For life
to continue ...

QUARTERLY
REPORT 1

For the Period Ended
January 31, 2007

DIAGNOCURE INC.

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MESSAGE TO SHAREHOLDERS

We are pleased to present the results of the first quarter for the fiscal 2007. These results were substantially in line with management expectations and reflect activities undertaken during the quarter in line with our plans and DiagnoCure's on-going commitment to develop testing platforms for the detection and management of cancer. Further, the first quarter also reflects the initial steps taken to focus our vision on molecular diagnostics.

Focused Strategic Direction

During the quarter, the Company announced specific changes being undertaken at DiagnoCure related to an on-going review of the Company's product development strategy, which includes the decision to discontinue the Company's research initiatives in cell-based assays. This decision provides additional resources to DiagnoCure's highly focused efforts in the development of exciting new molecular diagnostic tests directed at the high value oncology marketplace. Until now, DiagnoCure has been working in both diagnostic areas. Molecular diagnostics has become the fastest growing segment of the *in vitro* cancer diagnostics market. Clinical validation of molecular diagnostic tests and their associated biomarkers are beginning to expand the cancer diagnostics market and new tests are already showing promise as potential replacements for existing *in vitro* cancer diagnostic assays.

In line with the decision to focus on molecular diagnostics, the Company discontinued support of research and development activities related to product improvements in its bladder cancer product, ImmunoCyt™ / uCyt+™, and also reduced its marketing activities related to this product. As a result, DiagnoCure reduced staff in research and development, sales and marketing, and administrative support while ensuring that customers continue to receive quality products, technical support and services for ImmunoCyt™ / uCyt+™ during the transition. These restructuring actions resulted in a non-recurring charge of $912,685 in the quarter. This announcement follows the decision last November to also discontinue financial support for Samba, the Company's subsidiary in France, which had been developing automation software for the bladder cancer test.

These decisions were dictated by DiagnoCure's realigned strategic direction, and do not reflect negatively on the competitive high quality of its bladder cancer product. DiagnoCure believes ImmunoCyt™ / uCyt+™ can thrive in a cytology environment, and the Company is actively searching for a strong outside partner to facilitate the continued growth of the product. These changes will allow the Company to consolidate its research skills in selected areas of focus while providing a strong foundation from which to continue the Company's growth as the Canadian leader and a global player in *in vitro* cancer diagnostics.

Following one-time costs associated with the restructuring noted above and the discontinued operations in France, DiagnoCure expects combined savings of approximately $3 million a year, a portion of which will be redirected toward value creation and further development of the Company's molecular diagnostics strategy, marker discovery, mergers and acquisitions and in-licensing activities.

Prostate Cancer-PCA3

As a consequence of DiagnoCure's exclusive partnership with Gen-Probe and their use of the PCA3 technology in the diagnosis of prostate cancer, fiscal 2007 is a year of great importance and anticipation for PCA3. After the transfer of the PCA3 technology onto their APTIMA® platform, and Gen-Probe's successful development of the PCA3 test in a quantitative format, the test was introduced to the US market. Two laboratories, Bostwick Laboratories and AmeriPath, in conjunction with Molecular Profiling Institute, announced the commercial availability of the PCA3 assay in the ASR format based on Gen-

Probe's technology in May 2006. During this past quarter (Q1, 2007), an additional US laboratory, MOD Lab, of Dallas, Texas, also introduced the test. Gen-Probe continues to confirm that it is in discussions with additional US laboratories to provide reagents (ASRs) for use in a laboratory-developed PCA3 test.

In November 2006, after receiving the European CE Mark for their PCA3 prostate cancer test, Gen-Probe completed the first phase of a European launch in six laboratory sites across Europe. Additional laboratories will be offering the test in planned phases over the coming months. Gen-Probe has also initiated clinical research studies at seven prestigious European universities and is pursuing European reimbursement strategies.

In connection with the Company's continued efforts to strengthen its product pipeline, on October 3, 2006, DiagnoCure signed an agreement with Radboud University Medical Center, Nijmegen, the Netherlands, and obtained exclusive technology rights to Dr. Jack Schalken's discoveries related to the role of FOX gene expression in prostate cancer and commissioned further research into the diagnostic, prognostic and therapeutic potential of these genes.

Business Development

DiagnoCure's growth and value creation strategy is based both on internal scientific development and on the continued pursuit of external opportunities of collaboration agreements, partnerships and potential acquisition targets. One of its internal strengths is the permanent research and validation program in the areas of molecular markers for the detection and management of cancer. The search for new markers and potential partners continues with the objective of bringing innovative methods for the detection and management of cancer to patients and their physicians.

MANAGEMENT'S DISCUSSIONS AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following information should be read in conjunction with the Company's unaudited consolidated financial statements and related notes included herein, together with our audited consolidated financial statements for the year ended October 31, 2006, and related notes. Management's comments were prepared to explain the Company's operations, performance and financial position as of January 31, 2007. They compare this first quarter of operating results and cash position with those of the first quarter January 31, 2006. Amounts are in Canadian dollars unless otherwise noted. The information contained herein is up to date as of March 5, 2007.

Overview

DiagnoCure Inc. (hereafter called the "Company" or "DiagnoCure"), founded in 1994, is a leading developer and provider of innovative high value immunoassay and molecular diagnostic tests for the detection and management of cancer. Specifically, the Company specializes in the development of cancer diagnostic assays incorporating gene and monoclonal antibody markers. The first non-invasive test the Company developed was based on proprietary monoclonal antibodies designed to detect bladder cancer, which is presently commercialized under the brand name of ImmunoCyt™ in the United States and uCyt+™ in the rest of the world. In line with the decision to focus on molecular diagnostics, the Company discontinued support of research and development activities related to product improvements in its bladder cancer product, ImmunoCyt™ / uCyt+™, and also reduced its marketing activities related to this product. In 2003, DiagnoCure completed the development of uPM3™, a first-generation qualitative non-invasive test for the detection of prostate cancer, which was offered by Bostwick Laboratories in the United States under the Analyte Specific Reagent (ASR) format based on the PCA3 gene technology for which the Company holds exclusive worldwide diagnostic and therapeutic

rights. In November 2003, DiagnoCure granted an exclusive worldwide license to Gen-Probe Incorporated ("Gen-Probe") of San Diego, CA, for the development and commercialization of diagnostic products using the DiagnoCure PCA3 gene technology for prostate cancer in return for $14 million to be paid over three years, all of which had been paid to January 31, 2007. The Company also receives an 8% royalty on the first aggregate amount of US$50 million of end-user net sales of the PCA3 test by Gen-Probe and a 16% royalty on all subsequent sales. On December 19, 2005, Gen-Probe made available to targeted reference laboratories in the US market the ASR format of its first generation PCA3 assay on its APTIMA® technology platform. In May 2006, two of these laboratories, Bostwick Laboratories and AmeriPath, in conjunction with Molecular Profiling Institute, announced the commercial availability of PCA3 assays in the ASR format based on Gen-Probe's technology. During the past quarter, DiagnoCure received additional royalties from Gen-Probe's sale of the PCA3 test. Given the need to transition and ramp up sales and awareness of PCA3, these royalty payments remain modest; none the less, royalty receipts are increasing each quarter, and this activity reflects the confirmation that the test is now available in the market and being ordered by the labs. As more laboratories offer the test (see Message to Shareholders above), and with the recent launch of the full CE Marked PCA3 prostate cancer test in Europe, the Company expects royalties to continue to increase in each future quarter.

2007 First Three Months Highlights

As noted above, Gen-Probe, DiagnoCure's exclusive sub-licensee for diagnostic applications of the PCA3 gene, is now distributing the PCA3 test in the US and Europe. Given the recent release of the assay, there is not yet any developed sales pattern for the Gen-Probe PCA3 test, so it is difficult to predict what any quarter to quarter future royalty revenue flow will accrue to DiagnoCure. However, with the assay now commercially available in both the US and Europe, DiagnoCure is now receiving modest early royalty revenue from Gen-Probe PCA3 sales.

Overall ImmunoCyt™ / uCyt+™ sales have decreased this past fiscal year from that of 2006. In line with the decision to focus on molecular diagnostics, during the past quarter the Company discontinued support of research and development activities related to product improvements in its bladder cancer product and also reduced its marketing activities related to this product. As a result, DiagnoCure reduced staff in research and development, sales and marketing, and administrative support. These restructuring actions resulted in a non-recurring charge of $912,685 in the quarter. This announcement follows the decision last November to also discontinue financial support for Samba, the Company's subsidiary in France, which had been developing automation software for the bladder cancer test. DiagnoCure believes ImmunoCyt™ / uCyt+™ can thrive in a cytology environment, and the Company is actively searching for a strong outside partner to facilitate the continued growth of the product, while ensuring that customers continue to receive quality products, technical support and services during the transition.

Also, during the quarter, DiagnoCure continues the review of a number of new lung cancer markers obtained from Gen-Probe. DiagnoCure is refining the direction of its lung cancer program, including exploring additional applications of these molecular markers for lung cancer detection using testing medium such as blood, sputum, or biopsy materials. The search for new markers and potential partners and acquisitions continued during the past quarter with the objective of bringing innovative assays for the detection and management of cancer to patients and their physicians.

Financial Results

For the Three-Month Period Ended January 31, 2007

Total revenues for the first quarter of 2007 were $1,176,577 compared with $1,405,313 for the first quarter of 2006. Revenue recognition of the continued calendar payments from Gen-Probe were $772,668 for the period, up $33,561 from the prior year due to a favourable changes in the US to Canadian foreign currency exchange rates. Sales of DiagnoCure's non-invasive bladder cancer test, ImmunoCyt™ / uCyt+™ were $81,912 for the first quarter of 2007 versus $102,642 for the same period a year ago. There were no sales of uPM3™ by DiagnoCure in the first quarter of 2007. In mid 2006, DiagnoCure had withdrawn its uPM3™ test from the market when Gen-Probe began to sell their version of the PCA3 test. Sales of DiagnoCure developed uPM3™ ASR prostate cancer test for the first quarter of 2006 were $165,429. Income from research and development contracts, predominantly with Gen-Probe, has decreased in 2007 by $67,901 as specific contracted R&D projects are completed. Also in this quarter, DiagnoCure sold clinical samples to Gen-Probe, in support of their prostate cancer testing R&D, for an amount of $38,036 compared with $66,656 in the first quarter of 2006.

Interest income, was relatively stable at $196,295 for the first quarter of 2007 compared with $192,991 for the first quarter of 2006. DiagnoCure invests its surplus cash in secure interest bearing instruments. Invested cash was relatively stable during the past year and interest rates were slightly higher. Cost of sales decreased $104,519, from $188,981 for the first quarter of 2006 to $84,462 for the first quarter of 2007. This decrease is related to lower actual product sales, as noted above, for ImmunoCyt™ / uCyt+™ and uPM3™.

Operating expenses from continuing operations, before stock-based compensation and restructuring charges, dropped from $2,579,139 for the first quarter of 2006 to $2,181,685 for the same period in 2007, a decrease of $397,454 (15%), reflecting early cost savings from the restructuring noted above. Total operating expenses for the first quarter, including the non-cash charge for stock-based compensation and restructuring charges were $3,549,595 compared with $2,862,532 in 2006, primarily as a result of the following:

- Research and development expenses, net of investment tax credits, decreased by $384,684, from $1,107,418 for the first quarter of 2006 to $722,734 for the same quarter in 2007. The decrease in research and development expenses is in line with the decision to focus on molecular diagnostics and to discontinue supporting the activities to improve the bladder cancer product. As a result, DiagnoCure reduced staff in research and development.

- General and administrative expenses decreased from $559,019 for the first quarter of 2006 to $487,702 for the same quarter in 2007. This decrease of $71,317 is attributable a reduction in professional fees and reduced staff following the restructuring action.

- Selling and business development expenses increased by $52,224 from $812,266 for the first quarter of 2006 to $864,490 for the same quarter in 2007. This increase is attributable to the on-going execution of the Company's business plan to support its efforts to identify and conclude new potential strategic alliances, acquisitions and in-licensing agreements.

- Restructuring charges for the first quarter of 2007 were $912,685 attributable to a shift in business strategy, including the decision to discontinue supporting R&D activities related to improvements in its cell-based bladder cancer diagnostic test and a reduction in marketing initiatives for this product. This decision has resulted in a realignment of resources to support the new strategy, with changes in the requisite skills of Company researchers and a reduction in the number of employees supporting certain research and development projects, including related marketing and administrative positions.

- Stock-based compensation expenses, a non-cash charge, increased by $171,832, from $283,393 for the first quarter of 2006 to $455,225 for the same period in 2007. This increase is attributable to the grant in 2006 of 575,000 options outside the plan to the new CEO. The impact of this grant represents a $255,593 charge for this quarter. The disclosure of this non-cash item was initiated in 2005 to comply with the new accounting regulation. (See below, *Stock-Based Compensation*).

Based on the above, for the first quarter of 2007, DiagnoCure recorded a net loss before stock-based compensation and restructuring charges of $1,089,570 compared with $1,362,807 for the same period of 2006. The net loss from continuing operations was $2,457,480 or $0.07 per share for the first quarter of 2007, compared with $1,646,200, or $0.05 per share, for the first quarter of 2006. These results were substantially in line with management expectations and reflect activities undertaken during the quarter in line with the Company's plans and on-going commitment to develop testing platforms for the detection and management of cancer. Further, the first quarter also reflects the initial steps taken to focus the Company's vision on molecular diagnostics. At the end of the quarter, cash, short-term investments and long-term investments stood at $17,243,629, down from $18,319,194 as at October 31, 2006. This decrease of $1,075,565 is due to the use of cash to finance operating activities this past quarter. Management is satisfied that it has adequate cash resources to execute its business plan in the near-term and mid-term.

First Quarter Results (Unaudited)

	2007	2006	2005
	$	$	$
Sales	**137,025**	334,726	280,093
Revenue under research and license agreement	**843,257**	877,596	1,043,746
Interest	**196,295**	192,991	206,136
Total revenues	**1,176,577**	1,405,313	1,529,975
Cost of sales	**(84,462)**	(188,981)	(189,779)
Gross margin	**1,092,115**	1,216,332	1,340,196
Operating expenses (before stock-based compensation and restructuring charges)	**2,181,685**	2,579,139	1,616,504
Net loss (before stock-based compensation and restructuring charges)	**(1,089,570)**	(1,362,807)	(276,308)
Restructuring charges	**912,685**	---	---
Stock-based compensation	**455,225**	283,393	332,563
Net loss from continuing operations	**(2,457,480)**	(1,646,200)	(608,871)
Net profit (loss) from discontinued operations	**---**	(52,448)	1,264
Net loss	**(2,457,480)**	(1,698,648)	(607,607)
Basic and diluted profit (loss) per share			
From continuing operations	**(0.07)**	(0.05)	(0.02)
From discontinued operations	**---**	0.00	0.00
Basic and diluted loss per share	**(0.07)**	(0.05)	(0.02)
Weighted average number of common shares outstanding	**34,462,537**	34,358,256	34,190,451

Total Assets and Shareholders' Equity

Total assets amounted to $19,897,379 as of January 31, 2007, compared with $21,347,421 as of October 31, 2006. The book value per Common Share is $0.51 as of January 31, 2007 compared with $0.57 as of October 31, 2006.

Balance Sheet (Unaudited)

As of January 31	**2007**	2006	2005
	$	$	$
Total assets before discontinued operations	**19,897,379**	26,563,066	28,797,370
Assets related to discontinued operations	**---**	547,246	815,137
Total assets	**19,897,379**	27,110,312	29,612,507
Shareholders' equity	**17,737,429**	23,990,725	26,616,158
Number of common shares outstanding	**34,478,009**	34,369,310	34,192,809

Cash Position and Financing Sources

Cash flows required for operating activities during the first quarter of 2007 amounted to $927,320 compared with $1,506,784 generated in the first quarter of 2006, totalling an decrease of $2,434,104, which is attributable to the receipt of the scheduled contract payment from Gen-Probe of $2,293,800 in November 2006 compared with $3,454,000 in November 2005 and an increase in the loss of this quarter, in part due to the restructuring provision, compared with 2006. Following the payment of November 2005, investment activities required cash flows of $1,300,307 for the first three months of 2006 while, for the same period of 2007, investing activities generated cash flows of $3,707,219. During the first quarter of 2007, acquisition of tangible and intangible capital assets amounted to $183,289, relating mostly to the upgrade of computing equipment compared with $118,973 for the first quarter of 2006. For the same quarter of 2006, DiagnoCure also acquired capital assets to upgrade its equipment used in research and development. Financing activities, primarily from the issue of common shares relative to the exercising of options by former employees, generated cash flows of $35,044 for the first quarter of 2007 compared with $92,842 for the corresponding quarter of 2006.

As of January 31, 2007, cash, cash equivalents, temporary investments, and long-term investment were $17,243,629, a net decrease of $1,075,565 from the $18,319,194 as of October 31, 2006.

Cash Flows for the First Quarters (Unaudited)

	2007	2006	2005
	$	$	$
Cash flows related to operating activities	**(927,320**)	1,506,784	414,103
Cash flows related to investing activities	**3,707,219**	(1,300,307)	876,274
Cash flows related to financing activities	**35,044**	92,842	11,298

Issued and Outstanding Share Capital

As of March 5, 2007, the Company had 34,532,878 commons shares issued and outstanding and 2,976,887 stock options, granting the right to acquire an equal amount of common shares.

Off-Balance Sheet Arrangements

As of January 31, 2007, DiagnoCure has not entered into any off-balance sheet arrangement except for the lease agreements described in the "Contractual Obligations" section presented herein.

Related Party Transactions

The Company is party to a consulting contract with the management company of one of its directors under which the services of this director are available to the Company. Expenses incurred by the Company with respect to this agreement totalled $59,250 for the three-month period ended January 31, 2007, compared with $84,583 in 2006. These services have been charged at fair market value and have been accounted for as research and development expenses.

Use of Proceeds from July 2004 Financing

In July 2004, the Company raised, by way of short form prospectus, net proceeds of $22,332,108 from the issuance of 5 million common shares, at $4.75 per share. At that time, estimates were made as to the use of these proceeds. As at January 31, 2007, approximately $14.10 million of funds from the July 2004 public offering have been spent on specific projects and for general corporate purposes listed in the table below. Since cash flows of the Company are derived from numerous sources, in order to determine how the proceeds of the public offering are spent and allocated, certain assumptions were required. Those assumptions are as follows:

- Day to day administrative and operating expenses for the Company are funded from the license and calendar payments that DiagnoCure receive from Gen-Probe, interest income and gross margin realized on sales.
- Additional funds over those required to fund items above will be taken from the proceeds of the July 2004 public offering.

Based on these assumptions, a summary of the “Use of proceeds” from the July 2004 public offering is the following:

Description of “Use of Proceeds”	**Estimated total use of proceeds as disclosed at time of July 2004 public offering**	**Amount spent as at January 31, 2007**
Improve the uPM3™ prostate cancer test, develop complementary applications and examine the therapeutic potential of the PCA3	$4.00 million	$3.30 million
Support the commercialization and expand the automation of ImmunoCyt+™/ uCyt+™ bladder cancer test	$2.50 million	$2.60 million
Advance the development of lung cancer and kidney cancer tests and initiate the development of other cancer tests	$10.50 million	$4.60 million
Acquire complementary technologies and uses for other general corporate purposes	$5.33 million	$3.60 million

Use of Estimates

In preparing its financial statements, management is required to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. In management's opinion, the financial statements have been properly prepared using careful judgment within the reasonable limits of materiality and within the framework of the accounting policies described in note 2 of the audited consolidated financial statements included in the fiscal 2006 annual report. The Company periodically evaluates its estimates and assumptions based on its past experience and other pertaining factors. The following paragraphs give details on the use of estimates and hypotheses used.

Investment Tax Credits

The Company incurred research and development expenses, which are eligible for investment tax credits. These credits accounted for as a reduction of research and development expenses, amounted to $168,093 for the first three-months of 2007 compared with $111,046 in 2006 and are based on management estimates of amounts to be recovered. These amounts are subject to audit and acceptance by tax authorities. Management believes that it has made a reasonable estimate of these amounts.

Impairment of Long-Lived Assets

Long-lived assets and certain identifiable intangibles and intellectual properties are regularly reviewed for impairment by management whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment is assessed by comparing the carrying amount of an asset with its expected future net undiscounted cash flows from use together with its residual value [net recoverable value]. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value.

Stock-Based Compensation

The Company determines the fair value of direct awards of stock options made to its employees and directors. The fair value of these options is estimated at the date of grant using the Black-Scholes option pricing model with assumptions for the risk-free interest rates, dividend yields, expected volatility of the market price of the Company's common shares and the expected life of the options.

Derivatives

DiagnoCure is not party to hedging arrangements with regard to foreign exchange risk or any other similar risks.

Contractual Obligations

The Company has incurred contract agreements for the rental of premises for the following amounts:

Required Payment Per Year					
Contractual Obligations	Total	Year 1	Years 2 and 3	Years 4 and 5	Years 6 +
Lease agreements	$1,283,961	$272,358	$656,175	$355,428	---

DiagnoCure currently leases 16,089 sq. ft., with commitments for additional 16,719 sq. ft. of space on an adjacent floor starting in July 2007, in a building where its head office and research and development laboratories are located under a lease expiring in 2011. Annual payments for the coming year under this lease agreement amount to $272,358.

New Accounting Policie*s*

In the first quarter, the Company adopted three new accounting standards issued by the Canadian Institute of Charted Accountants (CICA): section 1530, Comprehensive Income; section 3855, Financial Instruments – Recognition and Measurement; and section 3865, Hedges. These new standards establish standards for recognizing and measuring financial instruments, namely financial assets, financial liabilities and non-financial derivatives. The application of these new standards had no effect on the Company's financial statements or financial position during the period.

Recently Published Accounting Changes

ACCOUNTING CHANGES – In July 2006, the CICA issued Section 1506 "Accounting Changes", which modifies certain aspects of the previous standard. A reporting entity may not change its accounting method unless required by a primary source of GAAP or to provide a more reliable and relevant presentation of the financial statements. In addition, changes in accounting method must be applied retroactively and additional information must be disclosed. This section applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2007.

HARMONIZING OF CANADIAN AND INTERNATIONAL STANDARDS – In March 2006, the Accounting Standards Board of the CICA released its new strategic plan which proposes to abandon Canadian GAAP and effect a complete convergence to the *International Financial Reporting Standards*. At the end of a transitional period of approximately five years, Canadian GAAP will cease to exist as a separate, distinct basis of financial reporting for public companies. The Company will closely monitor changes arising from this convergence.

Risk Factors

The Company's activities are subject to some risk factors that generally affect biotechnology companies. The profitability of the Company will depend upon its ability to successfully develop its products and technologies, to preserve its intellectual property rights, to maintain its highly qualified personnel, to conclude strategic alliances, research and development partnerships, strategic out-licensing agreements, to obtain satisfactory results as regards clinical studies and to obtain regulatory approvals required to commercialize its products. These activities require important financial investments. Therefore, the Company's ability to obtain necessary liquidities to finance its activities is essential to assure future success and is as such a risk factor. The reader is referred to the applicable general risk and uncertainties described in DiagnoCure's most recent Annual Information Form under the heading "Risk Factors".

Cautionary Statement

Management's comments and analysis are intended to facilitate understanding of the unaudited consolidated interim financial statements and accompanying notes and should therefore be read in conjunction with that information. The comments and analysis may include objectives, projections, estimates, expectations and forecasts of the Company or management that are forward-looking. By their very nature, forward-looking statements are based on expectations and hypothesis and also involve risk and uncertainties, known and unknown, many of which are beyond DiagnoCure's control. As a result, readers are cautioned not to place undue reliance on these forward-looking statements. The forward-looking statements regarding the outcome of research and development projects and future revenues are based on management expectations. In addition, the reader is referred to the applicable general risk and uncertainties described in DiagnoCure's most recent Annual Information Form under the heading "Risk Factors". DiagnoCure undertakes no obligation to publicly update or revise any forward-looking statements contained herein.

Additional information on the Company may be obtained on the following web site: www.sedar.com

Québec, Canada
March 5, 2007

(signed)

John C. Schafer
President and Chief Executive Officer

(signed)

Thom Skinner, CA
Chief Financial Officer

CERTIFICATION OF INTERIM FILINGS

I, John C. Schafer, President and Chief Executive Officer of DiagnoCure Inc., certify that:

1. I have reviewed the interim filings (as this term is defined in Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*) of DiagnoCure Inc., (the issuer) for the interim period ending January 31, 2007;

2. Based on my knowledge, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings;

3. Based on my knowledge, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date and for the periods presented in the interim filings;

4. The issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting for the issuer, and we have:

   a) designed such disclosure controls and procedures, or caused them to be designed under our supervision, to provide reasonable assurance that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which the interim filings are being prepared;

   b) designed such internal control over financial reporting, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP; and

5. I have caused the issuer to disclose in the interim MD&A any change in the issuer's Internal control over financial reporting that occurred during the issuer's most recent interim period that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting.

Date: March 5, 2007

(signed)

John C. Schafer
President and Chief Executive Officer

CERTIFICATION OF INTERIM FILINGS

I, Thom Skinner, Chief Financial Officer of DiagnoCure Inc., certify that:

1. I have reviewed the interim filings (as this term is defined in Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*) of DiagnoCure Inc., (the issuer) for the interim period ending January 31, 2007;

2. Based on my knowledge, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings;

3. Based on my knowledge, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date and for the periods presented in the interim filings;

4. The issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting for the issuer, and we have:

   a) designed such disclosure controls and procedures, or caused them to be designed under our supervision, to provide reasonable assurance that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which the interim filings are being prepared;

   b) designed such internal control over financial reporting, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP; and

5. I have caused the issuer to disclose in the interim MD&A any change in the issuer's internal control over financial reporting that occurred during the issuer's most recent interim period that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting.

Date: March 5, 2007

(signed)

Thom Skinner
Chief Financial Officer

DIAGNOCURE INC.

NOTICE OF DISCLOSURE OF NON-AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED JANUARY 31, 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 Company for the interim periods ended January 31, 2007 and 2006, have been prepared in accordance with Canadian generally accepted accounting principles and are the responsibility of the company's management.

The Company's independent auditors, Ernst & Young LLP, have not performed a review of these interim 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 5th day of March 2007

CONSOLIDATED STATEMENTS

(UNAUDITED)

FOR THE THREE-MONTH PERIODS ENDED JANUARY 31

Consolidated Statements of Operations and Comprehensive Loss

	2007	2006 (Restated - note 6)
	$	$
Revenues		
Sales	**137,025**	334,726
Cost of sales	**(84,462)**	(188,981)
Gross margin	**52,563**	145,745
Revenue under research and license agreement	**843,257**	877,596
Interest	**196,295**	192,991
	1,092,115	1,216,332
Operating expenses		
Research and development expenses	**890,827**	1,218,464
Investment tax credits	**(168,093)**	(111,046)
	722,734	1,107,418
General and administrative expenses	**487,702**	559,019
Selling and business development expenses	**864,490**	812,266
Restructuring charges (note 4)	**912,685**	---
Stock-based compensation	**455,225**	283,393
Depreciation of property, plant and equipment	**93,291**	81,184
Financial expenses	**2,517**	9,202
Amortization of intangibles	**10,951**	10,050
	3,549,595	2,862,532
Loss from continuing operations before income taxes	**(2,457,480)**	(1,646,200)
Provision for income taxes	**---**	---
Loss from continuing operations	**(2,457,480)**	(1,646,200)
Loss from discontinued operations (note 6)	**---**	(52,448)
Net loss	**(2,457,480)**	(1,698,648)
Cumulative effect of comprehensive income	**---**	---
Comprehensive loss	**(2,457,480)**	(1,698,648)
Basic and diluted loss per share from continuing operations	**(0.07)**	(0.05)
Basic and diluted loss per share from discontinued operations	**---**	(0.00)
Basic and diluted loss per share	**(0.07)**	(0.05)
Weighted average number of common shares outstanding	**34,462,537**	34,358,256

CONSOLIDATED STATEMENTS

(UNAUDITED)

FOR THE THREE-MONTH PERIODS ENDED JANUARY 31

Consolidated Statements of Deficit

	2007	2006
	$	$
Deficit, beginning of period	**(44,523,341)**	(37,436,711)
Add		
Net loss	**(2,457,480)**	(1,698,648)
Deficit, end of period	**(46,980,821)**	(39,135,359)

CONSOLIDATED STATEMENTS

(UNAUDITED)

FOR THE THREE-MONTH PERIODS ENDED JANUARY 31

Consolidated Statements of Cash Flows

	2007	2006 (Restated - note 6)
	$	$
OPERATING ACTIVITIES		
Net loss from continuing operations	**(2,457,480)**	(1,646,200)
Adjustments for:		
Stock-based compensation	**455,225**	283,393
Depreciation and amortization	**104,242**	92,234
	(1,898,013)	(1,270,573)
Net change in non-cash working capital items	**970,693**	2,777,357
Cash flows related to operating activities	**(927,320)**	1,506,784
INVESTING ACTIVITIES		
Change in investments	**3,890,508**	(1,181,334)
Acquisition of property, plant and equipment	**(165,603)**	(118,819)
Acquisition of intangibles	**(17,686)**	(154)
Cash flows related to investing activities	**3,707,219**	(1,300,307)
FINANCING ACTIVITIES		
Issuance of common shares	**35,044**	92,842
Cash flows related to financing activities	**35,044**	92,842
Net increase in cash and cash equivalents from continuing operations	**2,814,943**	299,319
Net decrease in cash and cash equivalents from discontinued operations (note 6)	**---**	(53,241)
Net increase in cash and cash equivalents	**2,814,943**	246,078
Cash and cash equivalents, beginning of period	**179,928**	638,567
Cash and cash equivalents, end of period	**2,994,871**	884,645

CONSOLIDATED BALANCE SHEETS

	(UNAUDITED) JANUARY 31, 2007 $	OCTOBER 31, 2006 $
Assets		
Current assets		
Cash and cash equivalents	**2,994,871**	179,928
Temporary investments	**9,454,519**	11,950,905
Accounts receivable	**198,416**	981,897
Investment tax credits receivable	**648,345**	480,252
Prepaid expenses	**377,249**	215,385
Total current assets	**13,673,400**	13,808,367
Long-term investments	**4,794,239**	6,188,361
Property, plant and equipment	**1,152,379**	1,080,067
Intangibles	**277,361**	270,626
	19,897,379	21,347,421
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	**1,387,284**	1,642,781
Deferred revenues	**772,666**	---
Total current liabilities	**2,159,950**	1,642,781
Shareholders' equity		
Capital stock *[note 5]*	**59,745,392**	59,697,388
Contributed surplus *[note 5]*	**4,972,858**	4,530,593
Deficit	**(46,980,821)**	(44,523,341)
	17,737,429	19,704,640
	19,897,379	21,347,421

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

AS OF JANUARY 31, 2007

1. Financial Information

The accompanying unaudited consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. The information with respect to the October 31, 2006, consolidated balance sheet is derived from the Company's audited financial statements. These unaudited interim financial statements should be read in conjunction with the notes appearing in the Company's audited financial statements for the year ended October 31, 2006, and the accompanying notes.

2. Incorporation and Nature of Business

The Company was incorporated on December 8, 1994, under Part 1A of the Companies Act (Québec). DiagnoCure Inc. is a biotechnology company which specializes in the development and commercialization of products relating to the diagnosis of cancer. The subsidiary, SAMBA Technologies SAS, has been classified as discontinued operations for financial reporting purposes as outlined in note 6.

The Company intends to continue its research and development and marketing efforts. The Company's operations are subject to all the inherent risks related to setting up and running an emerging biotechnology company, such as successfully completing its research and development activities, marketing its products and obtaining the required financing.

3. New Accounting Policies

In the first quarter of 2007, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants (CICA):

Section 1530, *Comprehensive Income*, introduces a new financial statement, which shows the change in equity of an enterprise from transactions and other events and circumstances from non-owner sources.

Section 3855, *Financial Instruments – Recognition and Measurement,* establishes standards for recognizing and measuring financial instruments, namely financial assets, financial liabilities and derivatives.

The new standard sets out how financial instruments are to be recognized depending on their classification. Depending on financial instruments' classification, changes in subsequent measurements are recognized in net income or comprehensive income.

3. New Accounting Policies (Cont'd)

The Company has implemented the following classification:

- Cash and cash equivalents are classified as "Financial Assets Held for Trading". These financial assets are marked-to-market through net income at each period end.

- Accounts receivable are classified as "Receivables". After their initial fair value measurement, they are measured at amortized cost using the effective rate method. For the Company, the measured amount generally corresponds to cost.

- Temporary and long-term investments are classified as "Financial Assets Held to maturity". After their initial fair value measurement, they are measured at amortized cost using the effective interest rate method.

- The accounts payable, are classified as "Other Financial Liabilities". After their initial fair value measurement, they are measured at amortized cost using the effective rate method. For the Company, the measured amount generally corresponds to cost.

Section 3865, *Hedges,* whose application is optional, establishes how hedge accounting may be applied.

These new standards have to be applied without restatement or prior period amounts. Upon initial application all adjustments to the carrying amount of financial assets and liabilities shall be recognized as an adjustment to the opening balance of retained earnings or accumulated other comprehensive income, depending on the classification of existing assets or liabilities. The new accounting policy has had no impact on the Company's financial statement.

4. Restructuring Charges

On December 13, 2006, the Company announced a shift in business strategy, including the decision to discontinue supporting R&D activities related to improvements in its cell-based bladder cancer diagnostic test and a reduction in marketing initiatives for this product. This decision as resulted in a realignment of resources to support the new strategy, with changes in the requisite skills of Company researchers and a reduction in the number of employees supporting certain research and development projects, including related marketing and administrative positions. For the first quarter of 2007 the non-recurring restructuring charge was $912,685, detailed as follows:

AS OF JANUARY 31, 2007

4. Restructuring Charges (Cont'd)

	Items paid in the first quarter of 2007 $	Liabilities as at January 31, 2007 $	Total restructuring charges $
Retention bonuses and termination benefits	626,054	10,090	636,144
Legal and outplacement fees	57,541	95,000	152,541
Provision for vacated leased premises	6,000	118,000	124,000
Total	**689,595**	**223,090**	**912,685**

No additional charges related to restructuring are expected for the 2007 financial year.

5. Capital Stock

Authorized

An unlimited number of shares of the following classes, without nominal value:

Common, voting and participating shares.

Preferred shares, issuable in series, non-voting, of which the rights, privileges, restrictions and conditions attached to each series will be determined by the directors upon the issuance of each series.

	(UNAUDITED) JANUARY 31, 2007 $	OCTOBER 31, 2006 $
Issued and fully paid		
34,478,009 common shares (34,451,142 as of October 31, 2006)	**59,745,392**	59,697,388

	JANUARY 31, 2007	
	Number of shares	**Amount $**
Capital stock		
Balance, beginning of period	34,451,142	59,697,388
Issuance of common shares	26,867	35,044
Portion previously recognized to contributed surplus as part of stock-based compensation	---	12,960
Balance, end of period	34,478,009	59,745,392

AS OF JANUARY 31, 2007

5. Capital Stock (Cont'd)

Stock Options

During the quarter ended January 31, 2007, the Company granted 87,500 options to certain key employees and directors. The weighted average fair value of stock options granted during this period amounted to $2.93 per stock option. The fair value of each option granted was determined using the Black-Scholes option pricing model and the following weighted average assumptions:

Risk-free interest rate	3.97%
Expected life	8 years
Expected volatility in the market price of the shares	74%
Expected dividend yield	---

The Black-Scholes option pricing model was developed for use in estimating the fair value of traded options, which have no vesting restrictions and are fully transferable. In addition, option-pricing models require the use of highly subjective assumptions including the expected stock price volatility. Because the Company's employees and directors stock options have characteristics significantly different from those of traded options, and because changes in the subjective assumptions can have a material effect on the fair value estimate, in management's opinion, the existing option pricing models do not necessarily provide a single measure of the fair value of its employees and directors stock options.

Contributed Surplus

For stock options granted to key employees and directors after November 1st, 2002, the Company records compensation expense using a fair value method. Fair value is determined by using Black-Scholes option pricing model. Compensation cost are recognized over the vesting period as an increase to stock-based compensation expense and credited to contributed surplus. When options are exercised, the proceeds received by the Company, together with the fair value amount in contributed surplus are credited to capital stock.

Contributed Surplus	**Amount $**
Balance as of October 31, 2006	4,530,593
Stock-based compensation expense	455,225
Stock options exercised	(12,960)
Balance as of January 31, 2007	4,972,858

6. Discontinued Operations

In an effort to allow the Company to focus on its core business of development and commercialization of products relating to the diagnosis of cancer, the Company's Board of Directors recommended in September 2006 to dispose in the most effective manner of the software development segment of its business comprised of image analysis and telemedicine in France. On November 3, 2006, the Company announced the closing of Samba Technologies SAS and the beginning of the liquidation process of this subsidiary. As a result, all revenues, expenses, assets and liabilities related to this business segment were classified as discontinued operations and the 2006 comparative financial statements were restated accordingly.

	2007	2006
	$	$
Loss from discontinued operations		
Revenues	---	169,734
Cost of sales	---	(115,685)
Gross margin	---	54,049
General and administrative expenses	---	50,160
Selling and business development	---	49,195
Depreciation of property, plant and equipment	---	1,897
Financial expenses	---	5,245
Net loss from discontinued operations	---	(52,448)
Cash flows related to discontinued operations		
Operating activities	---	(53,241)
Investing activities	---	---
Net decrease in cash and cash equivalents from discontinued activities	---	(53,241)

7. Financial Instruments

The financial instruments' book values and fair values were as follows:

	Period ended			
	January 31, 2007		October 31, 2006	
	Book value (amortized cost)	**Fair value**	Book value (amortized cost)	Fair value
	$	**$**	$	$
Temporary and long-term investments				
Temporary investments	9,454,519	9,435,559	11,950,905	11,940,581
Long-term investments	4,794,239	4,785,850	6,188,361	6,180,669

7. *Financial Instruments (Cont'd)*

The fair value of cash and cash equivalents, accounts receivable and accounts payable approximates their carrying value because of the short-term maturity of these instruments.

The fair value of temporary and long-term investments is evaluated on market price at the balance sheet date.

8. Comparative Figures

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