principal in the inverse order of maturities of the repayments. The Company has presented the term mortgage net of financing charges of \$57,818. Additional financing charges of \$12,952 have been deferred until the balance of the mortgage has been drawn.

CV Technologies Inc.

Notes to the Consolidated Financial Statements

For the three month period ended December 31, 2007

All amounts are in Canadian dollars, except where noted

(unaudited)

6. Financing facilities (cont'd)

The facilities agreement contains repayment acceleration clauses that may cause the debt to become due and payable, or the collateral to become immediately enforceable, if certain events of default occur. The acceleration clauses include subjective default events such as any adverse change occurring in the financial condition of the Company or its property, equipment or business activities.

The Company has pledged as collateral for both financing facilities a General Security Agreement constituting a first ranking security interest in all personal property of the Company, a collateral mortgage constituting a first fixed charge on the Company's headquarters and research centre on the subleased land.

The Company's various facilities are subject to certain financial covenants. Management of the Company is not aware of any pending condition that would require accelerated repayment of the bank financing.

Subject to any demand for partial or full repayment of the obligation, required principal repayments of the mortgage are as follows:

2008	\$	463,140
2009		617,520
2010		617,520
2011		3,346,681
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Total mortgage	\$	5,044,861
Less transaction costs netted against principal balance		53,245
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Carrying value of mortgage	\$	4,991,616
Less current portion		463,140
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	\$	4,528,476
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CV Technologies Inc.

Notes to the Consolidated Financial Statements

For the three month period ended December 31, 2007

All amounts are in Canadian dollars, except where noted

(unaudited)

7. Customer deposits

The Company has received customer deposits totalling \$6,870,788 (September 30, 2007 - \$10,374,967) for product shipped with right-of-return. At December 31, 2007, three customers represented \$6,059,901 or 91% (September 30, 2007 – three customers represented \$9,290,907 or 90%) of the total customer deposits. As at December 31, 2007, the Company has received inventory returns requiring refund of approximately \$2,708,000 (September 30, 2007 - \$4,816,000). At December 31, 2007, the Company has authorized additional inventory returns requiring refund of approximately \$617,000 (September 30, 2007 - \$2,428,000) to be delivered subsequent to quarter end. Inventory returns are not considered payable until the products have passed a quality and verification process. This process had not been completed for the above returns as at December 31, 2007.

If the risk of return for the remaining product shipped with the right-of-return is substantially eliminated, the revenue from the product shipment will be recognized and liability for the customer deposit eliminated. If the product is returned and cash payment has been made, the customer is entitled to a refund of the deposit. There is no certainty on the amount of deposits that will be recognized as revenue or require refund.

8. Share capital

Authorized:

Unlimited number of Class A voting common shares with no par value

Unlimited number of Class P preferred shares with no par value,
voting rights to be determined prior to first issue

Issued and outstanding:

	Number of Shares	Share Capital
<hr/>		
Class A common shares:		
Balance, September 30, 2006	102,773,340	\$ 22,433,106
Exercise of options	1,327,666	285,570
Recognition of fair value of options exercised	-	156,972
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Balance, September 30, 2007	104,101,006	\$ 22,875,648
Exercise of options	650,000	97,500
Recognition of fair value of options exercised	-	53,950
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Balance, December 31, 2007	104,751,006	\$ 23,027,098
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CV Technologies Inc.

Notes to the Consolidated Financial Statements

For the three month period ended December 31, 2007

All amounts are in Canadian dollars, except where noted

(unaudited)

9. Contributed surplus

During the period, contributed surplus has changed as follows:

	Three month period ended December 31, 2007	Year ended September 30, 2007
Balance, beginning of period	\$ 7,839,387	\$ 6,469,885
Stock-based compensation recognition of fair value of stock options granted to:		
Employees, officers and directors	215,466	1,388,034
Non-employees	34,610	138,440
Recognition of fair value of stock options exercised	(53,950)	(156,972)
Balance, end of period	\$ 8,035,513	\$ 7,839,387

10. Earnings (loss) per share

The following table sets forth the computation of basic and diluted earnings (loss) per share for the following periods:

	December 31, 2007	December 31, 2006 (As restated – note 3)
Numerator for basic and diluted earnings (loss) per share	\$ 6,799,019	\$ (3,584,137)
Denominator:		
Weighted average number of common shares	104,108,071	103,200,898
Dilutive effect of stock options	3,565,225	-
Denominator for diluted earnings (loss) per share	107,673,296	103,200,898
Earnings (loss) per share		
Basic	\$ 0.07	\$ (0.03)
Diluted	0.06	(0.03)

The Company uses the treasury stock method to calculate earnings (loss) per share and under this method options that are anti-dilutive are excluded from the calculation of diluted earnings (loss) per share. For the year ended September 30, 2007, all outstanding options were considered anti-dilutive when earnings available to common shareholders were in a loss position.

CV Technologies Inc.

Notes to the Consolidated Financial Statements

For the three month period ended December 31, 2007

All amounts are in Canadian dollars, except where noted

(unaudited)

11. Amortization

	December 31, 2007	December 31, 2006 (As restated – note 3)
Patents and registered trademarks	\$ 20,119	\$ 19,742
Property, plant and equipment (note 5)	60,082	89,545
Deferred development costs	-	90,400
	\$ 80,201	\$ 199,687

12. Supplemental cash flow information

	December 31, 2007	December 31, 2006 (As restated – note 3)
Cash and cash equivalents is comprised of:		
Balances with banks	\$ 12,492,576	\$ 20,687,316
Deposits in transit	946	-
Cheques in transit	(2,444,949)	(802,492)
	\$ 10,048,573	\$ 19,884,824
Interest paid	\$ 12,570	\$ 17,983
Income taxes paid	\$ 796	\$ 6,392,546
Non-cash financing and investing activities:		
Property, plant and equipment additions financed by obligations under capital lease	\$ 29,117	\$ 11,679
Property, plant and equipment additions included in accounts payable and accruals at period-end	1,351,767	385,051

CV Technologies Inc.

Notes to the Consolidated Financial Statements

For the three month period ended December 31, 2007

All amounts are in Canadian dollars, except where noted

(unaudited)

13. Related party transactions

On July 16, 2007, a shareholder who is also a director provided the Company with a guarantee of \$5,000,000, at a fee of 0.5% per month, to be used as collateral for the bank loan. During the three month period ended December 31, 2007, the Company has expensed as interest \$75,000 (December 31, 2006 - \$nil) in fees related to this guarantee.

The Company had as part of its management team an individual who is also part of a vendor's management. During the three month period ended December 31, 2007, approximately \$135,002 (December 31, 2006 - \$52,846) was expensed as advertising and marketing costs provided by this vendor subsequent to the above individual being hired by the Company. As at December 31, 2007, approximately \$323,275 (September 30, 2007 - \$287,267) is payable to the related vendor.

All transactions with related parties have occurred in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

CV Technologies Inc.

Notes to the Consolidated Financial Statements

For the three month period ended December 31, 2007

All amounts are in Canadian dollars, except where noted

(unaudited)

14. Segmented information

The Company operates in one operating segment - biopharmaceutical products. Management assesses performance and makes resource decisions based on the consolidated results of operations of this operating segment. Substantially all of the operations of the Company are directly engaged in or support this operating segment. Other operations are not material and share many of the same economic and operating characteristics as biopharmaceutical products and, accordingly, they are included with biopharmaceutical products for purposes of segment reporting.

Inter-segment transactions are eliminated upon consolidation. The following table presents information on the Company's product sales for the three month periods ended December 31, 2007 and December 31, 2006 by geographic area:

	December 31, 2007	December 31, 2006 (As restated – note 3)
Product sales		
Canada	\$ 20,912,002	\$ 22,191,133
United States	363,412	423,546
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	\$ 21,275,414	\$ 22,614,679

Geographic information about the Company's revenue is based on the product shipment destination or the location of the contracting organization. Substantially all of the Company's property, plant and equipment are located in Canada based on their physical location.

The Company derives significant revenue from certain customers. During the three month period ended December 31, 2007, three major customers (December 31, 2006 – four) accounted for \$14,863,911 or 71% (December 31, 2006 - \$12,804,204 or 57.7%) of the Company's Canadian product sales.

As at December 31, 2007, three customers (September 30, 2007 – three) represented 69% of total Canadian accounts receivable (September 30, 2007 – 72%). Included in accounts receivable is an allowance for doubtful accounts of \$286,465 (September 30, 2007 - \$100,559).

CV Technologies Inc.

Notes to the Consolidated Financial Statements

For the three month period ended December 31, 2007

All amounts are in Canadian dollars, except where noted

(unaudited)

15. Legal proceedings

The Company and its officers and directors were named as defendants in two concurrent class action lawsuits. These two actions were filed in the Ontario Superior Court of Justice and Alberta. The lawsuits, brought on behalf of shareholders who purchased the Company's common stock between December 11, 2006 and March 23, 2007, allege primarily that the audited consolidated financial statements for the year ended September 30, 2006 and unaudited consolidated financial statements for the quarter ended December 31, 2006 were false and misleading. These lawsuits seek compensatory damages, costs, and expenses in the amount of \$110,000,000. The lawsuits are at a very early stage and as a result the Company is not able to estimate a potential loss exposure. The matters raised in the lawsuits contain unproven allegations that will be vigorously defended, although no assurances can be given with respect to the outcome of such proceedings. Management believes that the Company's directors and officers insurance policy provides for reimbursement for costs and expenses incurred in connection with this lawsuit as well as potential damages awarded, if any, subject to certain policy limits.

16. Cyclical nature of business

The Company's lead product's sales follow the cold and flu season which is generally during the August to March period.

17. Comparative figures

The comparative consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the current year consolidated financial statements.

18. Corporate Restructuring

On November 2007, the Board of Directors approved management's proposal to modify the Company's international structure. In 2008, management intends to simplify the corporate structure with the formation of a new foreign company and dissolution of COLD-fX Pharmaceuticals (USA) Inc. and fX Life Sciences International GmbH. As at December 31, 2007, the potential costs of restructuring have not yet been estimated by management.

CV Technologies Inc.

Notes to the Consolidated Financial Statements

For the three month period ended December 31, 2007

All amounts are in Canadian dollars, except where noted

(unaudited)

19. Subsequent events

a) On January 1, 2008, the Company granted 1,310,000 options from. The options granted have an exercise price of \$0.68 and vest over a period not to exceed five years from the date of grant and/or upon the achievement of specified performance targets as measured at year end.

b) In January 2008, 825,000 options were exercised to purchase shares for \$0.15 per share. The fair value of these options exercised was \$68,475.

c) In January 2008, the Company received its occupancy permit for its new premises and deemed the building under construction available for use. Amortization will be provided for using the following methods and rates:

Building and site improvements	15 – 25 years straight line
Building equipment	5 – 10 years straight line