

# **PROMETIC LIFE SCIENCES INC.**

## **Amended Investor Update** January to March 2002

This present release must be considered as the quarterly report to shareholders.

1. Consolidated Balance Sheets.
2. Consolidated Statements of Operations and Deficit.
3. Consolidated Statements of Cash Flows
4. Notes to consolidated financial statements

<b>PROMETIC LIFE SCIENCES INC.</b>				
<b>CONSOLIDATED BALANCE SHEETS</b>				
		<b>March 31,</b>		<b>December 31,</b>
		<b>2002</b>		<b>2001</b>
		<b>(unaudited)</b>		<b>(audited)</b>
<b>ASSETS</b>				
Current assets:				
	Cash and cash equivalents	\$	7,145,626	\$ 2,606,798
	Accounts and other receivables (Note 3)		1,330,932	924,159
	Subscriptions receivable (Note 4)		3,331,330	9,150,000
	Inventories		586,272	292,333
	Prepaid expenses		265,415	228,093
			12,659,575	13,201,383
	Investment (Note 5)		2,285,435	2,281,245
	Capital assets		2,205,362	1,973,001
	Intellectual Property		3,558,437	3,272,535
	Deferred development costs		3,525,210	3,583,831
		\$	24,234,019	\$ 24,311,995
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
Current liabilities:				
	Accounts payable and accrued liabilities	\$	3,251,100	\$ 3,271,521
			3,251,100	3,271,521
Shareholders' equity:				
	Share capital		86,731,388	83,500,266
	Deficit		(65,748,469)	(62,459,792)
			20,982,919	21,040,474
	Subsequent event (Note 5)			
	Commitment (Note 7)			
		\$	24,234,019	\$ 24,311,995

<b>PROMETIC LIFE SCIENCES INC.</b>				
<b>CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT</b>				
<b>(unaudited)</b>				
		<b>Three-Month periods ended</b>		
		<b>March 31,</b>		
		<b>2002</b>		<b>2001</b>
Revenues	\$	253,752	\$	377,493
Cost of sales and expenses other than the undernoted items		1,044,592		832,872
Research and development expenses		2,093,030		1,123,206
Depreciation of capital assets		118,384		111,674
Amortization of intellectual property		76,110		37,982
Net financial (revenues)		(10,669)		(56,329)
Net loss		3,067,695		1,671,912
Deficit, beginning of the period		62,459,792		52,097,456
Share issue expenses		220,982		-
Deficit, end of period	\$	65,748,469	\$	53,769,368
Net loss per share		0.04		0.03
Weighted average number of outstanding shares (in thousands)		69,492		59,957

<b>PROMETIC LIFE SCIENCES INC.</b>				
<b>CONSOLIDATED STATEMENTS OF CASH FLOWS</b>				
<b>(unaudited)</b>				
Three-month				
periods ended				
March 31,				
		<b>2002</b>	<b>2001</b>	
Cash flows from operating activities:				
Net loss		\$ (3,067,695)	\$	(1,671,912)
Adjustments to reconcile net loss to cash flows used by operating activities:				
Depreciation of capital assets		118,384		111,674
Amortization of Intellectual property		76,110		37,982
Amortization of deferred development costs		58,621		5,623
		(2,814,580)		(1,516,633)
Net change in non-cash operating working capital items				
		55,454		(149,334)
		(2,759,126)		(1,665,967)
Cash flows from financing activities:				
Proceeds from share issues		9,049,792		-
Share issue expenses		(321,982)		-
Repayment of long-term debt		-		(23,197)
		8,727,810		(23,197)
Cash flows from investing activities:				
Advance to an executive		(450,000)		-
Disposal of short-term investments		-		2,000,000
Acquisition of an investment		(4,190)		-
Additions to capital assets		(613,654)		(113,898)
Additions to Intellectual property		(362,012)		-
Deferred development costs		-		(74,385)
		(1,429,856)		1,811,717
Increase in cash and cash equivalents		4,538,828		122,553
Cash and cash equivalents, beginning of period		2,606,798		2,270,316
Cash and cash equivalents, end of period		\$ 7,145,626	\$	2,392,869
Other information related to cash flows:				
Interests paid during the period		\$ 1,274	\$	3,414
Interests received during the period		10,153		33,428

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)**

ProMetic is a leading biopharmaceutical company engaged in the research, development, manufacturing and commercialisation of a variety of commercial applications from its platform technology. ProMetic owns proprietary enabling technology essential for use in large-scale drug purification proteomics, medical applications and therapeutics.

### 1- Basis of presentation:

The unaudited consolidated balance sheet as of March 31, 2002 and the related unaudited consolidated statements of operations and deficit and cash flows for the three month periods ended March 31, 2002 and 2001, have been prepared using accounting principles and practices consistent with those used and described in the annual financial statements, but do not include all disclosures required by generally accepted accounting principles. Accordingly, they should be read in conjunction with the Company's audited consolidated financial statements and notes thereto as of and for the year ended December 31, 2001 included in the Company's annual report to shareholders.

### 2- Change in Accounting Policy

Effective January 1, 2002, the Company adopted the new Recommendations of Canadian Institute of Chartered Accountants with respect to the accounting for stock-based compensation and other stock-based payments. The new Recommendations are applied prospectively to all stock-based payments to non-employees, and to employee awards that are direct awards of stock, call for settlement in cash or other assets, or are stock appreciation rights that call for settlement by the issuance of equity instruments, granted on or after January 1, 2002.

The Company accounts for all stock-based payments to non-employees, and employee awards that are direct awards of stock, call for settlement in cash or other assets, or are stock appreciation rights that call for settlement by the issuance of equity instruments, granted on or after January 1, 2002, using the fair value based method. No compensation cost is recorded for all other stock-based employee compensation awards. Consideration paid by employees on the exercise of stock options is recorded as share capital.

### 3- Accounts and other receivables:

	March 31	December 31
	<u>2002</u>	<u>2001</u>
Trade	174 782	414 965 \$
Sales taxes receivable	268 695	150 060
Research tax credits receivable	177 510	177 510
Advance to an executive *	520 000	70 000
Other	189 945	111 624
	<u>1 330 932 \$</u>	<u>924 159 \$</u>

\*Loan used for the exercise of options and for acquiring ProMetic shares.

#### 4- Subscriptions:

As at March 31, 2002, the Company accepted subscriptions for an amount of \$3,331,330 (165,665 Subordinate voting shares at \$2 per share and 1,250,000 Subordinate voting shares at \$2,40 per share). As at June 10, 2002, the Company had received \$2,331,330 with respect to the subscriptions.

#### 5- Subsequent event:

On April 8, 2002, ProMetic announced the formation of a new joint venture company (JV) with the American Red Cross, which is named Pathogen Removal and Diagnostic Technologies Inc (PRDT) dedicated to researching, developing and commercializing diagnostic and removal systems for pathogens that may cause Transmissible Spongiform Encephalopathies (TSEs) and certain viruses.

Under the terms of the JV agreement, ProMetic and the American Red Cross will each contribute intellectual property and technical expertise to develop diagnostic and removal systems. Specifically, the JV will utilize ProMetic's proprietary Mimetic Ligand™ technology in combination with the American Red Cross' expertise in diagnostics and pathogen removal systems in blood and blood components. The JV will also investigate developing other commercial applications for detecting and removing TSEs for industries such as biopharmaceuticals, food, cosmetics and personal care. This JV, of which ProMetic owns 26% (the cost of this placement is \$4,190), started its operations in the second quarter of 2002.

Pursuant to the terms of the agreement and as part of its ongoing R&D budget, ProMetic included an allocation of US\$ 2.3 Million over the next two years to be contributed in cash, services and in kind to PRDT. Any such contribution will be compensated by means of issuance of Preferred Shares to ProMetic bearing interest at 14% per annum.

#### 6- Segmented information:

Revenues by geographic segment are as follows:

	Three-Month periods ended	
	March 31,	
	<u>2002</u>	<u>2001</u>
United States	\$ 87,001	\$ 271,370
United Kingdom	100,498	59,943
Europe (excluding United Kingdom)	56,099	4,531
Other	10,154	41,649
Canada	-	-
	<u>\$ 253,752</u>	<u>\$ 377,493</u>

Net losses by geographic segment are as follows:

	Three-Month periods ended March 31,	
	<u>2002</u>	<u>2001</u>
Canada	\$ 1,868,908	\$ 630,118
United States	448,171	498,728
United Kingdom	750,616	543,066
	<u>\$ 3,067,695</u>	<u>\$ 1,671,912</u>

Assets by geographic segment are as follows:

	March 31	December 31
	<u>2002</u>	<u>2001</u>
Canada	\$ 17,375,383	\$ 17,695,636
United States	646,015	664,872
United Kingdom	6,212,621	5,951,487
	<u>\$ 24,234,019</u>	<u>\$ 24,311,995</u>

Capital assets and intellectual property by geographic segment are as follows:

	March 31	December 31
	<u>2002</u>	<u>2001</u>
Canada	\$ 3,135,391	\$ 2,800,958
United States	21,541	22,460
United Kingdom	2,606,867	2,422,118
	<u>\$ 5,763,799</u>	<u>\$ 5,245,536</u>

Capital and intellectual property expenditures by geographic segment are as follows:

	Three-Month periods ended March 31	
	<u>2002</u>	<u>2001</u>
Canada	\$ 701,733	\$ 20,670
United States	-	-
United Kingdom	273,933	93,228
	<u>\$ 975,666</u>	<u>\$ 113,898</u>

7- Commitment:

As part of the Company's Intellectual Property Management Systems, one executive and some senior level managers are entitled to an on-going royalty on the sales of certain products from opportunities brought to ProMetic by employees generally prior to them joining the Company, at a rate varying between 0.1% to 0.5% of net sales or 1% to 3% of revenues collected by the Company. They also hold an exclusive right to exploit these projects should the Company does not pursue their developments and/or not commercialize them or one of them for any reason.

8- Comparative figures:

Comparative figures have been reclassified in order to conform with the current period's presentation.