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## NEWS RELEASE

TSX Venture Exchange: NVC

### Neovasc Inc. Reports Q2 2008 Medical Ventures Corp. Financial Results

***--Final Results Prior to Re-Emergence as New Medical Device Company--  
--Medical Device Product Sales Almost Doubled Year-over-Year and  
Total Revenues Increased More than 25% during the Same Period--  
--New Company Has Expanded Product Pipeline and Sharpened Commercial Focus--***

**August 29, 2008 — Richmond, BC** — Neovasc Inc. (TSXV: NVC), a new specialty vascular device company comprised of the former Medical Ventures Corp., Neovasc Medical Ltd. and B-Balloon Ltd., today announced financial results for the second quarter and six months ended June 30, 2008, the final period of operations of Medical Ventures Corp.

Neovasc Chief Executive Officer Alexei Marko noted, "With these second quarter results, we have formally closed the books on Medical Ventures. The consolidation of the three companies is solidly underway and Neovasc is now well positioned as an innovative vascular intervention company with an exciting pipeline of products and technologies."

#### Financial Results

Results for the three and six months ended June 30, 2008 follow. All amounts are in Canadian dollars.

#### Revenues

Revenues increased 25% year-over-year from \$345,811 for the quarter ended June 30, 2007 to \$433,061 for the quarter ended June 30, 2008 and increased 29% year-over-year from \$672,059 for the six months ended June 30, 2007 to \$866,546 for the six months ended June 30, 2008. The increase in revenues was primarily the result of growth in product sales, which increased 97% year-over-year for the quarter and 60% for the six months ending June 30, 2008.

#### Expenses

The cost of sales and services for the three and six months ended June 30, 2008 was \$220,344 and \$428,604 as compared to \$201,189 and \$320,740 in the comparative periods of 2007. The gross margin for the second quarter of 2008 was about 49%, compared to 42% in the second quarter of 2007, reflecting changes in the product mix sold during the respective periods. The 51% gross margin in the first half of 2008 was almost unchanged from the gross margin of 52% recorded in 2007. Total expenses excluding cost of sales and services for the second quarter of 2008 were \$2,149,886, down from \$2,544,375 in the comparative period of 2007, primarily as a result of decreases in research and development and clinical trial costs. Total expenses for the six months ended June 30, 2008 and 2007 were \$4,105,186 and \$4,211,916, respectively.

#### Net Losses

The consolidated net loss for the three and six months ended June 30, 2008 was \$1,915,673 and \$3,657,248, or \$0.02 and \$0.03 per share as compared with a net loss of \$2,308,497 and \$3,728,549, or \$0.02 and \$0.04 per share for the comparative periods in 2007. The decrease in net loss in the second quarter of 2008 was primarily the result of increased revenues from medical device sales and decreased total expenses.

#### Cash Position

At June 30, 2008, the Company had cash and cash equivalents of \$118,847 and restricted cash related to a security on long-term debt of \$50,000, offsetting a bank overdraft of \$234,346 as compared to cash of \$3,242,404



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as of December 31, 2007. 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. Cash reserves were bolstered by an \$8,325,000 equity financing the Company completed after the close of the second quarter, on July 1, 2008.

### **Acquisition Background**

On January 30, 2008 the Company entered into an 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 and B-Balloon became wholly-owned subsidiaries of the expanded new company, which was renamed Neovasc Inc.

### **Warrant and Option Offer**

In connection with the acquisitions, the Company made an offer to all holders of warrants and options outstanding at April 30, 2008, to repurchase those warrants in exchange for a lesser number of common shares of the Company and to reduce the options to a lesser number of nominally priced options.

### **Share Consolidation**

Concurrent with the acquisitions, the Company consolidated its shares, warrants and options on a 1 for 20 basis. Any warrants and options that were not tended pursuant to the Warrant and Option Offer were also consolidated on a 1 for 20 basis.

### **Issuance of Securities**

Following the acquisitions, the Company had 17,574,000 shares outstanding on a fully-diluted basis (including common shares issued and outstanding and common shares reserved for issuance upon the exercise of warrants and options.)

### **Financing**

The Company raised \$8,325,000 on July 1, 2008 through a private placement of units. The units were issued at a price of \$4.00 each and consisted of one common share and 0.62 warrants, each whole warrant exercisable for one common share at \$5.00 for a period of 18 months.



**NEOVASC INC. (Formerly Medical Ventures Corp.)**  
**Interim Consolidated Balance Sheets**

	June 30, 2008	December 31, 2007
	(Unaudited)	
<b>ASSETS</b>		
CURRENT		
Cash and cash equivalents	\$ 118,847	\$ 3,242,404
Accounts receivable	340,648	568,964
Inventory	377,754	384,124
Prepaid expenses and other assets	188,340	18,755
	<b>1,025,589</b>	4,214,247
RESTRICTED CASH AND CASH EQUIVALENTS	50,000	50,000
PROPERTY AND EQUIPMENT	1,317,809	1,425,553
	<b>\$ 2,393,398</b>	<b>\$ 5,689,800</b>
<b>LIABILITIES</b>		
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
	<b>1,125,415</b>	782,981
LONG-TERM DEBT	429,100	441,540
REPAYABLE CONTRIBUTION AGREEMENT	285,071	283,959
	<b>1,839,586</b>	<b>1,508,480</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	28,592,620	28,835,081
Contributed surplus	1,248,838	976,637
Deficit	(29,287,646)	(25,630,398)
	<b>553,812</b>	<b>4,181,320</b>
	<b>\$ 2,393,398</b>	<b>\$ 5,689,800</b>



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## NEOVASC INC. (Formerly Medical Ventures Corp.) Interim Consolidated Statements of Operations 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				
Product sales	\$ 433,061	\$ 219,325	\$ 837,924	\$ 523,443
Consulting services	-	126,486	28,622	148,616
	<b>433,061</b>	<b>345,811</b>	<b>866,546</b>	<b>672,059</b>
COST OF SALES,				
including underutilized capacity of \$25,144	<b>220,344</b>	201,189	<b>428,604</b>	320,740
GROSS PROFIT	<b>212,717</b>	144,622	<b>437,942</b>	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
	<b>2,149,886</b>	<b>2,544,375</b>	<b>4,105,186</b>	<b>4,211,916</b>
LOSS BEFORE OTHER				
INCOME (EXPENSES)	<b>(1,937,169)</b>	(2,399,753)	<b>(3,667,244)</b>	(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	(3,846)	-	(7,685)	-
Gain on foreign exchange	16,155	53,573	6,913	55,704
	<b>21,496</b>	91,256	<b>9,996</b>	132,048
NET LOSS AND COMPREHENSIVE				
LOSS FOR THE PERIOD	<b>(1,915,673)</b>	(2,308,497)	<b>(3,657,248)</b>	(3,728,549)
DEFICIT, BEGINNING OF PERIOD	<b>(27,371,973)</b>	(19,320,489)	<b>(25,630,398)</b>	(17,900,437)
DEFICIT, END OF PERIOD	<b>\$ (29,287,646)</b>	\$ (21,628,986)	<b>\$ (29,287,646)</b>	\$ (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



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## 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)
<b>OPERATING ACTIVITIES</b>				
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	3,846	-	7,685	-
Stock-based compensation	16,457	62,693	29,740	93,758
	<b>(1,725,296)</b>	<b>(2,060,866)</b>	<b>(3,403,983)</b>	<b>(3,411,371)</b>
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
	<b>(1,527,982)</b>	<b>(1,798,851)</b>	<b>(3,327,793)</b>	<b>(3,031,590)</b>
<b>INVESTING ACTIVITY</b>				
Purchase of property and equipment	(6,510)	(12,324)	(13,692)	(33,142)
	<b>(6,510)</b>	<b>(12,324)</b>	<b>(13,692)</b>	<b>(33,142)</b>
<b>FINANCING ACTIVITIES</b>				
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
	<b>(9,920)</b>	<b>7,243,765</b>	<b>(16,418)</b>	<b>7,238,665</b>
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS,	<b>(1,544,412)</b>	<b>5,432,590</b>	<b>(3,357,903)</b>	<b>4,173,933</b>
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
<b>REPRESENTED BY:</b>				
(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
<b>NON CASH TRANSACTIONS</b>				
Change in Asset Use	-	53,592	-	53,952
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>				
Interest paid	5,021	3,130	12,535	6,050



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### **About Neovasc Inc.**

Neovasc Inc. develops, manufactures and markets medical devices for the rapidly growing vascular and surgical marketplace. The company's current products help doctors diagnose and treat a wide range of health conditions, including vascular diseases and obesity. They include the Metricath® arterial and in-stent measurement system, and PeriPatch™ surgical tissue and staple line reinforcement products. Neovasc also provides contract medical device development and manufacturing services as well as a pipeline of newly acquired technologies and products. For more information, visit: [www.neovasc.com](http://www.neovasc.com).

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*Statements contained herein that are not based on historical or current fact, including without limitation statements containing the words "anticipates," "believes," "may," "continues," "estimates," "expects," and "will" and words of similar import, constitute "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, events or developments to be materially different from any future results, events or developments expressed or implied by such forward-looking statements. Such factors include, among others, the following: general economic and business conditions, both nationally and in the regions in which the Company operates; history of losses and lack of and uncertainty of revenues, ability to obtain required financing, receipt of regulatory approval of product candidates, ability to properly integrate newly acquired businesses, technology changes; competition; changes in business strategy or development plans; the ability to attract and retain qualified personnel; existing governmental regulations and changes in, or the failure to comply with, governmental regulations; liability and other claims asserted against the Company; and other factors referenced in the Company's filings with Canadian securities regulators. Although the Company believes that expectations conveyed by the forward-looking statements are reasonable based on the information available to it on the date such statements were made, no assurances can be given as to the future results, approvals or achievements. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Company does not assume the obligation to update any forward-looking statements except as otherwise required by applicable law.*

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