

Haemacure Corporation

Notice of Disclosure of Non-Auditor Review of Interim Financial Statements for the three and six months ended April 30, 2007 and 2006

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, the interim financial statements must be accompanied by a notice indicating that they have not been reviewed by the auditor.

The accompanying unaudited interim consolidated financial statements of the Corporation for the interim periods ended April 30, 2007 and 2006, have been prepared in accordance with Canadian generally accepted accounting principles and are the responsibility of the Corporation's management.

The Corporation's independent auditors, Ernst & Young LLP, have not performed a review of these 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 auditor.

Dated this 31st day of May 2007.

Haemacure CorporationIncorporated under the *Canada Business Corporations Act***CONSOLIDATED BALANCE SHEETS**

[see note 1 - Basis of Presentation and Going Concern Assumption]

(Unaudited)	As at April 30, 2007 \$	As at October 31, 2006 \$
ASSETS		
Current assets		
Cash and cash equivalents	9,665,798	78,300
Temporary investment (note 3)	-	441,000
Accounts receivable - trade	9,705	12,431
Other receivables (note 9)	160,682	80,540
Inventories	25,642	34,167
Prepaid expenses	138,226	74,974
	10,000,053	721,412
Property, plant and equipment	2,885,561	1,959,679
Other assets	13,364	15,107
	12,898,978	2,696,198
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	662,151	447,539
Current portion of obligation under capital leases	11,244	10,933
	673,395	458,472
Obligation under capital leases	31,029	36,730
Lease obligation	47,616	29,851
Long-term debt (note 4)	1,219,570	1,189,764
	1,971,610	1,714,817
Shareholders' equity		
Share capital (note 5)	100,666,948	92,266,948
Additional paid-in capital (note 5 and 6)	7,600,158	2,540,912
Deficit	(97,389,083)	(93,826,479)
Accumulated other comprehensive income (note 2 and 7)	49,345	-
	10,927,368	981,381
	12,898,978	2,696,198

See accompanying notes to interim consolidated financial statements

Haemacure Corporation**CONSOLIDATED STATEMENTS OF OPERATIONS**

[see note 1 - Basis of Presentation and Going Concern Assumption]

(Unaudited)	Three months ended April 30,		Six months ended April 30,	
	2007	2006	2007	2006
	\$	\$	\$	\$
Sales	24,757	36,918	56,863	84,980
Cost of sales	13,032	15,013	29,909	34,607
Gross margin	11,725	21,905	26,954	50,373
Expenses (income)				
Selling and marketing	-	13,883	-	28,063
General and administrative (note 9)	1,177,120	540,702	1,797,713	1,236,070
Research and development	205,224	196,128	371,040	338,050
Loss on foreign exchange	7,923	3,377	20,206	40,085
Amortization of property, plant and equipment	10,157	14,516	20,189	29,491
Amortization of other assets	871	871	1,743	1,743
Interest on obligation under capital leases	619	766	1,276	1,569
Interest on long-term debt	14,749	11,262	29,806	20,888
Other financial expenses	-	-	35,190	-
Investment income	(102,863)	(18,273)	(134,881)	(52,364)
	1,313,800	763,232	2,142,282	1,643,595
Net loss for the period	(1,302,075)	(741,327)	(2,115,328)	(1,593,222)
Weighted average number of outstanding common shares	163,800,917	38,800,917	116,410,972	38,800,917
Basic and diluted loss per common share	(0.01)	(0.02)	(0.02)	(0.04)

See accompanying notes to interim consolidated financial statements

Haemacure Corporation**CONSOLIDATED STATEMENTS OF DEFICIT**
[see note 1 - Basis of Presentation and Going Concern Assumption]

Six months ended April 30, (Unaudited)	2007 \$	2006 \$
Deficit at beginning of period	(93,826,479)	(90,752,598)
Net loss for the period	(2,115,328)	(1,593,222)
Share issue costs	(1,447,276)	-
Deficit at end of period	(97,389,083)	(92,345,820)

See accompanying notes to interim consolidated financial statements

Haemacure Corporation**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**
[see note 1 - Basis of Presentation and Going Concern Assumption]

Six months ended April 30, (Unaudited)	2007 \$	2006 \$
Net loss for the period	(2,115,328)	(1,593,222)
Unrealized gain on available for sale investments	49,345	-
Comprehensive loss for the period	(2,065,983)	(1,593,222)

See accompanying notes to interim consolidated financial statements

Haemacure Corporation

CONSOLIDATED STATEMENTS OF CASH FLOWS
[see note 1 - Basis of Presentation and Going Concern Assumption]

(Unaudited)	Three months ended April 30,		Six months ended April 30,	
	2007	2006	2007	2006
	\$	\$	\$	\$
OPERATING ACTIVITIES				
Net loss for the period	(1,302,075)	(741,327)	(2,115,328)	(1,593,222)
Items not affecting cash:				
Amortization of property, plant and equipment	10,157	14,516	20,189	29,491
Amortization of other assets	871	871	1,743	1,743
Accrued interest on long-term debt	14,749	11,262	29,806	20,888
Accrued interest on accounts receivable from a supplier	-	-	-	(15,859)
Stock-based compensation expense	437,002	362	564,390	40,463
Rent expense	17,765	-	17,765	-
Foreign exchange loss	5,366	5,564	3,279	8,447
Unrealized gain on available for sale investments	28,419	-	49,345	-
Unrealized foreign exchange loss	-	402	-	17,332
	(787,746)	(708,350)	(1,428,811)	(1,490,717)
Net change in non-cash working capital balances related to operations	182,290	(75,862)	120,880	1,091,148
Cash flows relating to operating activities	(605,456)	(784,212)	(1,307,931)	(399,569)
FINANCING ACTIVITIES				
Issuance of units	-	-	12,500,000	-
Share issue costs	(1,613)	-	(1,052,420)	-
Repayment of obligation under capital leases	(2,714)	(2,566)	(5,390)	(5,096)
Cash flows relating to financing activities	(4,327)	(2,566)	11,442,190	(5,096)
INVESTING ACTIVITIES				
Disposition of temporary investment	-	313,626	441,000	491,982
Acquisition of property, plant and equipment	(698,085)	(192,175)	(946,071)	(693,556)
Accounts payable related to property, plant and equipment	-	-	(38,411)	-
Cash flows relating to investing activities	(698,085)	121,451	(543,482)	(201,574)
Effect of exchange rate changes on cash and cash equivalents	(5,366)	(5,564)	(3,279)	(8,447)
Net change in cash and cash equivalents	(1,313,234)	(670,891)	9,587,498	(614,686)
Cash and cash equivalents at beginning of period	10,979,032	870,869	78,300	814,664
Cash and cash equivalents at end of period	9,665,798	199,978	9,665,798	199,978
Supplemental information				
Interest paid	619	766	36,466	1,569

See accompanying notes to interim consolidated financial statements

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

April 30, 2007
(Unaudited)

1. BASIS OF PRESENTATION AND GOING CONCERN ASSUMPTION

Basis of Presentation

These unaudited interim consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP") applicable to interim financial statements and use the same accounting policies and methods used in the preparation of the Corporation's most recent audited annual consolidated financial statements. All disclosures required for the audited annual consolidated financial statements have not been included in these unaudited consolidated financial statements. Therefore, these unaudited interim consolidated financial statements should be read in conjunction with the Corporation's most recent audited annual consolidated financial statements.

The Corporation's principal activities since November 1, 2003 have been to perform research and development, build a manufacturing facility, and raise capital.

For further information, refer to the audited consolidated financial statements and footnotes thereto for the year ended October 31, 2006.

Going Concern Assumption

These unaudited interim consolidated financial statements have been prepared on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future.

The Corporation has not realized profit from operations since its inception. The Corporation is in the development stage and will not generate significant revenues or profitable operations in the near future and there can be no assurance that it will achieve profitability in the future. As a result, there is significant uncertainty regarding the Corporation's ability to continue as a going concern. The Corporation will also require additional financing to fund its operations and development as well as to completing its manufacturing facility, conducting clinical trials and obtaining regulatory approvals.

The Corporation's ability to continue as a going concern is dependent upon its raising additional financing, developing and bringing its technology to market, obtaining the necessary regulatory approvals and achieving and maintaining profitable operations. The outcome of these matters are outside of management's control and cannot be predicted at this time. These unaudited interim consolidated financial statements do not include any adjustments and classifications of assets and liabilities, which would be necessary should the Corporation be unable to continue as a going concern.

2. CHANGES IN ACCOUNTING POLICIES

Effective for the commencement of its 2007 fiscal year, the Corporation has adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1530, Comprehensive Income, CICA Handbook Section 3855, Financial Instruments - Recognition and Measurement and Handbook Section 3865, Hedges. These new Handbook Sections, which apply to fiscal years beginning on or after October 1, 2006, provide comprehensive requirements for the recognition and measurement of financial instruments, as well as standards on when and how hedge accounting may be applied. Handbook Section 1530 also establishes standards for reporting and displaying comprehensive income. Comprehensive income is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income but that are excluded from net income calculated in accordance with GAAP.

Under the new standards, all financial instruments are classified into one of the following five categories: Held for trading, Held-to-maturity investments, Loans and receivables, Available-for-sale financial assets or Other financial liabilities. All financial instruments, including derivatives are included on the consolidated balance sheet and are measured at fair market value with the exception of loans and receivables, investments held-to-maturity and other financial liabilities, which will be measured at amortized cost. Subsequent measurement and recognition of changes in fair value of financial instruments depend on their initial classification. Held for trading financial investments are measured at fair value and all gains and losses are included in net income in the period in which they arise. Available-for-sale financial instruments are measured at fair value with revaluation gains and losses included in other comprehensive income until the asset is removed from the balance sheet.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

April 30, 2007
(Unaudited)

2. CHANGES IN ACCOUNTING POLICIES (Cont'd)

As a result of the adoption of these standards, the Corporation has classified its cash equivalents and temporary investment as "Available for sale" and now as a result presents a consolidated statement of comprehensive loss as part of its financial statements. The Corporation has also classified its accounts receivable and other receivables as "Loans and receivables", and its accounts payable and accrued liabilities, obligation under capital leases, lease obligation and long-term debt as "Other financial liabilities", all of which are measured at amortized cost.

These new standards have to be applied without restatement of prior period amounts. The adoption of these standards had no impact on the consolidated net loss.

3. TEMPORARY INVESTMENT

At October 31, 2006 the temporary investment had an amortized cost of \$441,882 and a market value of \$441,000 with a maturity date of November 1, 2006. During the first quarter ended January 31, 2007, the temporary investment was redeemed at maturity.

4. LONG-TERM DEBT

	As at April 30, 2007	As at October 31, 2006
	\$	\$
Loan from Investissement Québec	1,219,570	1,189,764
Less: current portion	-	-
	<u>1,219,570</u>	<u>1,189,764</u>

Under the terms of the agreement with Investissement Québec ("IQ"), this loan bears interest at a rate equal to the rate prescribed by the Ministère du Revenu du Québec less 4% (5% as at April 30, 2007 and 5% as at October 31, 2006). Interest for the six-month period ended April 30, 2007 amounting to \$29,806 (\$48,507 for the year ended October 31, 2006) has been capitalized to the loan in accordance with the provisions of the loan agreement. The loan and interest thereon will be repayable in installments equal to 10% of gross sales of products stemming from the sale of internally developed fibrin sealants (Hemaseel HMN). As of April 30, 2007, no such products had been sold. After repayment of the loan and the interest thereon, the Corporation will pay a royalty equal to 2% of gross sales from the date of final repayment until the end of a period of ten years starting with the commencement of the commercialization of these products. The Corporation will have to reimburse the loan immediately if the Hemaseel HMN project is interrupted or aborted.

5. SHARE CAPITAL

Authorized

Unlimited number of common shares, without par value, voting and participating.

Unlimited number of preferred shares, without par value, non-voting, issuable in series, with such rights and conditions as may be determined by the Board of Directors.

Issuances

In January 2007, the Corporation issued 125,000,000 units under a private placement at a price of \$0.10 per unit for gross proceeds of \$12.5 million. Each unit consists of one common share, one-half of a Series A common share purchase warrant and one-half of a Series B common share purchase warrant. Each full Series A warrant will entitle its holder to acquire one additional common share for a period of five years from the closing date of the placement, at a price of \$0.30. Each full Series B warrant will entitle its holder to acquire one additional common share for a period of five years from the closing date of the placement, at a price of \$0.20. Haemacure will have the right to force the exercise of the Series B warrants if the closing price of its common shares on the Toronto Stock Exchange is \$0.40 or greater for 20 consecutive trading days.

Haemacure Corporation

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

April 30, 2007
(Unaudited)

5. SHARE CAPITAL (Cont'd)

The resulting 125,000,000 warrants have been valued at \$4,100,000 using the Black-Scholes option pricing model, which assumed an expected life of five years, volatility of 62%, risk-free interest rate of 6% and no dividend yield. This amount less its proportionate share of issue costs was allocated to additional paid-in capital and the balance of \$8,400,000 was allocated to common shares.

At the closing, Haemacure paid 8% cash commissions to securities dealers and others with respect to units sold by them. Haemacure also issued an aggregate of 11,909,000 broker warrants to such persons, representing 10% of the number of units sold by them at the closing. Each broker warrants entitles the holder to purchase one additional unit from Haemacure for two years at a price of \$0.10 per unit. The additional units are identical to those issued to investors. The Corporation calculated the fair value of these broker warrants, using the Black-Scholes option pricing model, at \$1,101,000 which was allocated proportionately to the warrants and common shares and recorded as additional paid-in capital. Cash issue costs including cash commission amounting to \$1,052,420 were also allocated proportionately to the warrants and common shares.

The total issue costs related to warrants amounted to \$706,144 and were recorded as a reduction in additional paid-in capital, while \$1,447,276 was allocated to capital stock and were charged to the deficit.

As at April 30, 2007, the number of common shares outstanding was 163,800,917 (October 31, 2006: 38,800,917) and nil preferred shares were issued.

Additional paid-in capital

As at April 30, 2007, the Corporation's additional paid-in capital account and the changes during the six-month period then ended is shown below:

	\$
Additional paid-in capital, as at October 31, 2006	2,540,912
Value of options granted	564,390
Value of warrants A and B issued under private placement	3,393,856
Value of broker warrants	1,101,000
Additional paid-in capital, as at April 30, 2007	7,600,158

Warrants

During the second quarter ended April 30, 2007, 5,282,500 warrants and 1,040,000 options to purchase shares expired unexercised.

As at April 30, 2007, there were 125,000,000 warrants outstanding having a weighted-average exercise price of \$0.25 (October 31, 2006: 5,282,500 warrants having a weighted-average exercise price of \$0.76).

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

April 30, 2007
(Unaudited)

6. STOCK OPTION PLAN

A summary of the Corporation's 1996 stock option plan as at April 30, 2007 and the changes made during the six-month period then ended is shown below:

	Options	Weighted average exercise price
Outstanding options, as at October 31, 2006	1,709,356	2.09
Granted	4,748,481	0.17
Expired	(35,400)	4.07
Outstanding options, as at April 30, 2007	6,422,437	0.66
Exercisable options, as at April 30, 2007	4,472,437	0.88

At the annual and special meeting of the shareholders of the Corporation held on March 6, 2007, the shareholders approved a resolution increasing the maximum number of common shares which may be issued under the 1996 stock option plan from a maximum of 2,423,295 common shares to a maximum of 16,380,917.

An amount of \$437,002 for the three-month period ended April 30, 2007 and an amount of \$564,390 for the six-month period ended April 30, 2007 were recorded as stock-based compensation expense and were credited to additional paid-in capital for the fair value of stock options granted during the previous quarter to directors, officers, employees and consultants. The amounts were determined using the Black-Scholes option pricing model, with a volatility of approximately 70%, a risk-free interest rate of 6%, a dividend yield of nil and an expected life of the options of 10 years. The weighted-average grant date fair value of stock options granted during the six-month period ended April 30, 2007 was \$0.16.

An amount of \$362 for the three-month period ended April 30, 2006 and an amount of \$40,463 for the six-month period ended April 30, 2006 were recorded as stock-based compensation expense and were credited to additional paid-in capital for the fair value of stock options granted to employees, officers and directors. The amounts were determined using the Black-Scholes option pricing model, with a volatility of approximately 69%, a risk-free interest rate of 5.25%, a dividend yield of nil and an expected life of the options of 10 years. The weighted-average grant date fair value of stock options granted during the six-month period ended April 30, 2006 was \$0.24.

7. ACCUMULATED OTHER COMPREHENSIVE INCOME

Cash equivalents and temporary investment classified as available for sale constitute the sole items affecting Accumulated Other Comprehensive Income. The changes that occurred during the period were as follows:

	Three months ended April 30,		Six months ended April 30,	
	2007	2006	2007	2006
	\$	\$	\$	\$
Balance, beginning of period	20,926	-	-	-
Unrealized gain on available for sale investments	28,419	-	49,345	-
Balance, end of period	49,345	-	49,345	-

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

April 30, 2007
(Unaudited)

8. SEGMENT DISCLOSURES

The Corporation considers that it is operating in a single segment, being the market of acute surgical wound care. The Corporation allocates sales to individual countries according to the location of its customers.

Geographic information

	Sales		Sales		Property, plant and equipment	
	For the three months ended April 30, 2007	2006	For the six months ended April 30, 2007	2006	As at April 30, 2007	As at October 31, 2006
	\$	\$	\$	\$	\$	\$
Canada	-	-	-	-	113,461	130,226
United States	24,757	36,918	56,863	84,980	2,772,100	1,829,453
	24,757	36,918	56,863	84,980	2,885,561	1,959,679

9. RELATED PARTY TRANSACTIONS

Amounts were paid on behalf of a company controlled by a director. The account receivable amounted to \$31,054 as at April 30, 2007 (\$26,254 as at October 31, 2006).

During the second quarter, one director provided consulting services to the Corporation. The total cash consideration paid by the Corporation during the quarter for such services totaled \$5,044 (\$56,930 for the second quarter of fiscal 2006) and \$36,776 for the six-month period ended April 30, 2007 (2006 - \$86,625) at the exchange amount, being the amount agreed upon by the parties, and were charged to general and administrative expenses.

10. COMMITMENTS

As at April 30, 2007, the Corporation has commitments outstanding to purchase certain production equipment for its manufacturing facility for a total of approximately \$3,461,000 (October 31, 2006: \$2,856,000).

11. COMPARATIVE FIGURES

Certain of the 2006 figures have been reclassified in order to conform with the presentation adopted in 2007.