



## **DIAGNOCURE ANNOUNCES FISCAL 2007 THIRD QUARTER RESULTS**

**QUEBEC CITY (September 5, 2007)** – DiagnoCure Inc. (TSX: CUR), a life sciences company commercializing high-value cancer diagnostic tests and delivering lab services, today announced its financial results for the third quarter ended July 31, 2007.

DiagnoCure recorded a net loss from operations of \$2,188,454 or \$0.05 per share for the third quarter of 2007, compared with \$1,614,018, or \$0.04 per share, for the third quarter of 2006 substantially in line with management expectations. These results reflect the end of the revenue recognition from the continued calendar payments received from Gen-Probe which had been amortized over a 42-month period from the signing of the original license agreement, and the activities undertaken during the past nine months to focus activities in line with the Company's plans and on-going commitment to develop and acquire tests for the detection and management of cancer. At the end of the quarter, cash, short-term investments and long-term investments stood at \$35,941,052, up from \$18,319,194 as at October 31, 2006. This increase of \$17,621,858 is attributable to the net proceeds of \$23,353,098 from the April 2007 financing. Net average monthly operating cash burn for the quarter was \$469,905. Management is satisfied that it has adequate cash resources to execute its business plan in the near-term and mid-term.

DiagnoCure also announced today that Mr. Thom Skinner, Chief Financial Officer, has left the Company. "I would like to thank Mr. Skinner for his extensive contributions to DiagnoCure over the years and wish him well in his future endeavours," added Mr. Schafer.

### **Highlights of the Quarter**

On April 30<sup>th</sup>, the Company strengthened its leading position in cancer diagnostics by securing exclusive worldwide rights to two high-value molecular tests for colorectal cancer and an option to a CLIA-certified U.S. service laboratory to commercialize molecular cancer diagnostics tests. The two tests for colorectal cancer in-licensed from Targeted Diagnostics & Therapeutics, Inc. (TDT) of Philadelphia, PA, are based on the detection of GC-C (guanylyl cyclase C), a gene that appears normally in cells lining the intestinal track, but has only been found outside the intestine when colorectal cancer has metastasized.

"During the quarter, significant progress was made in the development of our newly acquired GC-C test and we are on track for commercialization in 2008," said John Schafer, President and Chief Executive Officer of DiagnoCure.

In May 2007, several research and laboratory-developed tests based on DiagnoCure's PCA3, a genetic marker highly specific for prostate cancer, were featured in presentations by scientists from Johns Hopkins University, M.D. Anderson Cancer Center, Gen-Probe and others, and in four exhibits at the meeting of the American Urological Association in Anaheim, California. This was the second major international urology conference in 2007 where results from PCA3 studies have been presented by key opinion leaders, raising the visibility of PCA3.

On August 1<sup>st</sup>, 2007, Gen-Probe, at its quarterly conference call, announced a number of new developments related to PCA3. Most importantly was their statement that the incremental clinical research data they have collected over the last year or so has increased their conviction that a standalone

PCA3 assay satisfies an important unmet medical need and that the specificity of their quantitative PCA3 test is a significant improvement over the specificity of other tests, especially in the PSA dilemma population, where men are often subjected to repeated, but ultimately unnecessary, biopsies.

To date, these findings relative to PCA3 have been described in more than 15 poster presentations at medical meetings and reported in two peer reviewed publications. Gen-Probe has also indicated that there are four additional manuscripts in process, many written with key opinion leaders from M.D. Anderson, Johns Hopkins, UCLA, the University of Washington, and others. DiagnoCure believes that the Gen-Probe PCA3 assay, even without the addition of other molecular markers, could play an important role in the clinical algorithm for diagnosing prostate cancer.

Subsequent to the close of the third quarter, on August 16, 2007, DiagnoCure announced it had acquired Catalyst Oncology of Worcester, MA, and its lead proprietary prognostic tests for breast, colon and potentially other cancers. Over the coming months, DiagnoCure intends to complete the development of the tests and conduct additional validating clinical studies. This acquisition reflects the continuing execution of DiagnoCure's focused M&A strategy, aimed at building a critical mass of high-value oncology diagnostic products that will be offered through the Company's U.S. CLIA-certified laboratory, which is on track to open later this year. The newly acquired tests have the potential to increase clinician and patient confidence when making critical treatment decisions and will complement the GC-C-based tests for colorectal cancer, acquired earlier this year.

#### **Results for the Third Quarter of Fiscal 2007**

Royalty revenues from Gen-Probe were \$39,106 for the third quarter of 2007 compared to \$5,464 for the third quarter of 2006. Sales of DiagnoCure's bladder cancer test, ImmunoCyt™ / uCyt+™, were down \$18,628 to \$63,161 for the third quarter of 2007 versus \$81,789 for the same period a year ago. There were no sales of uPM3™ by DiagnoCure in the third 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. Also in this quarter, as Gen-Probe is nearing completion of their prostate cancer testing R&D, DiagnoCure sold samples to Gen-Probe amounting to \$3,430 compared with \$62,586 in 2006.

Total revenues for the third quarter of 2007 were \$562,445 compared with \$1,170,947 for the third quarter of 2006. Revenue recognition of the continued calendar payments and research agreement from Gen-Probe was \$23,098 for the period, down from \$762,525 from the prior year. This decrease reflects the end of the revenue recognition from the continued calendar payments received from Gen-Probe which had been amortized over a 42-month period from the signing of the original license agreement.

Interest income increased to \$433,649 for the third quarter of 2007 compared to \$207,965 for the third quarter of 2006. The increase is attributable to the interest generated on the net proceed of \$23,353,098 received from the April 2007 financing.

Cost of sales decreased to \$52,474 for the third quarter of 2007 from \$103,860 for the third quarter of 2006. This decrease is related to lower actual product sales, as noted above, for uPM3™ and ImmunoCyt™ / uCyt+™.

Operating expenses from continuing operations, before stock-based compensation, were relatively stable at \$2,321,841 for the third quarter of 2007 compared with \$2,304,135 for the same period in 2006. Total operating expenses for the third quarter, including the non-cash charge for stock-based compensation, were \$2,698,425 compared with \$2,588,941 in 2006.

## Financial data

For the periods of	Three months ended July 31		Nine months ended July 31	
	2007	2006	2007	2006
Sales	66,591	171,895	338,634	839,888
Revenue under research and license agreement	62,205	791,087	1,795,996	2,407,790
Interest	433,649	207,965	836,951	591,639
Total revenues	562,445	1,170,947	2,971,581	3,839,317
Cost of sales	52,474	103,860	195,819	472,723
Gross margin	509,971	1,067,087	2,775,762	3,366,594
Operating expenses (before stock-based compensation and restructuring charges)	2,321,841	2,304,135	6,440,019	7,306,572
Net loss (before stock-based compensation and restructuring charges)	( 1,811,870 )	( 1,237,048 )	( 3,664,257 )	( 3,939,978 )
Restructuring charges	---	---	912,685	---
Stock-based compensation	376,584	284,806	1,259,084	833,290
Net loss from continuing operations	( 2,188,454 )	( 1,521,854 )	( 5,836,026 )	( 4,773,268 )
Net loss from discontinued operations	---	( 92,164 )	---	( 205,650 )
Net loss	( 2,188,454 )	( 1,614,018 )	( 5,836,026 )	( 4,978,918 )
Diluted net loss per share	( 0.05 )	( 0.04 )	( 0.16 )	( 0.14 )
Weighted average number of common shares outstanding	40,950,786	34,424,258	37,311,232	34,385,170

### Balance Sheet (Unaudited)

As of July 31

	2007	2006
Total assets before discontinued operations	42,937,956	22,719,580
Assets related to discontinued operations	---	555,044
Total assets	42,937,956	23,274,624
Shareholders' equity	41,052,289	21,312,643
Number of common shares outstanding	40,950,786	34,449,642

### About DiagnoCure

DiagnoCure (TSX: CUR) is a life sciences company commercializing high-value cancer diagnostic tests and delivering lab services that increase clinician and patient confidence in making critical treatment decisions. DiagnoCure is currently preparing to launch the first GC-C-based molecular test for the management of colorectal cancer. In 2003, the Company entered into a strategic alliance with Gen-Probe (NASDAQ: GPRO) for the development and commercialization of a second-generation test for PCA3, DiagnoCure's proprietary genetic marker highly specific to prostate cancer. The test is now available through laboratories in the U.S. using PCA3 analyte specific reagents (ASR) from Gen-Probe, and in Europe as the CE-marked PROGENSEA™ PCA3 *in vitro* assay. In addition to its own research, the Company intends to acquire or in-license additional promising cancer biomarkers from both academic and commercial institutions. For more information visit [www.diagnocure.com](http://www.diagnocure.com)

## **Forward-looking statements**

This release contains forward-looking statements that involve known and unknown risks, uncertainties and assumptions that may cause actual results to differ materially from those expected. By their very nature, forward-looking statements are based on expectations and hypotheses and also involve risks and uncertainties, known and unknown, many of which are beyond DiagnoCure's control. As a result, investors are cautioned not to place undue reliance on these forward-looking statements. The forward-looking statements regarding the outcome of research and development projects, clinical studies and future revenues are based on management expectations. In addition, the reader is referred to the applicable general risks 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.

**Contact:**       The Equicom Group Inc.  
Eric Bouchard  
(514) 844-7997  
[ebouchard@equicomgroup.com](mailto:ebouchard@equicomgroup.com)