

LIFELINE THERAPEUTICS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	<u>December 31, 2005</u>	<u>June 30, 2005</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 4,871,904	\$ 3,385,205
Accounts receivable, net	528,106	1,020,131
Inventory	139,689	219,644
Deposit with manufacturer	642,693	911,560
Prepaid expenses	129,437	415,806
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Total current assets	6,311,829	6,032,346
Property and equipment, net	257,717	200,944
Intangible assets, net	5,472,020	5,578,830
Deposits	296,144	31,192
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TOTAL ASSETS	\$ <u>12,337,710</u>	\$ <u>11,843,312</u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 570,022	\$ 657,528
Accrued expenses	445,510	207,672
Deferred revenue	777,750	-
Capital lease – current portion	1,844	-
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Total current liabilities	1,795,126	865,200
LONG-TERM LIABILITIES:		
Capital lease – long-term portion	4,176	-
TOTAL ASSETS	\$ <u>1,799,302</u>	\$ <u>865,200</u>
SHAREHOLDERS' EQUITY:		
Preferred stock, par value \$.001; 50,000,000 shares authorized; none issued	-	-
Common Stock, Series A, par value \$.001, 250,000,000 shares authorized; 22,117,992 issued and outstanding at December 31, 2005 and June 30, 2005, respectively	22,118	22,118
Common Stock, Series B, par value \$.001, 250,000,000 shares authorized; none issued	-	-
Additional paid-in capital	17,282,858	17,231,832
Accumulated deficit	(6,766,568)	(6,275,838)
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Total shareholders' equity	10,538,408	10,978,112
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TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ <u>12,337,710</u>	\$ <u>1,843,312</u>

LIFELINE THERAPEUTICS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE AND SIX MONTH PERIODS ENDED DECEMBER 31, 2005 AND 2004
(UNAUDITED)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2005	2004	2005	2004
REVENUES				
Sales, net	\$ 1,711,752	\$ -	\$ 4,676,344	\$ -
Cost sales	363,041	-	959,602	-
	1,348,711	-	3,716,742	-
GROSS PROFIT				
OPERATING EXPENSES:				
Marketing and customer service	829,917	-	1,974,387	-
General and administrative	1,041,232	-	2,106,642	-
Research and development	-	33,414	-	45,242
Donation of stock to charity	-	650,000	-	650,000
Depreciation and amortization	83,388	2,205	169,763	3,800
	1,954,537	963,109	4,250,792	1,226,194
INCOME (LOSS)				
FROM OPERATIONS	(605,826)	(963,109)	(534,050)	(1,226,194)
OTHER INCOME AND EXPENSE:				
Interest income	34,858	-	55,633	-
Interest expense	(154)	(180,395)	(463)	(244,289)
Amortization of debt costs	-	(15,971)	-	(20,222)
Other expense	78	(4,784)	(11,850)	(4,784)
	34,782	(201,150)	43,320	(269,295)
NET (LOSS) INCOME	\$ <u>(571,044)</u>	\$ <u>(1,164,259)</u>	\$ <u>(490,730)</u>	\$ <u>(1,495,489)</u>
NET (LOSS) INCOME PER SHARE				
Basic and diluted	\$ <u>(.03)</u>	\$ <u>(.07)</u>	\$ <u>(.02)</u>	\$ <u>(.09)</u>
WEIGHTED AVERAGE SHARES OUTSTANDING				
Basic and diluted	<u>22,117,992</u>	<u>16,374,946</u>	<u>22,117,992</u>	<u>16,374,946</u>

LIFELINE THERAPEUTICS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	For the six months ended December 31,	
	2005	2004
Cash Flows from Operating Activities:		
Net Income (loss)	\$ (490,730)	\$ (1,495,489)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization	169,763	3,800
Amortization of debt issuance costs	-	20,224
Amortization of debt discount	-	210,900
Loss on disposal of real estate	-	4,784
Charitable donation of common stock	-	650,000
Warrants related to employee compensation	2,772	-
Warrants related to compensation for services	48,254	-
Changes in operating assets and liabilities:		
Decrease in accounts receivable	492,025	-
Decrease in inventory	79,955	-
Decrease in deposits to manufacturer	348,867	-
Decrease in prepaid expenses	286,369	816
(Increase) in other assets	(264,952)	-
(Decrease) increase in accounts payable	(87,506)	1,101
Increase in accrued expenses	237,838	-
Increase in deferred revenue	777,750	-
Net Cash Provided (Used) by Operating Activities	1,600,405	(603,864)
Cash (Used) by Investing Activities:		
Purchase of equipment	(95,238)	(21,587)
Payment of patent costs	(18,188)	(17,407)
Net Cash (Used) by Investing Activities	(113,426)	(38,994)
Cash Flows from Financing Activities:		
Proceeds from notes payable	-	604,000
Proceeds from notes payable - related party	-	60,000
Payment of debt issuance costs	-	(46,400)
Payment of stock offering costs	-	(15,510)
Sale of common stock	-	18,400
Principal payments under capital lease obligation	(280)	-
Net Cash Provided by Financing Activities	(280)	620,490
Increase (decrease) in Cash	1,486,699	(22,368)
Cash and Cash Equivalents - Beginning Of Period	3,385,205	49,663
Cash and Cash Equivalents - End Of Period	\$ 4,871,904	\$ 27,295