FIRST QUARTER REPORT

For the three month period ended December 31, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

Advisory Regarding Forward Looking Statements

Management's discussion and analysis ("MD&A") contains certain forward-looking statements and information within the meaning of applicable securities laws, which reflect current expectations of the management of CV Technologies Inc. (the "Company") regarding future events or the Company's future performance, including, without limitation, statements relating to the timing and/or initiation of clinical trials, clinical trial results, introduction of new products and associated regulatory clearances, economic or financial trends or expectations, financing, acceptance of the Company's products in the marketplace and the hiring or retention of personnel. Forward-looking statements are often, but not always, identified by the use of words such as "expect", "anticipate", "seek", "aim", "continue", "estimate", "objective", "ongoing", "may", "will", "would", "project", "could", "should", "might", "believe", "plans", "targets", "intends" and similar expressions. All statements other than statements of historical fact contained in this MD&A may be forward-looking statements. The forward-looking information included in this document does not guarantee future performance and should not be unduly relied upon. Such information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward looking information, including, without limitation, the impact of competition; consumer confidence and spending levels; general economic conditions; interest and currency exchange rates; unseasonable weather patterns; the cost and availability of capital ; the cost and availability of grants/funding, product development uncertainties and labour market challenges. The Company believes that the expectations and assumptions reflected in the forward-looking information and statements contained herein are reasonable but no assurance can be given that these expectations and assumptions are correct and that the results, performance or achievements expressed in, or implied by, forward-looking statements herein will occur, or if they do, that any benefits may be derived from them. The Company assumes no duty to update or revise forward looking information, except as may be required pursuant to applicable laws. All forward-looking statements are expressly qualified in their entirety by this cautionary statement.

The forward-looking information and statements contained in this MD&A speak only as at the date of this MD&A, and none of the Company or its subsidiaries assumes any obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable laws.

Other Advisories Regarding this Report

The following MD&A for the three-month period ended December 31, 2008 for CV Technologies Inc. (the "Company"), prepared as at February 11, 2009, should be read in conjunction with the Company's MD&A, audited consolidated financial statements and accompanying notes for the year ended September 30, 2008. The MD&A contains disclosure of material changes occurring up to and including February 10, 2009. The consolidated financial statements of CV Technologies Inc. are prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and are reported in Canadian dollars. All references to GAAP refer to Canadian generally accepted accounting principles. These accounting principles require the Company to make certain estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses, and related disclosure of contingent assets and liabilities. Management believes that the estimates and assumptions, which it relies upon, are reasonably based on information available at the time that these estimates and assumptions were made. These estimates and assumptions have been discussed with the Audit Committee of the Board of Directors of CV Technologies Inc. Actual results may differ under different assumptions and conditions.

Additional information on the Company, including the Company's most recently filed Annual Information Form, MD&A and audited financial statements, is available at www.sedar.com.

COMPANY OVERVIEW

CV Technologies Inc. is a life sciences and technology company, founded in 1992 and headquartered in Edmonton, Alberta, Canada. The Company has developed, commercialized and patented a proprietary technology, known as ChemBioPrint®, which is used in the discovery and biological standardization of natural products that deliver consistent, verifiable and provable health benefits. Using the ChemBioPrint® discovery and standardization platform, the Company's scientists are able to identify precisely the chemical profile and biological activity of natural products. The process involves a combination of chemical and biological fingerprinting to ensure that the creation and scientific substantiation of its natural health products is safe, effective and consistent. The Company is committed to using a pharmaceutical model (involving rigorous drug discovery and testing methods) to develop natural therapeutics for health maintenance and disease prevention. Its efforts in scientific research and product innovation are key factors in enabling the Company to secure the trust of consumers, trade professionals, healthcare practitioners and government. The Company's lead product, COLD-FX®, is designed to aid in the prevention and relief of colds and flu by strengthening the immune system. COLD-FX® continues to be the number one selling cold and flu remedy in Canada (source: ACNielsen Brand Overview, National All Channels Total Cold Remedies (including Antihistamines), and Natural Supplements for 52 Weeks Ended December 20, 2008).

The vision of the Company is to develop and promote evidence-based, safe and effective natural medicines for disease prevention and health maintenance. This vision continues to be a basic premise for the business, and management's intent is to become a leader in Canada in preventative health care.

RECENT EVENTS

Olympic sponsorship

On January 20, 2009 the Company announced it entered into an agreement with the Vancouver Organizing Committee for the 2010 Olympic and Paralympic Winter Games ("VANOC"). The agreement provides the Company exclusive sponsorship rights in Canada in the over the counter cold and flu remedy product category. COLD-FX®'s four-year Official Supplier partnership with VANOC provides sponsorship rights for the 2010 Winter Games. As part of the sponsorship, the Company will make a financial investment in the Games and will also provide COLD-FX® to VANOC for its use. During the 2010 Winter Games, COLD-FX® will be available at general stores within the Olympic and Paralympic Villages in Vancouver and Whistler. COLD-FX® will also serve as Official Supplier for the Canadian Olympic Teams competing at the 2010 Winter Games and the London 2012 Olympic Games.

HIGHLIGHTS

Combined retailer sales to consumers of regular and extra strength COLD-FX® increased 11%, for the 12 weeks ended December 20, 2008 as compared to the corresponding period in 2007, per point of sales data received from ACNielsen, and the Company remains the number one selling cold and flu remedy in Canada for the 52 and 12 week periods ending December 20, 2008.

Despite the increase in consumer demand, Company revenue for the three months ended December 31, 2008 was $1.6 million lower at $19.7 million in the first quarter of fiscal 2009 as compared to the corresponding quarter for fiscal 2008 primarily due to a reduction in sales to one of the Company's major accounts. The reduction in sales to this account was a result of negotiating a customer specific product bottle size for this account in the quarter. Production and shipping time resulted in reduced revenue from this account.

Net earnings decreased $4.0 million to $2.8 million in the first quarter of fiscal 2009 as compared to $6.8 million in the same period for fiscal 2008 due to a combination of lower revenue and gross profit therein and an increase in selling, general and administration costs. The increase in selling, general and administration costs is due to increased marketing and consulting expenditures. Cash, cash equivalents and short-term investments at December 31, 2008 increased to $14.0 million, from $9.4 million at the end of September 30, 2008, due to the Company retaining most of the cash flow from operating activities earned in the most recently completed quarter as a result of limited expenditures on investing and financing activities. The Company maintained relatively constant inventory levels over the three month period and no significant accounts receivable issues arose in the period.

Summary of consolidated financial results

The following table summarizes key financial data and should be read in conjunction with the Company's December 31, 2008 quarterly financial statements. Such financial statements are prepared in accordance with GAAP and are reported in Canadian dollars.

Summary of consolidated financial results

(in thousands except for per share amounts)

	First quarter ended December 31, 2008	First quarter ended December 31, 2007
Revenue	$ 19,721	$ 21,275
EBITDA[1]	4,698	10,548
Net earnings	2,807	6,799
Earnings per common share - basic	0.03	0.07
Earnings per common share - diluted	0.03	0.06
Cash flow prior to working capital changes[1]	2,856	7,239

	As at December 31, 2008	As at September 30, 2008
Working capital[1]	$ 17,679	$ 13,742
Total assets	46,310	41,850
Total long-term debt and obligations under capital lease (including current portion)	6,859	7,021
Shareholders' equity	25,163	21,282

There was no income or loss caused by discontinued operations and/or extraordinary items.

[1] *EBITDA, cash flow prior to working capital changes and working capital are non-GAAP measures and may not be comparable to similar measures presented by other issuers. Reconciliations of these measures to the most directly comparable financial measure calculated and presented in accordance with Canadian GAAP along with explanations as to why they are used is provided below in the "Non-GAAP Financial Measures and Reconciliations" section.*

NON-GAAP FINANCIAL MEASURES AND RECONCILIATIONS

Normally, a non-generally accepted accounting principles (non-GAAP) financial measure is a numerical measure of a company's performance, financial position or cash flows that either excludes or includes amounts not normally excluded or included in the most directly comparable measure calculated and presented in accordance with GAAP. Working capital, EBITDA, and cash flow prior to working capital changes are not measures of financial performance (nor do they have standardized meanings) under Canadian GAAP. In evaluating these measures, investors should consider that the methodology applied in calculating such measures may differ among companies and analysts.

The Company uses both GAAP and certain non-GAAP measures to assess performance. Management believes these non-GAAP measures provide useful supplemental information to investors in order that they may evaluate the Company's financial performance using the same measures as management. The Company's management believes that, as a result, information provided to the investor is more transparent in assessing the financial performance of the Company. Investors should not consider these non-GAAP financial measures as a substitute or superior to the measures of financial performance prepared in accordance with GAAP.

Working capital

The definition of working capital is current assets less current liabilities. The Company uses working capital as a supplemental financial measure of its liquidity and operational performance.

Working capital
(in thousands)

	As at December 31, 2008	As at September 30, 2008
Current assets	$ 32,399	$ 27,716
Current liabilities	14,720	13,974
Working capital	$ 17,679	$ 13,742

EBITDA

EBITDA is defined as earnings before interest, income taxes, depreciation and amortization. The Company uses EBITDA as a supplemental financial measure of its operational performance. Management believes EBITDA to be an important measure as it excludes the effects of items that primarily reflect the impact of long-term investment decisions, rather than the performance of the Company's day-to-day operations and is used by the Company's lenders in computing certain covenants. As compared to net earnings according to GAAP, this measure is limited in that it does not reflect the periodic costs of certain capitalized tangible and intangible assets used in generating revenues in the Company's business. Management evaluates such items through other financial measures such as capital expenditures and cash flow provided by operating activities. The Company believes that this measurement is useful to assess a company's ability to service debt and to meet other payment obligations and as a valuation measurement.

The following is a reconciliation of EBITDA to net earnings, the most directly comparable financial measure calculated and presented in accordance with Canadian GAAP.

EBITDA
(in thousands)

	First quarter ended December 31, 2008	First quarter ended December 31, 2007
Net earnings	$ 2,807	$ 6,799
Current income taxes	1,826	3,563
Future income taxes	(299)	47
Amortization	313	80
Interest and bank charges	127	78
Interest revenue	(76)	(19)
EBITDA	$ 4,698	$ 10,548

Cash flow prior to working capital changes

Below is a reconciliation of "cash flow prior to working capital changes" to cash provided by operating activities, the most directly comparable financial measure calculated and presented in accordance with Canadian GAAP.

The Company uses cash flow prior to working capital changes as a supplemental financial measure in its evaluation of liquidity. Management believes that adjusting principally for the swings in non-cash working capital items due to seasonality assists management in making long-term liquidity assessments. The Company also believes that this measurement is useful as a liquidity and valuation measurement.

Cash flow prior to working capital changes

(in thousands)

	First quarter ended December 31, 2008	First quarter ended December 31, 2007
Cash provided by operating activities	**$ 4,887**	$ 8,932
Change in non-cash operating working capital	**(1,991)**	3,521
Change in non-current deferred revenue	**-**	(494)
Change in non-current inventory	**(40)**	(4,720)
Cash flow prior to working capital changes	**$ 2,856**	$ 7,239

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED DECEMBER 31, 2008

Revenue

Combined retailer sales to consumers of COLD-FX® regular and extra strength increased 11%, for the 12 weeks ended December 20, 2008, per point of sales data received from ACNielsen, and the Company remains the number one selling cold and flu remedy in Canada for the 52 and 12 week periods ended December 20, 2008. The Company was well positioned to meet this demand as product shipments in the Company's fourth quarter of 2008 were well timed and store shelves well filled at the beginning of the first quarter of 2009.

Company's revenue for the three months ended December 31, 2008 was $19.7 million, a decrease of $1.6 million (7.3%), as compared to $21.3 million for the three-months ended December 31, 2007. Despite the increase in sales to consumers per retail point of sale data, revenue for the Company was lower due principally to lower sales to one of the Company's major accounts. This decrease was a result of negotiating a new customer specific size bottle for this account in the quarter. Production and shipping time resulted in reduced revenue from this account in the quarter. In addition, revenue in the first quarter of fiscal 2008 was increased due to the launch and sale of COLD-FX® Extra Strength to retail stores in November 2007 resulting in high initial orders. No similar launch was made in the first quarter of the current fiscal year.

The Company's three largest customers contributed 60% of the Company's revenue in the first quarter of fiscal 2009 compared to 71% in the first quarter of fiscal 2008. The decrease is primarily due to lower sales to one of the Company's major accounts as discussed above.

Revenue from the Company's United States customers was $0.6 million in the first quarter of fiscal 2009 which is $0.2 million higher than the same period in the prior year. The increase is primarily due to settlement of amounts owing from one United States customer in the quarter as opposed to an increase in product sales. The Company continues to focus its marketing and sales activities in Canada and management continues to expect a reduction in revenue from the United States.

Cost of goods sold and gross profit

Gross margin for the first quarter of fiscal 2009 decreased from 74.3% in first quarter of fiscal 2008 to 71.6% due primarily to increasing inventory obsolescence provisions for packaging material as the Company prepares to make changes to packaging for some of the Company's products.

Selling, general and administrative

Selling, general and administration costs of $8.2 million for the first quarter of fiscal 2009 are $3.8 million higher than in the same period in fiscal 2008. The increase in costs primarily relate to an increase in marketing expenditures. On January 20, 2009, the Company announced that it had entered into an agreement with VANOC to become the exclusive sponsor in the cold and flu remedy product category for the Vancouver 2010 Olympic and Paralympic Winter Games. The fees and execution costs incurred in the first quarter of 2009 related to this agreement were expensed. The Company also timed marketing expenditures for its lead product, COLD-FX® with the increased incidence of colds and flu in Canada. The Company initiated a number of television and print ads in the first quarter of fiscal 2009 in areas of Canada where cold and flu incidences were increasing. Based on data received by the Company, there was a projected 39% increase in the population affected by respiratory illnesses over the five year average in the first quarter of 2009. Management believes that the increase in Company advertising during the first quarter raised the consumer awareness of its product and contributed to an 11% increase in off the shelf sale of COLD-FX® by its retail customers in the 12 weeks ended December 20, 2008 as compared to the comparative period in the prior year. The off-the-shelf sales data was obtained through a regularly updated brand ranking report prepared by ACNielsen. Advertising expenses in the United States in the first quarter of 2009 were limited to $0.2 million. Also contributing to the increase in expenditures was an increase in professional fees related to various initiatives throughout the Company. Severance and recruiting costs were also increased in the quarter as the Company strives to put in place the right complement of staff.

Research and development

Research and development costs of $0.8 million in the first quarter of 2009 are $0.3 million higher than the $0.5 million incurred in first quarter of fiscal 2008. The increases in expenditures in this area are due to an increase in staff in this department and an increase in clinical trial activity. The Company continues to focus on reducing the time required to complete research on new product development and to commence additional research on new compounds that may potentially become commercial products. Partially offsetting the increase in expenditures is the recording of $0.2 million of eligible tax credits for research and development costs.

Stock based compensation

Stock based compensation decreased by $0.2 million due primarily to the forfeiture of options by people who have left the Company. On January 21, 2009, the Company's Board of Directors approved amendments to 2,050,000 options to remove performance-based vesting provisions. As originally granted, the options were subject to both performance-based vesting provisions and time-based vesting provisions. The performance-based vesting provisions related to the achievement of certain financial milestones by the Company. Such performance-based vesting provisions had not been consistently applied to all grants of options by the Company, and a decision was made by the Company's Board of Directors to standardize and simplify the vesting of options through the removal of performance-based vesting provisions from all options. The relevant options will remain subject to time-based vesting provisions set in accordance with the relevant provisions of the Stock Option Plan.

EBITDA

EBITDA decreased by $5.8 million to $4.7 million in the first quarter of fiscal 2009 from $10.5 million in the first quarter of fiscal 2008, due to a decrease in revenue and margins, and an increase in general and administration costs as described earlier in this report.

Amortization

In the second quarter of fiscal 2008, the Company completed and moved into a new Corporate Headquarters and Research Centre in Edmonton, Alberta. The total cost of constructing the new facilities was $11.3 million. Amortization of this new facility and the associated new lab equipment, furniture and office equipment, commenced in this same quarter. Amortization in the first quarter of fiscal 2009 is $0.2 million higher than in the same period in fiscal 2008, primarily due to the new facility.

Interest expense, bank charges, and interest revenue

The increase in interest expense and bank charges in the first quarter of fiscal 2009 is primarily due to the Company completing the construction of new facilities in Edmonton, Alberta in the second quarter of fiscal 2008 and completing the last draw on a mortgage facility for the partial financing of the construction at that time. Partially offsetting the interest on the debt is lower interest rates as the mortgage facility is currently charged interest at bank prime plus 1% and bank prime has decreased over the past few quarters. Also, a reduction in fees has been experienced due to the elimination of a 0.5% per month fee paid to a shareholder and former director of the Company. As part of the Company's former credit agreement negotiated in 2007 with its lenders, this shareholder of the Company provided the Company with a guarantee of $5.0 million, at a fee of 0.5% per month. This fee was expensed as interest, bank charges and fees. The Company negotiated with its lender the removal of this guarantee in July 2008 and at that time the fee from the shareholder ceased. Interest revenue is higher in the first quarter of 2009 as compared to the corresponding period in fiscal 2008 due to the Company generating positive cash flows in the first quarter of 2009 and this cash flow along with other cash reserves accumulated during the latter part of the prior fiscal year has earned interest revenue.

Foreign currency gains and losses

The Company is invoiced for certain services and materials in foreign currencies (primarily United States dollars) and has foreign operations whose statutory accounts are denominated in United States dollars. These foreign operations are integrated with the Company's consolidated operations and thus under GAAP monetary items are translated at the exchange rate in effect at the balance sheet date; non-monetary items are translated at historical exchange rates; revenue and expense items are translated at the exchange rate in effect on the dates they occur; depreciation or amortization of assets are translated at historical exchange rates using the same historical exchange rate as the assets to which they relate. The Company did not enter into any foreign currency hedge instruments in fiscal 2008 or during the first quarter of fiscal 2009. Canadian/United States exchange rates have fluctuated from $Cdn1.00:$U.S.0.94 at the beginning of the current fiscal year to $Cdn1.00:$U.S.0:82 at the end of the first quarter of fiscal 2009. A foreign exchange loss of $0.5 million has resulted. In the first quarter of fiscal 2008, exchange rates remained the same as they were $Cdn1.00:$U.S.1.01 at the beginning of the period and $Cdn1.00:$U.S.1.01 at the end of the period. Fluctuations within the quarter resulted in a foreign exchange loss of $0.1 million being recorded in first quarter of fiscal 2008.

Income taxes

Income tax expense of $1.5 million in the first quarter of fiscal 2009 is $2.1 million lower than in first quarter of fiscal 2008 due to earnings before income taxes being $6.1 million lower than the $10.4 million pre-tax earnings experienced in the prior year's first quarter.

Quarterly information

(in thousands except for per share amounts)

	For the year ended September 30							
	2009	2008				2007		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenues	**$19,721**	$14,044	$3,355	$10,715	$21,275	$8,355	$3,215	$7,850
Net earnings (loss)	**2,807**	531	(1,970)	(768)	6,799	(1,080)	(1,871)	(3,296)
Earnings (loss) per common share - basic	**0.03**	0.00	(0.02)	(0.01)	0.07	(0.01)	(0.02)	(0.03)
Earnings (loss) per common share - diluted	**0.03**	0.00	(0.02)	(0.01)	0.06	(0.01)	(0.02)	(0.03)

There was no income or loss caused by discontinued operations and/or extraordinary items.

The most significant portion of the Company's revenue is from the sale of COLD-FX®. The sales of this product exhibit a seasonal pattern tied to the frequency and severity of colds and flu. Consumer purchases are affected by factors that also include the weather. This affects the volume and timing of sales. The fourth quarter of the Company's fiscal year corresponds to the time that most of the Company's major customers commence stocking up on cold and flu products in anticipation of demand in the late fall and winter months when, historically, cold and flu incidence rises. Further orders are made for restocking of product once the cold and flu season commences, which typically corresponds to the Company's first quarter. The Company's second quarter corresponds to the time that cold and flu incidence is on the decline and the third quarter is historically the lowest revenue quarter as colds and flu incidence is typically at its lowest. The Company aims to time marketing expenditures with anticipated increases in cold and flu activity; however depending on specific marketing programs these expenditures may not fall within the quarters for which revenue is derived. Net earnings in the second quarter of 2007 is lower than in the corresponding quarter in 2008 due to significant marketing costs being incurred in the United States in the second quarter of 2007 for which anticipated sales did not materialize.

LIQUIDITY AND CAPITAL RESOURCES

The Company's principal sources of capital, in the most recently completed quarter, were cash flows from operations. The Company's operating line of credit was not utilized. The Company's principal use of cash in the quarter was the financing of capital expenditures and repayment of long-term debt. On an annual basis the Company's principal sources of capital are from cash flows from operations and borrowings under its credit facilities. The principal uses of cash are the financing of working capital and capital expenditures.

The Company's third quarter historically generates lower revenue due to the seasonality of sales of its main product, COLD-FX®. Cash-flow fluctuates because of cash out-flow requirements for inventory production, with higher activity in the third quarter required to build up inventories prior to the cold and flu season. Cash in-flows from the collection of receivables are higher in the first and second quarter as customers pay for invoices issued in the previous months' peak sale periods.

The Company's working capital and capital expenditure requirements depend upon numerous other factors including, but not limited to, the success and timing of the introduction of new products or entry into new markets, consumer demand, rights of return held by customers, timing of market development programs, construction costs, and long-term focus on product research and development activities. The Company anticipates that cash generated from operations, and availability of its bank operating line will be sufficient to meet its cash requirements beyond the next twelve months.

Selected cash flow and capitalization data

(in thousands)

	First quarter ended December 31, 2008	First quarter ended December 31, 2007
Cash flow prior to working capital changes[1]	**$ 2,856**	$ 7,239
Cash provided by operating activities	**4,887**	8,932

	As at December 31, 2008	As at September 30, 2008
Cash and cash equivalents and short-term investments combined	**$ 14,028**	$ 9,396
Working capital[1]	**17,679**	13,742
Long-term debt and obligations under capital lease (including current portion)	**6,859**	7,021

[1] *Cash flow prior to working capital changes and working capital are non-GAAP measures and may not be comparable to similar measures presented by other issuers. Reconciliations of these measures to the most directly comparable financial measure calculated and presented in accordance with Canadian GAAP along with explanations as to why they are used is provided earlier in the "Non-GAAP Financial Measures and Reconciliations" section.*

Cash and working capital

At December 31, 2008, the Company had $8.9 million (September 30, 2008 - $4.3 million) of cash and cash equivalents on hand and a short-term investment of $5.1 million (September 30, 2008 - $5.1 million) consisting of a cashable guaranteed investment certificate, which carries an interest rate of 3.25%. The Company's working capital at December 31, 2008 was $17.7 million (September 30, 2008 - $13.7 million). The increase in cash and cash invested in a short-term investment and increase in working capital is primarily due to the Company retaining most of the cash flow from operating activities earned in the most recently completed quarter due to limited expenditures on investing and financing activities. The Company maintained relatively constant inventory levels over the three month period and no significant accounts receivable issues arose in the period. Tax receivable balance decreased due to the current period's accrued income tax payable which is netting against the receivable.

Cash provided by operating activities

Cash flow prior to working capital changes decreased by $4.4 million primarily due to the reduction in net income in the period as compared to the corresponding period in the prior year. Reduced earnings is primarily due to lower revenue and margins, and increased selling, general and administration expenses as discussed earlier.

Cash flow used in investing activities

Capital expenditures of $0.1 million in the first quarter of 2009 are primarily for lab equipment for the Company's Corporate Office and Research Facility located in Edmonton, Alberta. Construction of this facility was completed in the second quarter of fiscal 2008. Capital expenditures in the first quarter of 2008 of $1.9 million are primarily related to the construction cost of the facility.

Cash flow from financing activities

In 2008, the Company completed the construction of a new facility in Edmonton, Alberta. The construction of the facility was partially financed by a term facility provided under the Company's credit agreement with $2.3 million of the facility drawn in the first quarter of fiscal 2008, with the proceeds used primarily to repay short-term borrowings drawn to fund payables associated with the construction. In first quarter of fiscal 2009, financing activities are primarily limited to debt repayments on long-term debt.

Capital requirements and capitalization

At December 31, 2008, the Company had obligations to repay within one year $0.7 million of long-term debt and obligations under capital leases and make payments of less than $0.1 million of payments under operating lease agreements for premises and miscellaneous equipment, and for raw material and other operating commitments. The Company projects capital expenditures in fiscal 2009 to be approximately $1.7 million, primarily consisting of lab and office equipment.

Aggregate contractual obligations and off-balance sheet financing

The Company has entered into operating and capital lease and purchasing agreements in the ordinary course of its business. In addition, the Company has entered into various agreements to provide financial assistance in research and development activities and clinical studies as well as for the purchase of raw material used in the manufacture of product for sale. On January 20, 2009 the Company entered into an agreement with the Vancouver Organizing Committee for the 2010 Olympic and Paralympic Winter Games. The agreement provides the Company exclusive sponsorship rights in Canada in the Over the Counter Cold and Flu Remedy product category. The Company will expense fees for these sponsorship rights as incurred.

CLASS-ACTION LAWSUIT

In July 2007, two concurrent and coordinated class action lawsuits were commenced against, among others, CV Technologies Inc. and certain of its officers and directors, in Alberta and Ontario. The lawsuits were commenced by representative plaintiffs for a proposed group of shareholders and seek class certification on behalf of any persons who acquired the Company's securities between December 11, 2006 and March 23, 2007. The lawsuits relate to allegations concerning the Company's audited financial statements for the fiscal year ended September 30, 2006, and its interim unaudited financial statements for the first quarter of 2007. The lawsuits allege principally that the financial statements for those periods were false and misleading and claim damages of $110 million.

The matters raised in the lawsuits are, at this stage, unproven allegations that will be vigorously defended. At present, the Ontario and Alberta Courts have not granted leave for the lawsuits to proceed as secondary market securities class actions and the lawsuits have not been certified as class actions. The Plaintiffs have served their certification/leave motion materials and motions are anticipated to be heard in the latter half of the 2009 calendar year. The Company has not recorded any liability related to the class action lawsuit.

RELATED PARTY TRANSACTIONS

No related party transactions with new related parties have been entered into during the Company's first quarter of fiscal 2009. Further discussion regarding related party transactions can be found in the Company's September 30, 2008 Management's Discussion and Analysis.

OUTSTANDING SHARES AND STOCK OPTIONS

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares. There were no preferred shares outstanding at February 10, 2009. As at February 10, 2009, 107,723,498 common shares and 7,316,527 share options were outstanding. The pool of options available for grants at February 10, 2009 was 5,378,923.

NORMAL COURSE ISSUE BID ("NCIB")

On October 14, 2008, the Company announced the implementation of its NCIB to purchase up to 5,386,175 of the Company's common shares, representing 5% of its then issued and outstanding common shares. The NCIB commenced on October 16, 2008 and will terminate on October 15, 2009. No purchases under the NCIB have been made to date, with purchases under the NCIB expected to commence following the release of the Company's results for the first quarter of fiscal 2009.

RISKS AND UNCERTAINTIES

The Company's results are affected by: financial risks (including liquidity, interest rate, foreign exchange, credit and litigation risks); operational risks (market and product, seasonality of demand, product development, material supply and reliance on third party risks); and health and safety risks.

The Company takes a proactive approach in the identification and management of risks that can affect the Company, including review of such risks through compliance reviews and oversight by the Company's audit committee. Mitigation of these risks include, but are not limited to, credit policies, operational policies, maintaining adequate insurance, as well as policies and enforcement procedures that can affect the Company's reputation.

As discussed in the 2008 year end Management Discussion and Analysis, management continues to believe that the Company remains in its growth stage with its lead products, COLD-FX and REMEMBER-FX; however, given the current economic slowdown, customer demand is at risk. The Company is dependent on a few customers for the majority of its revenue. Declining demand from any one of these customers will have a negative impact on the Company's revenues and cash flows. To mitigate this risk, and to ensure the Company continues to increase its market share, the Company will pursue its marketing, advertising and public awareness programs to increase end-consumer demand.

With the current economic downtown, the Company is faced with the risks of declining customer demand, increased counterparty risk, and tightening of credit availability. All of these risks impact the Company's liquidity. The demand for the Company's lead products remains strong and the Company plans are for ongoing marketing and advertising expenditures to mitigate the risk of declining demand. Counterparty risk is mitigated by the Company's customer mix, which is comprised of large retailers, and by the Company's credit risk management processes. Management believes that the Company's current cash position is adequate to mitigate potential tightening of credit terms, while meeting its near term obligations and also believes that its current credit line limits are sufficient to meet the cash flow requirements of its seasonal operations.

Further discussion regarding other risks and mitigation thereof can be found in the Company's September 30, 2008 Management's Discussion and Analysis.

DISCLOSURE CONTROLS AND PROCEDURES ("DC&P") AND INTERNAL CONTROL OVER FINANCIAL REPORTING ("ICFR")

Based on the Company's 2008 year-end evaluation, management has concluded that disclosure controls and procedures were effective in providing material information relating to the Company in a timely manner, to a reasonable assurance standard subject to the weaknesses described in the Company's 2008 year-end Management Discussion and Analysis. Management has evaluated whether there were changes in the Company's internal controls over disclosure and financial reporting during the most recent interim period ended December 31, 2008 that have materially affected, or are reasonably likely to materially affect, the Company's DC&P and ICFR. No material changes were identified.

Also as disclosed in the Company's 2008 year-end Management Discussion and Analysis, management has identified a number of ways in which its estimation processes (including, for example, estimates in calculating revenue and stock based compensation) and supporting ICFR tools and processes can be improved and continues to work towards implementing such enhancements. During this interim period, management has implemented manual review processes for financial reporting estimates to mitigate risk of error and continues to implement ICFR enhancements.

Material misstatements due to error or fraud may not always be prevented or detected on a timely basis because of the inherent limitation of DC&P and ICFR, including the possibility of collusion or improper management override of controls. Inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple errors or mistakes. In addition, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Management will continue to monitor and improve internal controls as necessary and appropriate for the business. Further discussion regarding DC&P and ICFR can be found in the Company's September 30, 2008 Management's Discussion and Analysis.

ACCOUNTING POLICIES AND ESTIMATES

New accounting standards adopted

The Company adopted the Section 3031, Inventory, for the valuation, presentation and disclosure of inventory and the Section 3064, Goodwill and Intangible Assets, effective October 1, 2008. The adoption of Section 3031 resulted in an increase to opening inventory of $1.5 million, an increase in future income tax liabilities of $0.5 million and a decrease in the deficit of $1.0 million at the date of adoption. The adoption of Section 3064 did not have a material impact on the Company's financial position or results of operations. Additional information on the effects of the implementation of the new standards can be found in Note 2 to the interim consolidated financial statements.

Recent accounting pronouncements

In February 2008, the CICA Accounting Standards Board ("AcSB") confirmed that International Financial Reporting Standards ("IFRS") will replace Canadian GAAP in 2011 for profit-oriented Canadian publicly accountable enterprises. As the Company will be required to report its results in accordance with IFRS starting for its fiscal year ending September 30, 2012, the Company is assessing the potential impacts of this changeover and developing a conversion plan which will include: a detailed timeline; further training and education requirements; and the impact on accounting policies, information systems, internal controls over financial reporting, and business activities.

Critical accounting policies and estimates

Critical accounting policies and estimates are those policies, assumptions and estimates most important in the preparation of the Company's consolidated financial statements. Selection of policies requires management's subjective and complex judgment from many alternatives and estimates involving matters that are inherently uncertain. Those policies, assumptions and estimates affect the reported amounts, assets and liabilities, and revenue and expenses during the period represented and at the date of the financial statements. Actual results could differ from these estimates.

Significant estimates made by management include provisions for customer discounts and incentives, allowances for uncollectible accounts, rights of return, the realizable portion of inventory during the Company's normal business cycle, inventory provisions, the realizing 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. Further discussion regarding critical accounting policies and estimates can be found in the Company's September 30, 2008 Management's Discussion and Analysis.

OUTLOOK

The Company's strategic plan includes a continued focus on the Canadian market place. Several alternatives for growth outside this core business area could be pursued, including botanical drug registration for COLD-FX® in the United States and the potential for strategic partnerships or an international license agreement of the Company's products. In the view of worldwide economic uncertainty, the Company is not actively pursuing these options now; however, should the right opportunity present itself, and resources permit, business expansion in this area may occur. The Company's principal focus will remain on the development of the Company's scientific capabilities and capitalization on the opportunities the Company has identified in Canada for the introduction of new products and the broadening of the Company's consumer base.

Cold and flu incidences in Canada remain above the five-year historical average and store inventory is reduced based on store point of sale data being received by the Company. Management believes that the Company is on track to achieve another year of positive earnings in fiscal 2009, economic conditions permitting.

On January 20, 2009, the Company announced jointly with the Vancouver 2010 Olympic and Paralympic Winter Games ("VANOC") that it has been chosen as the official cold and flu remedy of the 2010 Olympic and Paralympic winter games. The official supplier designation will become the focus of much of the Company's marketing efforts for the next few years as the four-year Official Supplier partnership with VANOC also provides sponsorship rights for COLD-FX® to serve as the Official Supplier for the Canadian Olympic Teams competing at both the 2010 Winter Games and the London 2012 Olympic Games.

The Company continues the recruitment process for a Chief Executive Officer. The selection committee of independent Directors, established by the Board of Directors, is in the process of interviewing candidates.

The Company previously announced that the United States National Cancer Institute sponsored a multi-centre clinical trial on the safety and efficacy of COLD-FX® for preventing colds and flu and strengthening immune systems in patients with chronic lymphocytic leukemia. Clinical subject recruitment was completed, on target, at the end of December. The study is currently in the treatment phase. Various clinical trials are ongoing or continue to be planned for launch in the immune health, neurological or metabolic syndrome core areas to support the Company's five-year product pipeline. The Company plans to launch at least one new product this year.

Management believes that the current market price of the Company's shares does not accurately reflect their underlying value. In October 2008, the Company announced a Normal Course Issuer Bid to purchase up to 5,386,175 of the issued and outstanding common shares of the Company. Corporate trading blackouts related to financial reporting schedules has prevented the Company from purchasing any shares to date; however, the Company intends to do so as permitted.