



**(Formerly Medical Ventures Corp.)
UNAUDITED CONSOLIDATED
FINANCIAL STATEMENTS**

**FOR THE THREE AND SIX MONTHS ENDED
JUNE 30, 2008 AND 2007**

(Expressed in Canadian Dollars)

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NEOVASC INC. (Formerly Medical Ventures Corp.)

Notice of No Auditor Review of Interim Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the Interim Financial Statements, they must be accompanied by a notice that the financial statements had not been reviewed by an auditor.

The accompanying Unaudited Interim Consolidated Financial Statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company.

The Company's independent auditors have not performed a review of these Interim Consolidated Financial Statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of Interim Financial Statements by an entity's auditors.

NEOVASC INC. (Formerly Medical Ventures Corp.)

Interim Consolidated Balance Sheets

	June 30, 2008	December 31, 2007
	(Unaudited)	
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 118,847	\$ 3,242,404
Accounts receivable	340,648	568,964
Inventory (Note 6)	377,754	384,124
Prepaid expenses and other assets (Note 7)	188,340	18,755
	1,025,589	4,214,247
RESTRICTED CASH AND CASH EQUIVALENTS (NOTE 9)	50,000	50,000
PROPERTY AND EQUIPMENT (Note 8)	1,317,809	1,425,553
	\$ 2,393,398	\$ 5,689,800
LIABILITIES		
CURRENT		
Bank overdraft	\$ 234,346	\$ -
Accounts payable and accrued liabilities	840,803	735,310
Current portion of long-term debt	19,964	19,559
Current portion of repayable contribution agreement	30,302	28,112
	1,125,415	782,981
LONG-TERM DEBT (Note 9)	429,100	441,540
REPAYABLE CONTRIBUTION AGREEMENT (Note 10)	285,071	283,959
	1,839,586	1,508,480
SHAREHOLDERS' EQUITY		
Share capital (Note 11)	28,592,620	28,835,081
Contributed surplus (Note 11)	1,248,838	976,637
Deficit	(29,287,646)	(25,630,398)
	553,812	4,181,320
	\$ 2,393,398	\$ 5,689,800

CONTINUING OPERATIONS (Note 2)

SUBSEQUENT EVENTS (Note 14)

APPROVED BY THE DIRECTORS:

(Signed) Alexei Marko

Alexei Marko, Director

(Signed) Douglas Janzen

Douglas Janzen, Director

See accompanying Notes to the Interim Consolidated Financial Statements

NEOVASC INC. (Formerly Medical Ventures Corp.)**Interim Consolidated Statements of Operations, Comprehensive Loss and Deficit**

For the three and six months ended June 30

	Three months ended		Six months ended	
	2008	2007	2008	2007
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
SALES (Note 13)				
Product sales	\$ 433,061	\$ 219,325	\$ 837,924	\$ 523,443
Consulting services	-	126,486	28,622	148,616
	433,061	345,811	866,546	672,059
COST OF SALES, including underutilized capacity of \$25,144	220,344	201,189	428,604	320,740
GROSS PROFIT	212,717	144,622	437,942	351,319
EXPENSES				
Selling	785,491	785,131	1,534,995	1,252,319
General and administration	779,363	783,663	1,317,648	1,293,614
Product development and clinical trials	414,958	790,643	1,036,703	1,442,563
Inventory write down	94,404	124,170	94,404	124,170
Amortization	75,670	60,768	121,436	99,250
	2,149,886	2,544,375	4,105,186	4,211,916
LOSS BEFORE OTHER INCOME (EXPENSES)	(1,937,169)	(2,399,753)	(3,667,244)	(3,860,597)
OTHER INCOME (EXPENSES)				
Interest income	14,208	40,541	23,303	82,080
Interest on long-term debt	(5,021)	(2,858)	(12,535)	(5,736)
Accreted interest on repayable contribution agreement (Note 10)	(3,846)	-	(7,685)	-
Gain on foreign exchange	16,155	53,573	6,913	55,704
	21,496	91,256	9,996	132,048
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	(1,915,673)	(2,308,497)	(3,657,248)	(3,728,549)
DEFICIT, BEGINNING OF PERIOD	(27,371,973)	(19,320,489)	(25,630,398)	(17,900,437)
DEFICIT, END OF PERIOD	\$ (29,287,646)	\$ (21,628,986)	\$ (29,287,646)	\$ (21,628,986)
BASIC AND DILUTED LOSS PER SHARE	\$ (0.02)	\$ (0.02)	\$ (0.03)	\$ (0.04)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	111,209,545	100,566,564	111,209,545	85,952,975

See accompanying Notes to the Interim Consolidated Financial Statements

NEOVASC INC. (Formerly Medical Ventures Corp.)

Interim Consolidated Statements of Cash Flows

For the three and six months ended June 30

	Three months ended		Six months ended	
	2008	2007	2008	2007
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
OPERATING ACTIVITIES				
Net loss for the period	\$ (1,915,673)	\$ (2,308,497)	\$ (3,657,248)	\$ (3,728,549)
Items not affecting cash				
Inventory write down	94,404	124,170	94,404	124,170
Amortization	75,670	60,768	121,436	99,250
Accreted Interest on repayable contribution agreement (Note 10)	3,846	-	7,685	-
Stock-based compensation	16,457	62,693	29,740	93,758
	(1,725,296)	(2,060,866)	(3,403,983)	(3,411,371)
Change in non-cash operating assets and liabilities				
Accounts receivable	38,235	(23,625)	228,316	(56,477)
Inventory	81,126	113,642	(88,034)	135,648
Prepaid expenses and other assets	(40,440)	63,530	(169,585)	(6,278)
Accounts payable and accrued liabilities	118,393	108,468	105,493	306,888
	(1,527,982)	(1,798,851)	(3,327,793)	(3,031,590)
INVESTING ACTIVITY				
Purchase of property and equipment	(6,510)	(12,324)	(13,692)	(33,142)
	(6,510)	(12,324)	(13,692)	(33,142)
FINANCING ACTIVITIES				
Repayment of long-term debt	(7,265)	(5,100)	(12,035)	(10,200)
Repayment of repayable contribution agreement	(2,655)	(2,556)	(4,383)	(2,556)
Proceeds from share issue, net of costs	-	7,251,421	-	7,251,421
	(9,920)	7,243,765	(16,418)	7,238,665
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	1,428,913	1,440,078	3,242,404	2,698,735
END OF PERIOD	\$ (115,499)	\$ 6,872,668	\$ (115,499)	\$ 6,872,668
REPRESENTED BY:				
(Bank Overdraft)/Cash	(234,346)	524,676	(234,346)	524,676
Cashable guaranteed investment certificates	118,847	6,347,992	118,847	6,347,992
	\$ (115,499)	\$ 6,872,668	\$ (115,499)	\$ 6,872,668
NON CASH TRANSACTIONS				
Change in Asset Use (Note 8)	-	53,592	-	53,952
SUPPLEMENTAL CASH FLOW INFORMATION				
Interest paid	5,021	3,130	12,535	6,050

See accompanying Notes to the Interim Consolidated Financial Statements

NEOVASC INC. (Formerly Medical Ventures Corp.)

Notes to the Interim Consolidated Financial Statements

For the three and six months ended June 30, 2008 and 2007

1. INCORPORATION AND NATURE OF BUSINESS

The Company was incorporated as Medical Ventures Corp. under the Company Act (British Columbia) on November 2, 2000 and was continued under the Canada Business Corporations Act on April 19, 2002. On July 1, 2008, the Company changed its name to Neovasc Inc (Note 14). The Company develops, manufactures and distributes medical devices and is focused on the development and commercialization of medical devices which address a clinical need in the cardiovascular marketplace.

The Company's products include a catheter-based technology called the Metricath System as well as products using a pericardial tissue processing technology to produce a number of patch products used in cardiac reconstruction and repair.

2. CONTINUING OPERATIONS

These interim unaudited consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles on a basis consistent with the Company's financial statements for the year ended December 31, 2007. These interim unaudited consolidated financial statements should be read together with the audited consolidated financial statements of the Company as at December 31, 2007 and the year then ended and the accompanying notes included in those financial statements. For a full description of accounting policies, refer to the Company's Annual Report for the year ended December 31, 2007. As permitted by Canadian generally accepted accounting principles certain information and footnote disclosure normally included in annual consolidated financial statements has been condensed or omitted. In the opinion of management, all adjustments necessary to present fairly the financial condition, results of operations and cash flows at June 30, 2008 and for all periods presented, have been made. Interim results are not necessarily indicative of results that may occur for a full year.

These interim unaudited consolidated financial statements have been prepared on a going concern basis that contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The Company has incurred operating losses of \$1,915,673 and \$3,657,248 for the three and six months ended June 30, 2008 (2007: \$2,308,497 and \$3,728,549) and has a deficit of \$29,287,646 as at June 30, 2008 compared to a deficit of \$25,630,398 as at December 31, 2007. The Company's ability to continue as a going concern is dependent on the profitable commercialization of its products and/or obtaining additional debt or equity financing to fund ongoing operations until profitability is achieved.

If the going concern basis was not appropriate for these interim unaudited consolidated financial statements, significant adjustments would be necessary to the carrying values of the Company's assets and liabilities, reported expenses and balance sheet classifications.

3. CHANGES IN ACCOUNTING POLICY

During the first quarter ended March 31, 2008, the Company adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1400, General Standards of Financial Statement Presentation, CICA Handbook Section 1535, Capital Disclosures, CICA Handbook Section 3862 Financial Instruments – Disclosures, and CICA Handbook Section 3863, Financial Instruments – Presentation.

CICA Handbook 1400, General Standards of Financial Statement Presentation

In June 2007, the CICA amended Handbook Section 1400.08A-.08C, General Standards of Financial Presentation to change the guidance related to Management's responsibility to assess the ability to continue as a going concern. Management is required to make an assessment of the Company's ability to continue as a going concern and should take into account all available information about the future, which is at least, but not limited to 12 months from the balance sheet date. Disclosure is required of material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The adoption of Handbook Section 1400 did not have an impact on the Company's financial results, position or ongoing disclosure.

NEOVASC INC. (Formerly Medical Ventures Corp.)

Notes to the Interim Consolidated Financial Statements

For the three and six months ended June 30, 2008 and 2007

3. CHANGES IN ACCOUNTING Policy (Continued)

CICA Handbook 1535, Capital Disclosures

Handbook Section 1535 requires the disclosure of both qualitative and quantitative information that enables users of financial information to evaluate (i) an entity's objectives, policies and process for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance.

For new disclosures refer to Note 4. The adoption of Handbook Section 1535 did not have an impact on the Company's financial results or position but certain disclosures have been enhanced.

CICA Handbook 3862 and 3863, Financial Instruments – Disclosure and Presentation

Handbook Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments – Disclosure and Presentation, revising and enhancing its disclosure requirements and carrying forward unchanged its presentation requirements for financial instruments. Handbook Section 3862 and 3863 place increased emphasis on disclosures about the nature and extent of the risks arising from financial instruments and how the entity manages those risks.

For new disclosures refer to Note 5. The adoption of Handbook Section 3862 and 3863 did not have an impact on the Company's financial results or position, but certain disclosures have been enhanced.

4. MANAGING CAPITAL

The Company's objectives, when managing capital, are to safeguard cash as well as maintain financial liquidity and flexibility in order to preserve its ability to meet financial obligations and deploy capital to grow its business.

In the definition of capital, the Company includes, as disclosed on its balance sheet: deficit; capital stock, cash and cash equivalents and bank overdraft. There has been no change in the definition since the prior period.

The Company's financial strategy is designed to maintain a flexible capital structure consistent with the objectives stated above and to respond to business growth opportunities and changes in economic conditions. In order to maintain or adjust its capital structure, the Company may issue new shares, issue new debt (secured, unsecured, convertible and/or other types of available debt instruments), acquire or dispose of assets, or adjust the amount of cash or short-term investment balances.

The Company was in compliance with externally imposed capital requirements, except as disclosed in Note 9.

5. FINANCIAL INSTRUMENTS

Financial Instruments

The Company classifies its cash and cash equivalents and bank overdraft as held-for-trading and carries them at fair-value. Accounts receivable are classified as loans and receivables. Accounts payable and accrued liabilities, long-term debt and repayable contribution agreement are classified as other financial liabilities. The Company had neither available-for-sale, nor held-to-maturity instruments as at June 30, 2008 or at December 31, 2007. Loans and receivables and other financial liabilities have been recorded at amortized cost using the effective interest rate method.

Cash Equivalents

The Company holds cashable guaranteed investment certificates returning a fixed rate of interest of 4.15%. The GIC has an initial term of one year and matures on April 24, 2009 and is renewed annually.

NEOVASC INC. (Formerly Medical Ventures Corp.)

Notes to the Interim Consolidated Financial Statements

For the three and six months ended June 30, 2008 and 2007

5. FINANCIAL INSTRUMENTS (Continued)

Foreign Exchange Risk

The majority of the Company's revenues are derived from product sales in the United States, primarily denominated in United States currency. Management has considered the stability of the foreign currency and the impact a change in the exchange rate may have on future earnings during the forecasting process.

Interest rate risk

The Company makes fixed repayments on its long term debt as described in Note 9. Included in the repayments is an interest payment with an interest rate floating at prime rate. Management has considered the risks to cash flows from this variable interest portion and considers it unlikely that the interest rates will increase sufficiently to exceed the fixed monthly payment due on the loan.

Liquidity risk

The Company has incurred operating losses since inception, as described in Note 2. The Company's ability to continue as a going concern is dependent on the profitable commercialization of its products and/or obtaining additional debt or equity financing to fund ongoing operations until profitability is achieved. The Company reviews its cash flows on a quarterly basis and forecasts expected break even points and the timing of additional cash flows.

The maturity of the Company's long term debt is described in Note 9. The Company has minimal risk associated with the maturity of its long term debts.

As at June 30, 2008 the Company had a working capital deficit of \$99,826 as compared to working capital of \$3,431,266 at December 31, 2007 and the Company may not have been able to pay its liabilities as they fell due without raising additional capital. Subsequent to the period end, the Company completed an additional equity financing of \$8,325,000 to return to a positive working capital balance.

NEOVASC INC. (Formerly Medical Ventures Corp.)

Notes to the Interim Consolidated Financial Statements

For the three and six months ended June 30, 2008 and 2007

6. INVENTORY

	June 30	December 31,
	2008	2007
	(Unaudited)	
Materials	\$ 121,477	\$ 194,240
Work in progress	164,560	37,437
Finished goods	91,717	152,447
	\$ 377,754	\$ 384,124

At the end of the current period, Neovasc completed its inventory review and fully provided for the remaining Metricath console raw materials. An impairment charge of \$94,404 was recognized.

The Company allocates fixed production overhead costs to inventory based on an estimate of normal capacity. As the Company operated at levels below normal capacity during the three and six months ended June 30, 2008, a charge of \$12,579 and \$25,144 respectively have been included in costs of goods sold as underutilized capacity.

7. PREPAID EXPENSES AND OTHER ASSETS

	June 30	December 31,
	2008	2007
	(Unaudited)	
Prepaid Expenses	\$ 30,315	\$ 18,755
Deposits	34,208	-
Deferred transaction costs (Note 14)	123,817	-
	\$ 188,340	\$ 18,755

8. PROPERTY AND EQUIPMENT

	June 30,		December 31,	
	2008		2007	
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
	(Unaudited)			
Land	\$ 207,347	\$ -	\$ 207,347	\$ 207,347
Building	1,017,388	141,074	876,314	890,366
Production equipment	458,661	353,842	104,819	111,411
Field assets	131,794	119,192	12,602	77,842
Computer hardware	154,946	97,920	57,026	67,304
Computer software	180,738	175,166	5,572	11,140
Office equipment, furniture and fixtures	155,335	101,206	54,129	60,143
	\$ 2,306,209	\$ 988,400	\$ 1,317,809	\$ 1,425,553

Included within Field assets at June 20, 2008 are \$20,181 (December 31, 2007: \$77,842) of assets that are not currently in use and are not being amortized. Amortization on these assets will begin when the assets are brought into use. Field assets consist of Company-owned Metricath consoles placed in customer locations. In June 2007 \$53,592 of these assets were transferred from inventory into fixed assets.

NEOVASC INC. (Formerly Medical Ventures Corp.)

Notes to the Interim Consolidated Financial Statements

For the three and six months ended June 30, 2008 and 2007

9. LONG-TERM DEBT

	June 30, 2008	December 31, 2007
	<u>(Unaudited)</u>	<u></u>
Bank instalment loan	\$ 449,064	\$ 461,099
Less current portion	(19,964)	(19,559)
	\$ 429,100	\$ 441,540

Repayments will consist of 180 regular blended payments of \$4,095 each month, including interest and principal, commencing on September 1, 2007 and ending on August 1, 2022. The loan is collateralized by a first charge over the Company's land and buildings, a liquid security agreement of \$50,000 to be held in cash equivalent investments and a general security agreement over all personal property of the business now owned and all personal property acquired in the future. The loan bears interest at prime.

As at June 30, 2008 the Company was in breach of the current ratio covenant of the bank instalment loan. The breach was remedied on July 1, 2008 and no action has been taken by the bank.

Principal maturities in the next five years and thereafter are approximately as follows:

2008	\$	19,964
2009		21,329
2010		22,787
2011		24,344
2012		26,008
Thereafter		334,634
	\$	449,066

NEOVASC INC. (Formerly Medical Ventures Corp.)

Notes to the Interim Consolidated Financial Statements

For the three and six months ended June 30, 2008 and 2007

10. REPAYABLE CONTRIBUTION AGREEMENT

In 2003, the Company entered into an Industrial Research Assistance Program (“IRAP”) Repayable Contribution Agreement with the National Research Council of Canada (“NRC”) and received funding of \$409,363. The Company agreed to repay this funding through future royalties on the gross revenues of its Metricath products at a rate of 2.1%. In the event that the Company does not generate \$409,363 in royalties before July 1, 2015, the unpaid balance of the funding contribution will be forgiven. Management has determined that it is likely that royalties in excess of \$409,363 will be generated over the period to July 1, 2015 from the sales of the Company’s Metricath products and as such has recorded a liability to reflect this royalty obligation as follows:

	June 30,	December 31,
	2008	2007
	(Unaudited)	
Balance, beginning of period	\$ 312,071	\$ 403,591
Adjustment for change in accounting policy	-	\$ (100,993)
Royalties paid or accrued in the current period	(4,383)	(5,418)
Accreted interest	7,685	14,891
	315,373	312,071
Less: current portion	(30,302)	(28,112)
Balance, end of period	\$ 285,071	\$ 283,959

The fair value at inception of the repayable contribution agreement that does not have a market rate of interest is not equal to the cash consideration. The fair value at inception has been estimated as the present value of all future expected cash receipts discounted using the prevailing market rates of interest for a similar instrument and with a similar credit rating. Subsequent measurement of the repayable contribution agreement is at amortized net cost.

NEOVASC INC. (Formerly Medical Ventures Corp.)

Notes to the Interim Consolidated Financial Statements

For the three and six months ended June 30, 2008 and 2007

11. SHARE CAPITAL

(a) *Authorized*

Unlimited number of common shares without par value

Unlimited number of preferred shares without par value

	Common Shares		Contributed Surplus
	Number	Amount	
Balance, December 31, 2006	71,338,886	\$ 21,607,856	\$ 785,556
Issued for cash pursuant to a private placement (i)			
Shares	38,709,110	7,741,822	
Agents warrants		111,558	
Share issue costs		(834,269)	
Issued for cash on exercise of agent's warrants (ii)	1,161,549	232,310	
Stock-based compensation			166,885
Expiry of agent's warrants		(24,196)	24,196
Balance, December 31, 2007	111,209,545	\$ 28,835,081	\$ 976,637
Expiry of agent's warrants		(242,461)	242,461
Stock-based compensation			29,740
Balance, June 30, 2008 (Unaudited)	111,209,545	\$ 28,592,620	\$ 1,248,838

(i) On April 24, 2007, pursuant to a public offering under a short form prospectus dated April 13, 2007, the Company issued 38,709,110 units of the Company at a price of \$0.20 per unit for aggregate gross proceeds of \$7,741,822. Each unit consisted of one common share and one-half of one non-transferable common share purchase warrant entitling the holder to purchase one additional common share for every whole warrant at a price of \$0.25 per share expiring on October 24, 2008. On closing, the Agents received non-transferable share purchase warrants to purchase up to 1,659,356 common shares at a price of \$0.20 per share exercisable until October 24, 2008.

(ii) On May 4, 2007, the Agent exercised 1,161,549 agent warrants at \$0.20 per share for gross proceeds of \$232,310.

(c) *Stock-based compensation*

The Company adopted a stock option plan under which the directors of the Company may grant options to purchase common shares to directors, officers, employees and service providers (the "optionees") of the Company on terms that the directors of the Company may determine within the limitations set forth in the Stock Option Plan. Effective November 22, 2005, the board of directors of the Company approved an amendment to the Company's incentive Stock Option Plan to increase the number of options available for grant under the plan to 10% of the number of common shares of the Company outstanding from time to time.

Options under the Company's Stock Option Plan granted to directors and officers vest immediately and options granted to employees vest over a three year term. The directors of the Company have discretion within the limitations set forth in the Stock Option Plan to determine other vesting terms on options granted to directors, officers, employees and others. The minimum exercise price of a stock option cannot be less than the applicable market price of the common shares on the date of the grant and the options have a maximum exercise period of five years.

NEOVASC INC. (Formerly Medical Ventures Corp.)

Notes to the Interim Consolidated Financial Statements

For the three and six months ended June 30, 2008 and 2007

11. SHARE CAPITAL (Continued)

The following table summarizes stock option activity for the respective periods as follows:

	Number of Options	Weighted Average Exercise Price	Average Remaining Contractual Life (years)
Options outstanding, December 31, 2006	2,792,574	\$ 0.45	1.98
Granted	1,928,754	0.17	4.04
Cancelled	(375,000)	0.51	-
Options outstanding, December 31, 2007	4,346,328	\$ 0.32	2.83
Granted	50,000	0.10	4.59
Cancelled	(335,000)	0.35	-
Options outstanding, June 30, 2008 (Unaudited)	4,061,328	\$ 0.30	2.89
Options exercisable, June 30, 2008 (Unaudited)	2,858,698	\$ 0.34	2.46
Weighted average grant date fair value of stock options awarded during period	\$ 0.07		

The stock options expire at various dates from July 1, 2008 to January 30, 2013.

During the three and six months ended June 30, 2008, the Company recorded \$16,457 and \$29,740 respectively (2007 – \$62,693 and \$93,758) as compensation expense for stock-based compensation awarded to employees. The Company used the Black-Scholes option-pricing model to estimate the value of the options at each grant date using the following weighted average assumptions:

	2008	2007
Dividend yield	nil	nil
Annualized volatility	83%	81%
Risk-free interest rate	3.50%	4.11%
Expected life	5 years	5 years

NEOVASC INC. (Formerly Medical Ventures Corp.)

Notes to the Interim Consolidated Financial Statements

For the three and six months ended June 30, 2008 and 2007

12. RELATED PARTY TRANSACTIONS

Related party transactions are entered into in the normal course of operations and are recorded at amounts established and agreed on between the related parties.

	For the three months ended, June 30,		For the six months ended, June 30,	
	2008	2007	2008	2007
	(Unaudited)		(Unaudited)	
Income				
Contract Manufacturing	\$ 41,571	\$ -	\$ 81,571	-
Expenses				
Services of the CEO	32,641	-	78,484	\$ 48,598
Financial Services	-	13,983	-	20,315
Legal Services				
General expenses	16,403	5,165	21,556	10,888
Acquisition costs	131,352	-	155,588	-
Financing costs	-	73,945	-	73,945
Consulting Services	35,689	-	78,846	-
			As at	
			June 30,	December 31,
			2008	2007
Accounts Receivable			(Unaudited)	
Contract Manufacturing			31,533	20,498
Accounts Payable				
Service of the CEO			34,320	11,925
Legal Services			120,808	-
Consulting Services			-	10,000

- (i) **Contract Manufacturing**
The Company performs contract manufacturing services for a related corporation. One of the directors of this corporation is a significant shareholder in the Company. On July 1, 2008 the shareholder ceased to be a significant shareholder of the Company.
- (ii) **Services of the CEO**
The services of the CEO are provided to the Company by a corporation controlled by the CEO. The Company and the corporation have a director in common. These fees are included in general and administration expenses. The CEO resigned as CEO on July 1, 2008, but remains Chairman of the board of Directors.
- (iii) **Financial Services**
The Company contracted for the services of the former CFO and some accounting functions from an accounting firm. A partner of that firm acted as the CFO of the Company. The agreement was terminated on September 30, 2007 and the partner resigned as CFO.
- (iv) **Legal Services**
Legal and corporate secretarial services were provided by a legal firm. A partner of that firm is a director of the Company. The director resigned as a director of the Company on July 1, 2008.
- (iv) **Consulting Services**
Sales and marketing consulting services are provided by a director of the Company. The director resigned as a director of the Company on July 1, 2008.

The carrying amounts of the accounts receivable and accounts payable approximate fair values due to their short term nature.

NEOVASC INC. (Formerly Medical Ventures Corp.)

Notes to the Interim Consolidated Financial Statements

For the three and six months ended June 30, 2008 and 2007

13. SEGMENT INFORMATION

The Company's operations are in one business segment; the development, manufacture and marketing of medical devices. Each of the Company's product lines has similar characteristics, customers, distribution and marketing strategies, and are subject to similar regulatory requirements.

All of the Company's long-lived assets are located in Canada. The Company carries on business only in Canada, but earns revenue from sales to customers in the following geographic locations:

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2008	2007	2008	2007
SALES	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Canada	\$ 36,529	\$ 60,263	\$ 103,966	\$ 93,068
United States	309,978	254,359	607,986	491,720
Other	86,554	31,189	154,594	87,271
	433,061	345,811	866,546	672,059

14. SUBSEQUENT EVENTS

On January 30, 2008 the Company entered into an acquisition agreement to acquire Neovasc Medical Ltd and B-Balloon Ltd, two pre-commercial medical device development companies based in Israel. The acquisitions were completed on July 1, 2008 and Neovasc Medical Ltd and B-Balloon Ltd became wholly-owned subsidiaries of the Company.

Warrant and Option Offer

In connection with the acquisitions, the Company made an offer to all of the holders of warrants and options outstanding as at April 30, 2008 to repurchase those warrants in exchange for a lesser number of common shares in the Company and amend the options to become a lesser number of nominally priced options. The offer to repurchase the warrants was made based on the value of such securities calculated using a modified (discounted) Black Scholes valuation method. The majority of the warrants were repurchased in exchange for common shares at a ratio of one common share for 5.75 warrants. The offer to amend the options was made based on the value of such securities using a modified Black Scholes valuation method, with a discount factor that was set by the Board using its discretion. An aggregate of 3,513,140 common shares were issued for the repurchase of the warrants and 315,000 warrants and 2,322,120 amended options remained. The warrant and option offer was completed to effectively increase the percentage retained after the acquisitions by the former shareholders of the Company. The warrant and option offer was conditional upon completion of the acquisitions and was completed just prior to the acquisitions on July 1, 2008.

Share Consolidation

Concurrent with the acquisitions, the Company consolidated its shares, warrants and options on a 1 for 20 basis.

Issuance of Securities

Pursuant to the acquisition agreement, one-third of the post acquisition ownership of the Company on a fully diluted basis, is now held by former securityholders of the Company, one-third is held by former Neovasc Medical Ltd securityholders and one-third is held by former B-Balloon Ltd securityholders. The Company had 5,858,000 shares, options and warrants outstanding on a fully-diluted basis immediately prior to the acquisitions. As a result, a total of 11,716,000 securities of the Company were issued, or reserved for issuance, to the securityholders of Neovasc Medical Ltd and B-Balloon Ltd. This resulted in 17,574,000 securities (including common shares, warrants, options and shares reserved for issuance) being outstanding immediately following the acquisitions.

NEOVASC INC. (Formerly Medical Ventures Corp.)

Notes to the Interim Consolidated Financial Statements

For the three and six months ended June 30, 2008 and 2007

14. **SUBSEQUENT EVENTS (Continued)**

Financing

As condition of the acquisitions the Company was required to complete a concurrent non-brokered private placement of units to raise minimum gross proceeds of \$6,000,000. The actual proceeds raised on July 1, 2008 were \$8,325,000. The units were issued at a price of \$4.00 per unit and consisted of one common share of the Company and 0.62 of a warrant. Each whole warrant is exercisable to purchase one additional common share of the Company at a price of \$5.00 for a period of 18 months from July 1, 2008.

Name Change

Concurrent with the completion of the acquisitions on July 1, 2008, the Company changed its name to Neovasc Inc.

Allocation of purchase price

The Company is currently conducting a professional review to allocate the consideration paid to the fair value of the net identifiable assets acquired.