Q3 Report / 2003

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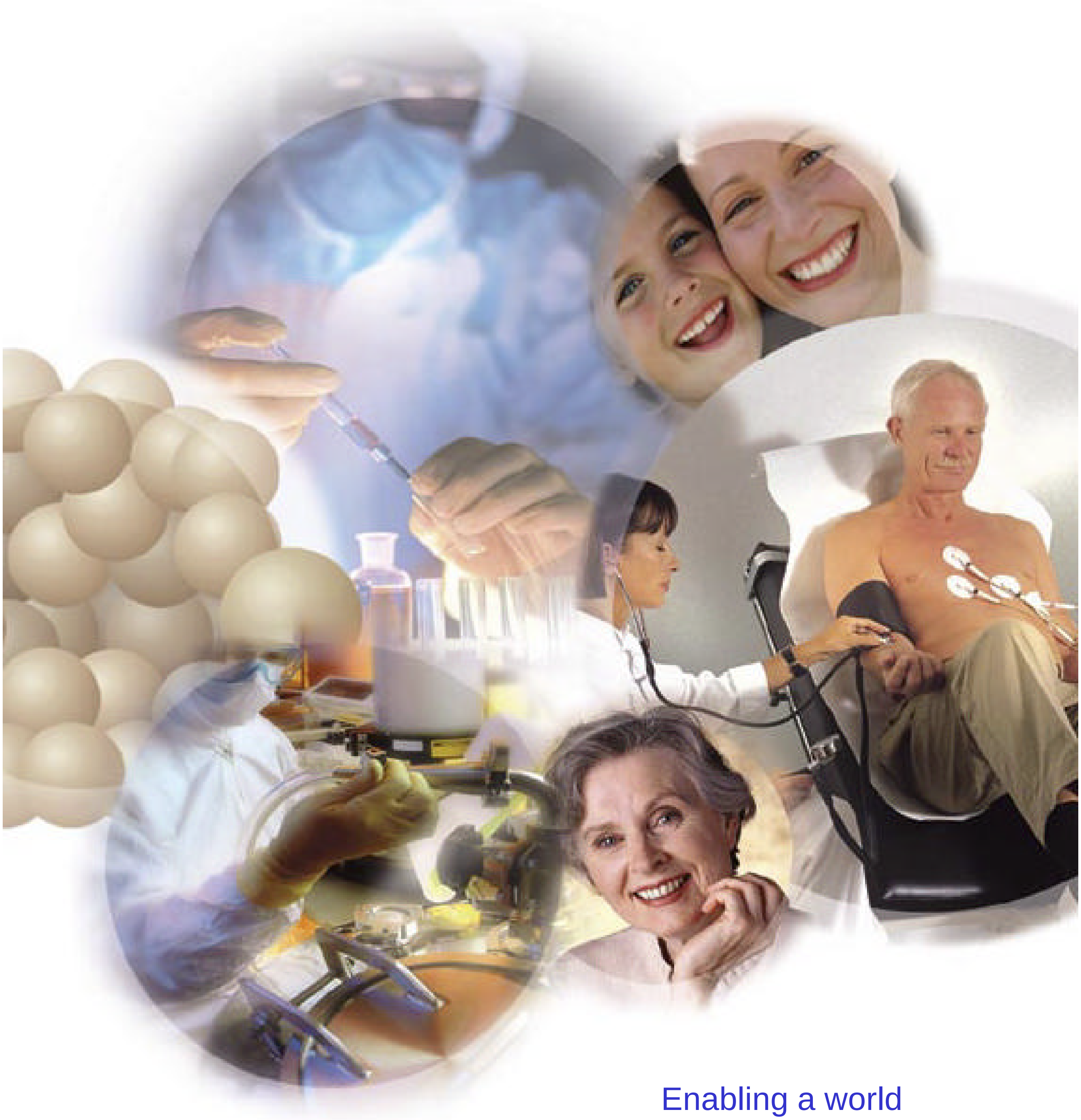

Enabling a world
of better health

PROMETIC LIFE SCIENCES INC.

Investor Update
Nine-month period ended September 30, 2003

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

1. Press release of November 28, 2003 with third quarter results

2. Management discussion and analysis of operating results and financial

3. Consolidated Balance Sheets

4. Consolidated Statements of Operations and Deficit

5. Consolidated Statements of Cash Flows

6. Notes to Consolidated Financial Statements

For immediate release

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PROMETIC REPORTS ON THIRD QUARTER ENDED SEPTEMBER 30, 2003

Montreal, QC (Canada), November 28, 2003 – ProMetic Life Sciences Inc. (TSX: PLI) today reported on corporate highlights, key milestones and results for the third quarter ending September 30, 2003.

Highlights since the last quarterly report

Pathogen Removal and Diagnostic Technologies Inc.

- PRDT announced the completion of the development of its first product to remove prions from biologic solutions and plasma-derived products. The product, commercially available, is designed to selectively reduce the infectivity of Transmissible Spongiform Encephalopathy (TSE) agents responsible for the transmission of classical Creutzfeldt-Jakob Disease (CJD) and variant forms of CJD (vCJD) from plasma-derived products. This product is a world first and is initially design to address industrial applications. The base chemistry used in this product is the same one used in the smaller and disposable filter devices adapted to filter prions from units of blood (red blood cell concentrates, plasma for transfusion).

  Since the early 90's the UK imports plasma from the USA and has to destroy plasma resulting of its blood collection, a measure that cost the health care system over $100 million per year. The ability to reduce the risk of transmitting the TSE via plasma-derived product could allow the British government to reinstate the use of their own plasma. There are several other opportunities in the marketplace to improve upon the safety associated with the use of material derived from humans and animals.

Second Strategic Agreement with the American Red Cross – Plasma Protein Purification

- Significant progress was achieved in this project. Chris Bryant, formerly from Aventis Behring was hired to manage the development and technology transfer process to licensees worldwide. He brings to ProMetic a vast experience in developing plasma-derived products from research to FDA approval. One of his first priorities will be to coordinate the implementation of the first fractionation facility in North America which will rely on the ProMetic/American Red Cross integrated process. The integration of the American Red Cross and ProMetic technologies provides, to the US$7 billion plasma industry significant improvement to the manufacturing yield and contributes to close the gap between the demand and the current supplies. For example, 80% of haemophiliacs in the world do not receive appropriate treatments due to the insufficient supply or because of prohibitive prices. Current supplies of natural plasma-derived Alpha 1-antitrypsin to treat hereditary emphysema for example, can only meet about 5% of the demand, leaving untreated a very large number of patients who could benefit from such therapy.

The Alliance with Institut Pasteur of Tunis and the Pharmacie Centrale of Tunis

- This unique project draws on ProMetic 's proven platform technologies. It is establishing, in Tunisia, a centre of excellence and manufacturing hub to supply biopharmaceuticals to a vast unsatisfied market. The alliance will initially focus on drugs with restricted availability in Africa and the Middle East due to their prohibitive prices. The alliance will also manufacture products designed to combat diseases or conditions specific to this region such as DNA based vaccines and antidotes for scorpion and snake venoms.

Strategic Alliance with the National Research Council'sBiotechnology Research Institute (NRC-BRI)

- The Strategic Alliance with the NRC-BRI for the production and biopurification of therapeutic proteins, will provide a fully integrated service to biotech and pharmaceutical companies for the development and scale-up of therapeutic protein production. Optimizing the production of expensive proteins is crucial to creating commercially viable therapeutic products. This alliance represents a major contribution to the project in Tunisia. The announcement of this relationship has already attracted interest from various players in the biotech industry.

"All of the initiatives noted above will contribute to significant revenue increase in 2004" stated Pierre Laurin, CEO of ProMetic. "This, combined with several patent filings completed for each of ProMetic's two lead therapeutics already in clinical phase, and progress made on all other fronts of our development programs, will contribute to building shareholder value."

Financial Results

The following information should be read in conjunction with the unaudited financial statements for the period ended September 30, 2003.

ProMetic's net loss for the quarter was $4.8 million, or $0.05 per share, compared with $3.2 million, or $0.04 per share, in the same quarter of the previous year. As at September 30, 2003, cash, cash equivalents and short-term investments were $10.0 million.

The increase in net loss was mainly attributable to additional investment of $0.7 million in R&D expenditures in relation to PRDT's programs, the preparation of PBI-1402 and alpha1-antitrypsin for clinical trials, and to an increase of $0.3 million in administration and marketing expenses, attributable to the hiring of additional resources in preparation of product launches in 2004.

The revenue base is mostly related to collaborative R&D agreements and should not then be compared from quarter-to-quarter. As the proportion of recurring product sales in the total revenues gradually increase over time, the importance of these variances will diminish. The Company and its affiliates recently hired seasoned executives to manage its growth and business development opportunities arising from the development and commercialization of its technologies. Revenues will improve in 2004 following products reaching commercial status and the hiring of additional seasoned sales and marketing people.

Short-term assets

The Company's financial position as at September 30, 2003 shows a $10 million in cash, cash equivalents and short-term investments, compared with $22.9 million as at December 31, 2002. During the third quarter, ProMetic's operating and R&D activities required $4.4 million in cash and cash equivalents. Most of these outflows were used for investments made in the Company's product development. The Company has continued to invest in order to expand its intellectual property and to acquire new laboratory equipment totalling $0.4 million.

About ProMetic Life Sciences

ProMetic Life Sciences Inc., is an international bio-pharmaceutical company with headquarters in Montreal, Quebec and additional facilities in the UK. ProMetic is engaged in the research, development, manufacture and marketing of a variety of commercial applications from its proprietary platform technologies, which are used in therapeutic development, pathogen removal, proteomics, and large-scale drug purification.

Additional information is available on the company's website: www.prometic.com.

You are invited to participate to a conference call Today at 10:00am. at which time, Mr. Pierre Laurin, President and Chief Executive Officer, will discuss operating highlights and the third quarter financial results. To participate, please dial 1-800-796-7558 (Outside of North America, please dial 416-913-8746).

Management Discussion and Analysis of Operating Results and Financial Position

The following information should be read in conjunction with the unaudited financial statements for the period ended September 30, 2003.

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Nine-month period ending September 30, 2003

Revenues for the nine-month period ending September 30, 2003 were $ 0.9 million, compared to $1.9 million for the same period last year. Net losses for the nine-month period were $14.4 million or $0.17 per share, compared to $ 9.9 million or $0.13 per share for the same period in 2002. The increase in net loss is attributable to higher expenditures on research and development programs (alpha 1-antitrypsin, PBI-1402, PRDT), to increased business development activities, to the planning and implementation of a capacity expansion project for its manufacturing plants, and to the hiring of additional resources in preparation of product launches in 2004.

PROMETIC LIFE SCIENCES INC.

CONSOLIDATED BALANCE SHEETS

	September 30 2003 (unaudited)	December 31 2002 (audited)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 9,772,417	$ 13,390,259
Short-term investments	256,687	9,508,610
Accounts receivable (Note 3)	910,207	1,741,001
Inventories	546,277	527,508
Prepaid expenses	614,159	686,188
	12,099,747	25,853,566
Investments and interest in a joint venture (Note 4)	3,248,220	2,663,603
Capital assets	3,452,330	3,381,220
Intellectual property	4,661,999	4,349,822
Deferred development costs	2,585,703	3,209,004
	$ 26,047,999	$ 39,457,215
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 3,835,615	$ 4,200,622
Current portion of long-term debt	418,721	150,034
	4,254,336	4,350,656
Long-term debt (Note 5)	759,983	200,046
Preferred shares, retractable at the holder's option	791,445	382,358
Shareholders' equity:		
Share capital (Note 6)	112,988,310	112,919,390
Deficit	(92,746,075)	(78,395,235)
	20,242,235	34,524,155
	$ 26,047,999	$ 39,457,215

See accompanying notes to consolidated financial statements

PROMETIC LIFE SCIENCES INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

(unaudited)

	Three months ended September 30		Nine months ended September 30	
	2003	**2002**	**2003**	**2002**
Revenues	$ 270,517	$ 745,293	$ 873,704	$ 1,923,924
Administration, marketing and other expenses excluding the undernoted items	$1,273,755	975,844	4,336,992	3,863,923
Research and development expenses	$3,272,888	2,577,882	9,469,853	7,232,601
Depreciation of capital assets	$256,421	186,248	742,873	455,887
Amortization of intellectual property and deferred development cost	$312,999	300,717	937,122	457,044
	5,116,063	4,040,691	15,486,840	12,009,455
Net interest income	55,738	93,689	262,296	143,064
Net loss	4,789,808	3,201,709	14,350,840	9,942,467
Deficit, beginning of the period	87,956,267	71,043,448	78,395,235	62,459,792
Share issue expenses	-	1,242	-	1,844,140
Deficit, end of period	$ 92,746,075	$ 74,246,399	$ 92,746,075	$ 74,246,399
Net loss per share	0.05	0.04	$ 0.17	$ 0.13
Weighted average number of outstanding shares (in thousands)	87,278	83,003	86,832	75,519

See accompanying notes to consolidated financial statements

PROMETIC LIFE SCIENCES INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

	Three months ended September 30		Nine months ended September 30	
	2003	**2002**	**2003**	**2002**
Cash flows from (used in) operating activities:				
Net loss	$ (4,789,808)	$ (3,201,709)	$ (14,350,840)	$ (9,942,467)
Adjustments to reconcile net loss to cash flows used in operating activities:				
Loss on disposal of capital assets	5,202		5,202	-
Depreciation of capital assets	256,420	186,248	742,873	455,887
Amortization of deferred development costs	202,484	97,241	623,301	214,142
Amortization of intellectual property	110,515	86,575	313,821	242,902
	(4,215,187)	(2,831,645)	(12,665,643)	(9,029,536)
Net change in operating assets and liabilities	(162,333)	636,758	1,291,920	1,006,576
	(4,377,520)	(2,194,887)	(11,373,723)	(8,022,960)
Cash flows from (used in) financing activities:				
Proceeds from share issues	43,920	924,480	68,920	38,184,004
Share issue expenses	-	(56,242)	-	(2,836,220)
Increase in long-term debt	-		1,095,028	-
Repayment of long-term debt	(94,392)	-	(266,404)	-
	(50,472)	868,238	897,544	35,347,784
Cash flows from (used in) investing activities:				
Disposal (acquisition) of short-term investments	918,990		9,251,923	-
Acquisition of an investment			(175,530)	(4,190)
Additions to capital assets	(184,093)	(340,009)	(1,477,130)	(1,884,505)
Additions to Intellectual property	(161,889)	(131,209)	(743,766)	(1,190,791)
Proceeds from disposal of capital assets	2,840		2,840	-
	575,848	(471,218)	6,858,337	(3,079,486)
Net (decrease) increase in cash and cash equivalents	(3,852,144)	(1,797,867)	(3,617,842)	24,245,338
Cash and cash equivalents, beginning of period	13,624,561	28,650,003	13,390,259	2,606,798
Cash and cash equivalents, end of period	$ 9,772,417	$ 26,852,136	$ 9,772,417	$ 26,852,136
Other cash flow information:				
Interest paid	$ 29,866	$ 51,900	$ 48,668	$ 53,900
Interest earned	100,229	144,289	404,932	179,538
Non-cash transactions:				
Unpaid additions to capital asset and intellectual property	-	-	326,818	-
Excess of the interest in the joint venture Pathogen Removal and Diagnostic Technologies Inc., over the proportionate share in the consolidated net assets	135,099	-	409,087	-
Preferred shares retractable at the holder's option	135,099	-	409,087	-

See accompanying notes to consolidated financial statements

ProMetic Life Sciences (the "Company" or "ProMetic") is an international biopharmaceutical company engaged in the research, development, manufacturing and marketing of a variety of applications developed from its own exclusive technology platform. ProMetic owns proprietary technology essential for use in the large-scale purification of drugs, genomics and proteomics products and for medical and therapeutic applications.

1- Basis of Presentation and Going Concern

The unaudited consolidated balance sheet as of September 30, 2003 and the related unaudited consolidated statements of operations and deficit, and cash flows, for the three-month and nine-month periods ended September 30, 2003 and 2002, 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, 2002 included in the Company's annual report to shareholders. Information as at September 30, 2003 and for the periods ended September 30, 2003 and 2002 are unaudited.

These consolidated financial statements have been prepared on a going concern basis in accordance with Canadian generally accepted accounting principles. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities in the normal course of business.

The Company's ability to continue as a going concern is dependent upon its ability to secure additional financing in order to be able to continue its development activities and successfully bring its product to market, obtaining the necessary regulatory approvals and achieving future profitable operations.

The Company is actively pursuing various options with potential investors, lenders and partners and, if accepted, will, in management's view, enable the Company to achieve its business plans. Nevertheless, there are no assurances that these arrangements will be successful or that together with projected cash flow from the operations of the Company, they will be sufficient for the Company to meet its obligations as they come due. If the going concern basis is not appropriate, adjustments may be necessary to the carrying amounts and/or classification of assets, liabilities and expenses in these financial statements.

2- New Accounting Standard

In February 2003, the Canadian Institute of Chartered Accountants issued Accounting Guideline 14 («AcG-14»), Disclosure of Guarantees, which requires that certain disclosures be made by a guarantor about its obligations under guarantees in its interim and annual consolidated financial statements for periods beginning on or after January 1, 2003.

A guarantee is a contract or an indemnification agreement that contingently requires the Company to make payments to the other party of the contract or agreement, based on changes in an underlying that is related to an asset, a liability or an equity security of the other party or based on a third party failure to perform under an obligating agreement. It could be also an indirect guarantee of the indebtedness of another party, even though the payment to the other party may not be based on changes in an underlying that is related to an asset, a liability or an equity security of the other party. The Company did not enter into agreements containing features that meet the AcG-14 criteria for a guarantee.

3- Accounts receivable

	September 30, 2003	December 31, 2002
Trade	97,034	$ 754,387
Sales taxes receivable	276,896	337,982
Government grants and tax credits receivable	23,248	37,771
Advance to officers	450,000	480,000
Other	63,029	130,861
	910,207	$ 1,741,001

4- Investments and interest in a joint venture

	September 30, 2003	December 31, 2002
Investments:		
Investment in convertible preferred shares of Arriva Pharmaceuticals, Inc.	$2,281,245	$2,281,245
Investment in convertible preferred shares of AM-Pharma Holding B.V.	175,530	-
Interest in a joint venture:		
Excess of the interest in the joint venture Pathogen Removal and Diagnostic Technologies Inc. over proportionate share in consolidated net assets	791,445	382,358
	$3,248,220	$ 2,663,603

4- Investments and interest in a joint venture (continued)

On March 10, 2003, the Company acquired 110,884 convertible preferred shares at a price of £1.48 per share in the capital of AM-Pharma Holding B.V. a Dutch private biopharmaceutical company, which is the parent company of PhamAAware Sepsis BV to which ProMetic has granted a license on its technology. AM-Pharma is focused on the development of novel pharmaceutical compounds derived from the innate human immune system. The resulting products are intended for the treatment of patients suffering from a variety of serious infectious diseases. This investment respects ProMetic's view for certain targeted potential markets, whereby it takes equity interest in its partner's share capital to optimize medium and long-term shareholder value.

5- Long-term debt

ProMetic BioSciences Inc., a subsidiary of the Company, has borrowed $1,095,028 of the available credit facility. As at September 30, 2003, the loan, guaranteed by the Company, bearing interest at a fixed rate of 9,5%, will be reimbursed with monthly payment of $30,509 ending December 2006 at the latest.

6- Share capital

a) Authorized and without par value:

?? Unlimited number of subordinate voting shares, participating, carrying one vote per share.

?? 20,000,000 multiple voting shares, participating, carrying ten votes per share, convertible at the option of the holder or automatically converted upon their sale to a third party by the holder into an equal number of subordinate voting shares.

?? An unlimited number of preferred shares, no par value, issuable in one or several series.

?? 1,050,000 preferred shares, series A, non-participating, non-voting, convertible at the option of the holder into subordinate voting shares at $0.50 per share except for unpaid dividends, convertible at a rate equal to the trading average of the subordinate voting shares on the Toronto Stock Exchange during the 20 business days prior to the conversion, preferential cumulative dividend of 12% per year, payable quarterly.

?? 950,000 preferred shares, series B, non-participating, non-voting, convertible at the option of the holder into subordinate voting shares at $0.60 per share except for unpaid dividends, convertible at a rate equal to the trading average of the subordinate voting shares on the Toronto Stock Exchange during the 20 business days prior to the conversion, preferential cumulative dividend of 12% per year, payable quarterly.

?? The total authorized preferred shares, series A and B, were all issued during 2000.

6- Share capital (continued)

b) Share issue:

Changes in the issued and outstanding subordinate voting shares were as follows:

	Number	Amount
Balance as at December 31, 2002	72,743,722	$110,656,225
Shares issued pursuant to:		
Exercise of options	49,400	68,920
Conversion of preferred shares	1,479,649	700,000
Balance as at September 30, 2003	74,272,771	$111,425,145

c) Stock options:

During the third quarter of 2003, no options were granted.

The following table summarizes the changes in the number of stock options outstanding:

	Options	Weighted average exercise price per share
Number of options as at December 31, 2002	4,257,402	$1.49
Granted	285,000	2.70
Exercised	25,000	1.00
Cancelled	175,900	2.70
Number of options as at September 30, 2003	4,341,502	$1.53

d) Stock-based compensation and other stock-based payments:

The Company applies the settlement method of accounting for stock options granted to employees. Had the compensation cost for the Company's "stock option plan" been determined based on the fair value at the grant date, the company's net loss would have been adjusted to the pro forma amounts indicated below:

	Three months ended September 30		Nine months ended September 30	
	2003	2002	2003	2002
Net loss as reported	4,789,808	3,201,709	14,350,840	9,942,467
Pro forma compensation expense	6,883	2,597	29,086	5,194
Pro forma net loss	4,796,691	3,204,306	14,379,926	9,947,661
Pro forma net loss per share	$0.06	$0.04	$0.17	$0.13

The fair value of each option granted, since January 1, 2003, was estimated on the grant date using the Black-Scholes option price model with the following weighted assumptions:

Risk-Free interest rate:	4.47%
Dividend yield	0%
Expected volatility of share market price	99.7%
Expected life	5 years

The estimated unit fair value of options granted during the nine-month period ended September 30, 2003 is $ 1.49

e) Earnings per share:

The stock options granted in connection with the stock option plan, the warrants and other options were not included in the computation of diluted loss per share because to do so would have been anti-dilutive.

7- Segmented Information

Revenues[1] by geographic segment are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2003	2002	2003	2002
United States	$ 89,030	$ 46,304	$ 195,067	$ 244,231
United Kingdom	132,479	347,315	454,074	913,536
Europe (excluding United Kingdom)	47,184	341,615	189,604	730,252
Other countries	1,824	10,059	34,959	35,905
	$ 270,517	$ 745,293	$ 873,704	$ 1,923,924

Net losses by geographic segment are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2003	2002	2003	2002
Canada	$ 3,057,785	$ 2,228,865	$ 9,535,886	$ 7,056,261
United States	347,005	297,151	847,231	943,081
United Kingdom	1,385,018	675,693	3,967,723	1,943,125
	$ 4,789,808	$ 3,201,709	$ 14,350,840	$ 9,942,467

7- Segmented Information (continued)

[1] Revenues are attributed to countries based on customer's location.

The assets by geographic segment are as follows:

		September 30		December 31
		2003		2002
Canada	$	19,446,300	$	31,460,699
United States		484,063		712,781
United Kingdom		6,117,636		7,283,735
	$	26,047,999	$	39,457,215

The capital assets and intellectual property by geographic segment are as follows:

		September 30		December 31
		2003		2002
Canada	$	4,940,648	$	4,492,398
United States		98,823		24,079
United Kingdom		3,074,858		3,214,565
	$	8,114,329	$	7,731,042

Additions to capital and intellectual property by geographic segment are as follows:

		Three months ended September 30,			Nine months ended September 30,		
		2003		2002	2003		2002
Canada	$	190,109	$	390,079	1,009,434	$	1,890,312
United States		7,850		-	81,877		4,032
United Kingdom		57,194		81,139	356,712		918,043
	$	255,153	$	471,218	1,448,023	$	2,812,387

8- Commitment

On February 5, 2003, ProMetic announced a strategic alliance with the American Red Cross to develop an improve plasma protein purification process. Under the terms of the agreement, ProMetic and the American Red Cross must prepare a budget to be finalized and approved in the next following months.

9- Comparative Figures

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