

Haemacure Corporation

Notice of Disclosure of Non-Auditor Review of Interim Financial Statements for the three and nine months ended July 31, 2009 and 2008

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 July 31, 2009 and 2008, 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 14 day of September 2009.

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

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

(Unaudited)	As at July 31, 2009 \$	As at October 31, 2008 \$
ASSETS (note 5)		
Current assets		
Cash and cash equivalents	303,626	1,205,500
Investments	32,972	3,398,496
Accounts receivable - trade	6,544	8,225
Other receivables	67,807	91,964
Inventories	39,294	49,359
Prepaid expenses	168,553	154,184
	618,796	4,907,728
Property, plant and equipment	9,401,751	7,907,486
Deferred charge	187,375	208,455
Other assets	7,708	9,583
	10,215,630	13,033,252
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	2,010,247	1,585,321
Current portion of deferred revenue (note 5)	62,354	-
Current portion of obligations under capital leases	41,230	39,149
	2,113,831	1,624,470
Obligations under capital leases	11,897	43,085
Lease obligation	127,345	102,867
Deferred revenue (note 5)	114,316	-
Long-term debt (note 5)	3,648,420	2,444,244
	6,015,809	4,214,666
Shareholders' equity		
Share capital (note 6)	106,988,821	106,981,414
Additional paid-in capital (notes 6 and 7)	10,671,284	10,612,646
Deficit	(113,460,199)	(108,771,297)
Accumulated other comprehensive loss (note 8)	(85)	(4,177)
	4,199,821	8,818,586
	10,215,630	13,033,252

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 July 31,		Nine months ended July 31,	
	2009	2008	2009	2008
	\$	\$	\$	\$
Sales	15,390	25,593	53,381	78,635
License, Distribution and Supply Agreements	10,392	-	10,392	-
	25,782	25,593	63,773	78,635
Expenses (income)				
Cost of sales	8,450	11,325	26,451	35,240
General and administrative	579,598	879,413	2,313,280	3,052,335
Research and development	320,466	978,680	2,325,429	2,050,839
Other expenses (note 9)	-	99,029	-	567,853
Loss on disposal of property, plant and equipment	77,791	-	77,791	-
Loss on disposal of investments	98	-	3,487	-
Loss (gain) on foreign exchange	(314,966)	22,801	(382,432)	45,510
Amortization of property, plant and equipment	21,890	18,975	65,458	46,478
Amortization of other assets	625	625	1,875	3,619
Interest on obligations under capital leases	1,036	1,694	3,612	5,265
Interest on long-term debt	129,746	71,479	332,024	156,075
Other financial expenses	-	23	-	2,085
Investment income	(100)	(35,565)	(14,300)	(150,439)
	824,634	2,048,479	4,752,675	5,814,860
Net loss for the period	(798,852)	(2,022,886)	(4,688,902)	(5,736,225)
Weighted average number of outstanding common shares	206,316,298	186,418,348	206,293,284	171,395,091
Basic and diluted loss per common share	-	(0.01)	(0.02)	(0.03)

See accompanying notes to interim consolidated financial statements

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

Nine months ended July 31, (Unaudited)	2009 \$	2008 \$
Deficit at beginning of period	(108,771,297)	(99,945,567)
Net loss for the period	(4,688,902)	(5,736,225)
Deficit at end of period	(113,460,199)	(105,681,792)

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]

Nine months ended July 31, (Unaudited)	2009 \$	2008 \$
Net loss for the period	(4,688,902)	(5,736,225)
Unrealized gain (loss) on available for sale investments	4,092	(14,972)
Comprehensive loss	(4,684,810)	(5,751,197)

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 July 31,		Nine months ended July 31,	
	2009	2008	2009	2008
	\$	\$	\$	\$
OPERATING ACTIVITIES				
Net loss for the period	(798,852)	(2,022,886)	(4,688,902)	(5,736,225)
Items not affecting cash:				
Amortization of property, plant and equipment	21,890	18,975	65,458	46,478
Amortization of other assets	625	625	1,875	3,619
Amortization of deferred charges	7,027	7,026	21,080	21,079
Accrued interest on long-term debt	84,741	60,129	222,750	91,577
Order cancellation expenses	-	49,678	-	283,247
Loss on disposal of property, plant and equipment	77,791	-	77,791	-
Loss on write-off of other assets	-	-	-	9,877
Stock-based compensation expense	-	74,045	61,045	569,819
Increase of lease obligation	6,937	9,183	24,478	29,227
Deferred revenue	(10,392)	-	(10,392)	-
Foreign exchange loss (gain)	12,127	1,380	(369)	(11,005)
Gain/loss on available for sale investments	-	9,073	29	(10,228)
Unrealized foreign exchange gain on long-term debt	(107,476)	-	(127,872)	-
	(705,582)	(1,792,772)	(4,353,029)	(4,702,535)
Net change in non-cash working capital balances related to operations	(489,010)	(602,754)	446,460	287,197
Cash flows relating to operating activities	(1,194,592)	(2,395,526)	(3,906,569)	(4,415,338)
FINANCING ACTIVITIES				
Exercise of Series B warrants	-	7,112,076	-	7,112,076
Exercise of broker warrants	-	690,500	5,000	690,500
Proceeds from debt with Angiotech	1,296,360	-	1,296,360	-
Repayment of obligations under capital leases	(9,870)	(9,212)	(29,107)	(26,059)
Cash flows relating to financing activities	1,286,490	7,793,364	1,272,253	7,776,517
INVESTING ACTIVITIES				
Acquisition of temporary investments	-	(3,573,138)	-	(3,573,138)
Disposition of investments	50,086	958,914	3,369,587	2,307,420
Acquisition of property, plant and equipment	22,051	(1,319,610)	(1,668,243)	(3,316,361)
Proceeds on disposal of property, plant and equipment	30,729	-	30,729	-
Cash flows relating to investing activities	102,866	(3,933,834)	1,732,073	(4,582,079)
Effect of exchange rate changes on cash and cash equivalents	(12,127)	(1,380)	369	11,005
Net change in cash and cash equivalents	182,637	1,462,624	(901,874)	(1,209,895)
Cash and cash equivalents at beginning of period	120,989	919,364	1,205,500	3,591,883
Cash and cash equivalents at end of period	303,626	2,381,988	303,626	2,381,988
Supplemental information				
Cash interest paid	86,729	77,168	89,305	82,801

See accompanying notes to interim consolidated financial statements

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

July 31, 2009
(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 interim consolidated financial statements except as noted below. Therefore, these unaudited interim consolidated financial statements should be read in conjunction with the Corporation's most recent audited annual consolidated financial statements.

For further information, refer to the audited consolidated financial statements and footnotes thereto for the year ended October 31, 2008.

Going Concern Assumption

These unaudited interim consolidated financial statements have been prepared on a going concern basis, which presumes that the Corporation will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business for the foreseeable future. The use of these principles may not be appropriate. As at July 31, 2009, there is significant uncertainty that the Corporation will be able to continue as a going concern without obtaining additional financial resources.

The Corporation has not realized profit from operations since its inception and has an accumulated deficit of \$113.5 million and a working capital deficiency of \$1.5 million. The Corporation's committed cash obligations and expected level of expenses exceed the committed sources of funds and funds available at July 31, 2009. 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. In June 2009, the Corporation entered into a loan agreement with Angiotech Pharmaceuticals, Inc. ("Angiotech") in the amount of US\$2.5 million (see note 5). Angiotech may, at its sole discretion, advance up to an additional US\$1 million to Haemacure for a total of US\$3.5 million. Haemacure expects that the loan of US\$2.5 million will enable it to continue operations until the end of calendar 2009. As a result, there is significant uncertainty regarding the Corporation's ability to continue as a going concern.

The Corporation's ability to continue as a going concern is dependent upon its raising additional financing, developing and bringing its products to market, obtaining the necessary regulatory approvals and achieving and maintaining profitable operations. The outcome of many of these matters is outside of the Corporation's control and cannot be predicted at this time. It will be necessary for the Corporation to raise additional funds for its operations, including the development and marketing of its products. These unaudited interim consolidated financial statements do not include any adjustments and classifications of assets and liabilities which might be necessary should the Corporation be unable to continue its operations. Such adjustments could be material.

2. CHANGES IN ACCOUNTING POLICIES

In February 2008, the Accounting Standards Board ("AcSB") issued Section 3064, *Goodwill and intangible assets*, which replaces Section 3062, *Goodwill and intangible assets* and Section 3450 *Research and development costs*. For the Corporation, this Section is effective for interim and annual financial statements beginning on November 1, 2008. This Section establishes standards for the recognition, measurement, and disclosure of goodwill and intangible assets. The adoption of this new section had no impact on the Corporation's interim consolidated financial statements.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

July 31, 2009
(Unaudited)

3. FINANCIAL INSTRUMENTS

The classification of financial instruments and their carrying amounts and fair values are as follows as at :

	July 31, 2009					
	Available for sale	Loans and receivables	Other financial liabilities	Derivatives	Carrying value Total	Fair value Total
	\$	\$	\$	\$	\$	\$
Financial assets						
Cash and cash equivalents	303,626	-	-	-	303,626	303,626
Investments	32,972	-	-	-	32,972	32,972
Accounts receivable - trade	-	6,544	-	-	6,544	6,544
Other receivables (1)	-	21,880	-	-	21,880	21,880
	336,598	28,424	-	-	365,022	365,022
Financial liabilities						
Accounts payable and accrued liabilities	-	-	2,010,247	-	2,010,247	2,010,247
Long-term debt	-	-	3,697,372	(48,952)	3,648,420	3,648,420
	-	-	5,707,619	(48,952)	5,658,667	5,658,667
October 31, 2008						
	Available for sale	Loans and receivables	Other financial liabilities	Derivatives	Carrying value Total	Fair value Total
	\$	\$	\$	\$	\$	\$
Financial assets						
Cash and cash equivalents	1,205,500	-	-	-	1,205,500	1,205,500
Investments	3,398,496	-	-	-	3,398,496	3,398,496
Accounts receivable - trade	-	8,225	-	-	8,225	8,225
Other receivables (1)	-	31,091	-	-	31,091	31,091
	4,603,996	39,316	-	-	4,643,312	4,643,312
Financial liabilities						
Accounts payable and accrued liabilities	-	-	1,585,321	-	1,585,321	1,585,321
Long-term debt	-	-	2,503,906	(59,662)	2,444,244	2,444,244
	-	-	4,089,227	(59,662)	4,029,565	4,029,565

(1) Excluding investment tax credits, commodity and other taxes

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

July 31, 2009
(Unaudited)

3. FINANCIAL INSTRUMENTS (cont'd)

Fair value

Fair value is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. The Corporation uses the following methods and assumptions to establish the fair value for each class of financial instruments:

Available for sale

Cash equivalents and investments - The fair market value is determined using quoted market prices.

Cash equivalents and investments were classified as available for sale due to their short-term nature and the fact that they must be readily available to finance the Corporation's operations.

Loans and receivables

Accounts receivables and other receivables - The carrying amount is a reasonable approximation of fair value due to the short-term nature of the accounts.

Other financial liabilities

The carrying amounts of accounts payable and accrued liabilities included on the balance sheet are measured at amortized cost which approximates fair value due to the short-term nature of these accounts. The long-term debt with Investissement Québec has a floating interest rate and its fair value is not readily determinable given its specific nature. The carrying amounts of the long-term debt with Alfa Laval and Angiotech approximates their fair values given that the imputed interest rates reflects rates currently available for similar debts.

Foreign Currency risk

We operate internationally and a portion of our expenses are incurred in US dollars. A significant change in the currency exchange rate between the Canadian dollar relative to the US dollar could have a material effect on our consolidated results of operations, financial position or cash flows. We have not hedged our exposure to currency fluctuations. As at July 31, 2009, financial assets, consisting primarily of cash and cash equivalents, denominated in US dollars totaled US\$123,550 (US\$531,904 as at October 31, 2008) and financial liabilities denominated in US dollars totaled US\$3,317,229 (US\$1,946,686 as at October 31, 2008). At July 31, 2009, a fluctuation of 10% in the currency exchange rate could result in a fluctuation of approximately \$324,000 on our consolidated results of operations, based on the first nine months US dollar expenditures, and nil on our comprehensive loss.

Credit risk

Cash equivalents are mainly investments in government guaranteed securities and Canadian bankers' acceptances that are readily convertible into a known amount of cash and have an original maturity of three months or less from the date of purchase. Investments are government guaranteed or issued by banks and are subject to minimal risk.

The Corporation's concentration of credit risk with respect to trade accounts receivable is limited because of the large number of customers. As at July 31, 2009 three customers represented more than 10% of trade accounts receivable (as at October 31, 2008, one customer represented more than 10% of trade accounts receivable). The Corporation's maximum credit risk exposure is limited to the carrying value of its cash and cash equivalents, investments and accounts receivable.

Liquidity risk

Haemacure's investment policy is to invest its excess cash in high-grade investment securities with varying terms to maturity, selected with regard to the expected timing of expenditures for continuing operations.

Our investments are comprised of investments in government guaranteed corporate bonds. Our investments are therefore subject to minor fluctuations in value.

The Corporation's accounts payable and accrued liabilities are due within 1 year. The timing of repayments related to the loan from Investissement Québec cannot be determined (see note 5). The timing of payments related to the long term debt with Alfa Laval is approximately \$223,000 within one year, \$2.2 million in 1 to 5 years and \$265,000 after 5 years. The timing of payments related to the loan from Angiotech is approximately \$1.3 million in 1 to 5 years.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

July 31, 2009

(Unaudited)

3. FINANCIAL INSTRUMENTS (cont'd)**Interest rate risk**

The Corporation has long-term debt which exposes it to interest rate risk through fluctuations in the rate prescribed by the Ministère du Revenu du Québec. As at July 31, 2009, a fluctuation of 2% in interest rates would have increased or decreased the net loss and comprehensive loss by approximately \$19,000 and nil respectively.

4. CAPITAL

The Corporation's objective when managing capital is to safeguard the entity's ability to continue as a going concern which is dependent on its raising additional financing, developing and bringing its technology to market, obtaining the necessary regulatory approvals and achieving and maintaining profitable operations to provide a return for shareholders and benefits for other stakeholders.

In the management of capital, the Corporation includes shareholders' equity (excluding other comprehensive loss), long-term debt and obligations under capital leases, as follows:

	As at July 31 2009 \$	As at October 31 2008 \$
Shareholder's equity (excluding accumulated other comprehensive loss)	4,199,906	8,822,763
Long-term debt	3,648,420	2,444,244
Obligations under capital leases	53,127	82,234
	7,901,453	11,349,241

5. LONG-TERM DEBT

	As at July 31 2009 \$	As at October 31 2008 \$
Loan from Investissement Québec a)	1,336,556	1,310,255
Debt with Alfa Laval b)	1,218,111	1,193,651
Loan from Angiotech c)	1,142,705	-
Less: derivative	(48,952)	(59,662)
	3,648,420	2,444,244

a) Under the terms of the loan agreement with Investissement Québec ("IQ"), this loan bears interest at a rate equal to the floating rate prescribed by the Ministère du Revenu du Québec less 4% (1% as at July 31, 2009 and 4% as at October 31, 2008). Interest for the nine-month period ended July 31, 2009 amounting to \$26,301 (\$59,621 for the year ended October 31, 2008) 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 revenues of Haemacure. After repayment of the loan and the interest thereon, the Corporation will pay a royalty equal to 2% of gross product 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.

b) Long-term debt with Alfa Laval, in the amount of \$1,218,111 (US\$1,127,567), bears interest at 10%, matures in January 2015 and is collateralized by manufacturing equipment with a carrying amount of \$1.8M at July 31, 2009. In addition to the 10% interest rate, the amount of the debt is increased by US\$45,000 each quarter ("Debt Increase"). As a result, the debt has an effective interest rate of 29.23%. The debt is repayable in quarterly installments, interest only, from July 2008 until January 2010, interest and Debt Increase, from April 2010 until January 2011, and principal, including Debt Increase, and interest, from April 2011 until January 2015. The Corporation has the option to repay the balance of the debt each quarter without penalty, which option was valued at \$48,952 (US\$45,314) and recorded as a reduction in the debt.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

July 31, 2009
(Unaudited)

5. LONG-TERM DEBT (cont'd)

c) In June 2009, the Corporation entered into a loan agreement with Angiotech Pharmaceuticals, Inc. in the amount of US\$2.5 million, to be advanced by Angiotech in multiple draw-downs. Angiotech may, at its sole discretion, advance up to an additional US\$1 million to Haemacure from time to time, in multiple draw-downs, for a total of US\$3.5 million. The loan is a senior secured convertible loan to all of Haemacure's existing and future indebtedness, subject to certain exceptions, bears interest at an annual rate of 10%, compounded quarterly, maturing in June 2011 and collateralized by all of Haemacure's assets. As at July 31, 2009, the carrying value of the loan amounted to \$1,142,705. The loan and interest is repayable at maturity.

In the event of the closing of an equity financing by Haemacure in an amount of at least US\$13.5 million, Angiotech will convert the entire principal amount of the loan and all accrued interest thereon into the same type of security as that issued by Haemacure in the equity financing, at a conversion price equal to the issue price of the equity financing less a discount of 15%, subject to the condition that Angiotech not be required to consolidate Haemacure's results in its financial statements as a consequence of such conversion. In such event, a portion of the loan will be converted into another type of Haemacure security, as agreed to at that time by Angiotech and Haemacure. In the event that there is no such equity financing, the principal amount of the loan and all accrued interest will be payable by Haemacure upon the loan's maturity.

Upon the closing, if any, of the equity financing by Haemacure, Haemacure will issue a warrant to Angiotech exercisable for the same type of security as that issued by Haemacure in the equity financing. The warrant will: (i) be exercisable for a number of Haemacure securities arrived at by dividing 100% of the loan amount plus accrued interest by the issue price of the equity financing; (ii) have an exercise price equal to the issue price of the equity financing; and (iii) have a term equal to the term of warrants, if any, issued in the equity financing. In the event that no warrants are issued by Haemacure in the equity financing, the warrant issued to Angiotech will have a term of five years from the date of closing of the equity financing.

In June 2009, Haemacure and Angiotech have also entered into definitive collaboration agreements under which Angiotech was given certain license, distribution and supply rights to Haemacure's fibrin sealant and thrombin. Based on an analysis of rates currently available for similar debts, the fair value of the debt instrument was determined using an effective interest rate of 18%. The difference between the amounts received and the fair value of the debt represents the value that is attributed to the collaboration agreements. The value attributed to these agreements, amounting to \$187,062 (US \$171,885), has been deferred and will be recognized into revenue on a straight line basis over the period which management estimates it will maintain substantive contractual obligations, which is until regulatory approval for Haemacure's products is expected to be obtained. The carrying value of the debt is being accreted to its maturity value through charges to income.

The minimum annual long-term principal repayments, excluding those relating to the IQ loan, are as follows over the next five years:

	\$
2010	-
2011	1,466,073
2012	226,284
2013	226,284
2014	226,284

6. 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.

In January 2009, Haemacure received \$5,000 through the exercise of 50,000 broker warrants at a price of \$0.10 per unit. The original value of these broker warrants was \$5,000 and was previously included in additional paid-in capital. Each unit is comprised 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. The resulting 50,000 warrants have been valued at \$2,407 using the Black-Scholes option pricing model. For Series A and B warrants, the pricing model assumed an expected life of 3 years, volatility of 85%, risk-free interest of 1.20% and no dividend yield. This amount was allocated to additional paid-in capital and the balance of \$7,407 was allocated to common shares.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

July 31, 2009
(Unaudited)

6. SHARE CAPITAL (Cont'd)

As at July 31, 2009, the number of common shares outstanding was 206,316,298 (October 31, 2008: 206,266,298) and nil preferred shares were issued.

Warrants

As at July 31, 2009 there were 131,955,000 warrants outstanding having a weighted-average exercise price of \$0.26 (October 31, 2008: 131,905,000). As at July 31, 2009 there were nil broker warrants outstanding (October 31, 2008: 5,004,000).

7. STOCK OPTION PLAN

A summary of the situation as at July 31, 2009 of the Corporation's fixed-price stock option plan and the changes made during the nine-month period then ended is shown below:

	Options	Weighted average exercise price
Outstanding options, as at October 31, 2008	14,322,887	0.35
Granted	-	-
Expired	(316,000)	0.80
Outstanding options, as at July 31, 2009	14,006,887	0.34
Exercisable options, as at July 31, 2009	13,262,887	0.35

An amount of nil for the three-month period ended July 31, 2009 and an amount of \$61,045 for the nine-month period ended July 31, 2009 were recorded as an expense in general and administrative expenses in the consolidated statements of operations and were credited to additional paid-in capital during the three and nine-month periods ended July 31, 2009 for the fair value of stock options granted previously which vested in 2009.

An amount of \$74,045 for the three-month period ended July 31, 2008 and an amount of \$569,819 for the nine-month period ended July 31, 2008 were recorded as an expense in general and administrative expenses in the consolidated statements of operations, and were credited to additional paid-in capital during the three and nine-month periods ended July 31, 2008 for the fair value of stock options granted to directors, officers, employees, consultants and service providers, determined using the Black-Scholes option pricing model, with a volatility of approximately 71%, a risk-free interest rate of 3.32%, 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 nine-month period ended July 31, 2008 was \$0.09.

8. ACCUMULATED OTHER COMPREHENSIVE (LOSS) INCOME

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

	For the three months ended July 31,		For the nine months ended July 31,	
	2009	2008	2009	2008
	\$	\$	\$	\$
Balance, beginning of period	(63)	(3,002)	(4,177)	21,277
Changes to unrealized (gain) loss on available for sale investments	(22)	9,307	4,092	(14,972)
Balance, end of period	(85)	6,305	(85)	6,305

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

July 31, 2009
(Unaudited)

9. OTHER EXPENSES

The Corporation's decision to proceed with a smaller manufacturing facility has resulted in a review of the equipment previously ordered and the following charges were recorded during the nine-month period ended July 31, 2008:

- a) An agreement with Alfa Laval provided for the cancellation of the purchase of certain manufacturing equipment resulting in cancellation fees amounting to \$49,678 (US\$49,031), which were recorded in other expenses.
- b) An order for the purchase of certain manufacturing equipment for which the Corporation has made deposits was cancelled, which resulted in charges of \$233,569 recorded in other expenses.

One of the contractors involved in the construction of the facility has encountered financial difficulties and failed to pay his sub-contractors. To avoid delays in the completion of the facility, the Corporation has made payments of \$99,029 during the third quarter of 2008 and \$274,729 during the nine-month period ended July 31, 2008 to various sub-contractors and has recorded the amount in other expenses.

Also included in other expenses is an amount of \$9,877 resulting from the write-off of manufacturing rights included in other assets as the related patents have expired.

10. 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 July 31,		For the nine months ended July 31,		As at July 31,	As at October 31,
	2009	2008	2009	2008	2009	2008
	\$	\$	\$	\$	\$	\$
Canada	-	-	-	-	119,548	155,117
United States	15,390	25,593	53,381	78,635	9,282,203	7,752,369
	15,390	25,593	53,381	78,635	9,401,751	7,907,486

11. RELATED PARTY TRANSACTIONS

During the nine-month period ended July 31, 2009, one director provided consulting services to the Corporation. The total cash consideration paid by the Corporation during the quarter for such services amounted to \$2,928 (\$5,255 for the third quarter of fiscal 2008) and \$6,104 for the nine-month period ended July 31, 2009 (2008 - \$29,755) at the exchange amount, being the amount agreed upon by the parties, and were charged to general and administrative expenses.

12. SUBSEQUENT EVENTS

In August 2009, the Corporation received an amount of US\$600,000 from Angiotech in accordance with the terms of the loan agreement entered into in June 2009 (see note 5).