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QUARTERLY REPORT

FOR THE PERIOD ENDED JUNE 30, 2006



PROMETIC

PROMETIC LIFE SCIENCES INC.

Quarterly Report

Three-month period ended June 30, 2006

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

- 1. Management's Discussion and Analysis of Operating Results and Financial Position**
- 2. Consolidated Balance Sheets**
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1. Management's Discussion and Analysis of Operating Results and Financial Position

The following information should be read in conjunction with the Company's audited consolidated financial statements and notes thereto as at and for the year ended December 31, 2005 included in the Company's annual report to shareholders. Information as at June 30, 2006 and for the periods ended June 30, 2006 and 2005 are unaudited.

These quarterly financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operation for the foreseeable future and accordingly will be able to realize its assets and discharge its liabilities in the normal course of operations. Since inception, the Company has concentrated on research and development. It has had no net earnings, minimal revenues, negative operating cash flows and has financed its activities through the issuance of shares. The Company's ability to continue as a going concern is dependent on obtaining additional investment capital and achieving profitable operations.

There can be no assurance that the Company will be successful in increasing revenue or raising additional investment capital to generate sufficient cash flows to continue as a going concern. These financial statements do not reflect the adjustments that might be necessary to the carrying amount of reported assets, liabilities, revenues and expenses and the balance sheet classification used if the Company were unable to continue operations in accordance with this assumption.

Results of Operations

All amounts are in Canadian dollars unless indicated otherwise.

Revenues for the second quarter of 2006 were \$0.6 million compared with \$1.1 million in the same period last year. Lower revenues are mainly related to the delay in signing product development agreements and delay in shipment of products to Hemosol, which is currently under insolvency proceedings.

For the first six months of 2006, revenues were \$1.1 million compared to \$6.3 in the same period.

Research and development expenses were \$2.4 million for the second quarter, significantly below the R&D expenses of \$3.7 million incurred in the same period in 2005. This significant variance is caused mainly by the reversal of accruals related to the PPPS project jointly developed with the American Red Cross (ARC). Year to date, research and development expenses amounted to \$6.2 million compared to \$7.7 million for the same 6-month period in 2005. Research and development expenses consisted primarily of bio-separation activities, advancement of PBI-1402 and PBI-1393 clinical and pre-clinical development, and plasma fractionation activities.

Administration, marketing and other expenses, excluding amortization, were \$1.8 million for the second quarter of 2006, slightly below the expenses of \$1.9 million for the same period in 2005. For the first six months of the year, these expenses were \$3.3 million, slightly below last year's amount of \$ 3.5 million for the same period. A significant portion of the administration expenses is attributable to legal fees related to the Hemosol's insolvency.

Net interest expenses in 2006 were significantly higher at \$3.5 million with \$0.1 million in the same period of 2005. The increase is mainly attributed to the interest expense accruals related to the convertible term notes issued by the company at the end of 2005 and at the beginning of

2006. As at June 30, 2006, the company did not meet certain covenants. However, the majority of the note holders agreed to change the covenants. As a consequence the short portion of the note is \$4.3 million. In addition, interest expenses were capitalized to the outstanding debt for a total of \$3.6 million to adjust the carrying value to the principal amount.

Net loss for the quarter was \$7.1 million, or \$0.05 per share, compared with \$7.5 million, or \$0.07 per share, for the same period in 2005. Year to date losses of \$13.5 million are higher by \$8.4 million compared to the same period in 2005.

Cash and cash equivalents were \$11.1 million as at June 30, 2006.

Cash flows used in operating activities totalled \$4.8 million for the second quarter of 2006, compared with \$4.0 million for the same period in 2005. Year to date and up to June 30, 2006 operating cash outflows were \$9.9 million compared with \$7.9 million for the same period in 2005. The variance is mainly due to lower revenues.

Cash flows provided by financing activities totalled \$10.8 million for the second quarter of 2006 as a private placement was completed in June 2006.

Cash flows used in investing activities amounted to \$1.3 million for the second quarter of 2006 and mostly resulted in the acquisition of the remaining PPS licence from the American Red Cross.

As at June 30, 2006, the Company had 159,805,039 subordinate voting shares outstanding (116,501,784 at December 31, 2005) and 3,526,450 options granted under the employee stock option plan (2,997,375 at December 31, 2005). A total of 25,583,486 warrants were outstanding (22,294,092 as at December 31, 2005).

RISKS AND UNCERTAINTIES

The information contained in the Management's Discussion and Analysis of Operating Results and Financial Position contains statements regarding future financial and operating results. It also contains forward-looking statements with regards to partnerships, joint ventures and agreements and future opportunities based on these. There are also statements related to the discovery and development of intellectual property as well as other statements about future expectations, goals and plans.

These statements should not be construed as guarantees of future performance and are subject to certain risks and uncertainties beyond ProMetic's control. These risks could cause actual results to differ materially from those expressed or implied in the Management's Discussion and Analysis of Operating Results and Financial Position. Some of the risks include: a change in general economic and/or business conditions; changes in government regulations; adverse results in drug discovery and development and pre-clinical or clinical trials. Other risks include: the ability of our development and marketing partners to deliver on contractual obligations and/or meet milestones; intellectual property issues and the timing and decisions of regulatory bodies such as HPFB⁽¹⁾, FDA⁽²⁾ and EMEA⁽³⁾ as well as changes in the competitive landscape and the continued availability of new capital to finance activities. Finally, there are risks involved in the performance of contractual obligations, the failure to meet major milestones or the failure to realize expected synergies in our major partnerships, or our ability to manage them.

This statement should not be interpreted as a warning vis-à-vis any individual risk but rather as a general disclaimer about forward-looking statements and an identification of some sources of risk.

- (1) HPFB – Health Products and Food Branch, Health Canada
- (2) FDA – Food and Drug Administration
- (3) EMEA – European Agency for the Evaluation of Medicinal Products

Forward-Looking Statements

The Management's Discussion and Analysis of Operating Results and Financial Position contains forward-looking statements about ProMetic's objectives, strategies and businesses that involve risks and uncertainties. These statements are "forward-looking" because they are based on our current expectations about the markets we operate in and on various estimates and assumptions. Actual events or results may differ materially from those anticipated in these forward-looking statements if known or unknown risks affect our business, or if our estimates or assumptions turn out to be inaccurate. Such risks and assumptions include, but are not limited to, the Company's ability to develop, manufacture, and successfully commercialize value-added pharmaceutical products, the availability of funds and resources to pursue R&D projects, the successful and timely completion of clinical studies, the ability of the Company to take advantage of business opportunities in the pharmaceutical industry, uncertainties related to the regulatory process and general changes in economic conditions. You will find a more detailed assessment of the risks that could cause actual events or results to materially differ from our current expectations on page 17 of the Company's Annual Information Form for the year ended December 31, 2005, under the heading "Risk Factors". As a result, we cannot guarantee that any forward-looking statement will materialize. We assume no obligation to update any forward-looking statement even if new information becomes available, as a result of future events or for any other reason.

PROMETIC LIFE SCIENCES INC.
CONSOLIDATED BALANCE SHEETS

(In thousands of Canadian dollars)
(Unaudited)

	June 30	December 31
	2006	2005
ASSETS		
Current assets		
Cash and cash equivalents	\$11,062	\$10,525
Accounts receivable (note 3)	3,678	2,914
Inventories (note 4)	2,290	1,935
Prepaid expenses	533	518
	17,563	15,892
Investments (note 5)	2,562	2,876
Capital assets	4,867	5,324
Licenses and patents	6,056	5,098
Deferred financing expenses	149	563
Deferred development costs	-	43
	\$31,197	\$29,796
LIABILITIES		
Current liabilities		
Bank loan (note 6)	\$1,029	\$1,029
Accounts payable and accrued liabilities	3,639	5,319
Deferred revenues	130	-
Provision related to a lawsuit (note 8)	2,999	-
Current portion of long-term debt	200	366
Current portion of liability component of the convertible term notes (note 7)	4,724	524
	12,721	7,238
Liability component of the convertible term notes (note 7)	3,205	3,490
Long-term debt	19	46
Provision related to a lawsuit (note 8)	-	2,921
Preferred shares, retractable at the holder's option	3,204	2,248
	19,149	15,943
SHAREHOLDERS' EQUITY		
Share capital (note 9)	161,646	150,697
Contributed surplus	6,807	5,929
Deficit	(156,405)	(142,773)
	12,048	13,853
	\$31,197	\$29,796

The accompanying notes are an integral part of the consolidated financial statements.

The unaudited quarterly financial statements have not been reviewed by external auditors.

PROMETIC LIFE SCIENCES INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands of Canadian dollars except for per share amounts)
(Unaudited)

	Quarter ended June 30		Six month ended June 30	
	2006	2005	2006	2005
Revenues				
Sales and contract	\$624	\$1,127	\$1,080	\$2,349
Licensing	1	-	41	4,000
	625	1,127	1,121	6,349
Charges				
Research and development expenses	2,410	3,745	6,219	7,722
Administration, marketing and other expenses	1,774	1,886	3,257	3,462
Amortization of capital assets	258	271	514	544
Amortization of licenses and patents and deferred development costs	65	394	501	785
Amortization of deferred financing expenses	423	-	476	-
	4,931	6,296	10,968	12,513
Loss before the following items	(4,306)	(5,169)	(9,847)	(6,164)
Provision related to a lawsuit (note 8)	(44)	-	(78)	-
Write-down of short-term investment	-	(2,254)	-	(3,242)
Net interest expenses	(2,769)	(33)	(3,540)	(65)
Net loss	(\$7,118)	(\$7,456)	(\$13,465)	(\$9,471)
Net loss per share (basic and diluted)	(0.05)	(0.07)	(0.10)	(0.09)
Weighted average number of outstanding shares (in thousands)	137,708	103,813	131,568	101,677

For supplemental operations information see note 10

*The accompanying notes are an integral part of the consolidated financial statements.
The unaudited quarterly financial statements have not been reviewed by external auditors*

PROMETIC LIFE SCIENCES INC.
CONSOLIDATED STATEMENTS OF DEFICIT
(In thousands of Canadian dollars)
(Unaudited)

	Quarter ended June 30		Six month ended June 30	
	2006	2005	2006	2005
Deficit, beginning of the period	\$149,191	\$ 119,510	\$142,773	\$117,495
Net Loss	7,118	7,456	13,465	9,471
Share issue expenses	96	1,130	167	1,130
Deficit, end of period	\$156,405	\$ 128,096	\$156,405	\$128,096

*The accompanying notes are an integral part of the consolidated financial statements.
The unaudited quarterly financial statements have not been reviewed by external auditors*

PROMETIC LIFE SCIENCES INC.
CONSOLIDATED STATEMENT OF CONTRIBUTED SURPLUS

(In thousands of Canadian dollars)

(Unaudited)

	Quarter ended June 30, 2006				Six month ended June 30, 2006			
	Stock-based compensation	Conversion option on term notes	Warrants	Total contributed surplus	Stock-based compensation	Conversion option on term notes	Warrants	Total contributed surplus
Contributed surplus, beginning of the period	\$ 311	\$ 2,934	\$ 3,567	\$ 6,812	\$ 258	\$ 2,505	\$ 3,166	\$ 5,929
Stock-based compensation	43	-	-	43	96	-	-	96
Conversion option on term notes (note 7)	-	(48)	-	(48)	-	381	-	381
Issuance of warrants related to the convertible term notes (note 7)	-	-	-	-	-	-	401	401
Issuance of warrants as financing expenses	-	-	-	-	-	-	-	-
Contributed surplus, end of the quarter	\$ 354	\$ 2,886	\$ 3,567	\$ 6,807	\$ 354	\$ 2,886	\$ 3,567	\$ 6,807

The accompanying notes are an integral part of the consolidated financial statements.

The unaudited quarterly financial statements have not been reviewed by external auditors

PROMETIC LIFE SCIENCES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands of Canadian dollars)
(Unaudited)

	Quarter ended June 30		Six months ended June 30	
	2006	2005	2006	2005
Cash flows used in operating activities				
Net loss	\$ (7,118)	\$ (7,456)	\$ (13,465)	\$ (9,471)
Adjustments to reconcile net loss to cash flows used in operating activities				
Charges paid with PRDT preferred shares	1,276	-	1,276	-
Write-down of short term investment	-	2,254	-	3,312
Revenues received in shares	-	-	-	(3,000)
Interests on convertible term notes	2,791	-	3,567	-
Stock-based compensation	43	23	96	53
Gain/Loss on exchange rate	(400)	-	(400)	-
Amortization of capital assets	258	271	514	544
Amortization of deferred development costs	-	251	43	501
Amortization of licenses and patents	66	143	458	284
Amortization of deferred financing expenses	424	-	476	-
	(2,660)	(4,514)	(7,435)	(7,777)
Change in working capital items (note 11)	(2,160)	489	(2,471)	(173)
	(4,820)	(4,025)	(9,906)	(7,950)
Cash flows from financing activities				
Proceeds from share issues	10,949	15,005	10,949	15,015
Share issue expenses	(32)	(1,074)	(295)	(1,074)
Deferred financing expenses	(4)	-	(62)	-
Issuance of convertible term notes	-	-	1,531	-
Bank loan	-	1,080	-	1,080
Repayment of long-term debt	(109)	(120)	(193)	(238)
	10,804	14,891	11,930	14,783
Cash flows used in investing activities				
Acquisition of short term investments	-	(6,000)	-	(6,000)
Acquisition of an investment	(4)	(197)	(4)	(398)
Additions to capital assets	(34)	(609)	(106)	(1,203)
Additions to licenses and patents	(1,247)	(7)	(1,377)	(76)
	(1,285)	(6,813)	(1,487)	(7,677)
Net increase (decrease) in cash and cash equivalents	4,699	4,053	537	(844)
Cash and cash equivalents, beginning of period	6,363	1,873	10,525	6,770
Cash and cash equivalents, end of period	\$ 11,062	\$ 5,926	\$ 11,062	\$ 5,926

For supplemental cash flow information, see note 11

The accompanying notes are an integral part of the consolidated financial statements.

The unaudited quarterly financial statements have not been reviewed by external auditors

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Quarters ended June 30, 2006 and 2005

(In thousands of Canadian dollars except for number of shares)

(The unaudited quarterly financial statements have not been reviewed by external auditors)

1. Governing statutes, nature of operations and going concern

ProMetic Life Sciences Inc. ("ProMetic" or the "Company"), incorporated under the Canada Business Corporations Act, 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. The Company owns proprietary technology essential for use in the large-scale purification of drugs, genomics and proteomics products as well as medical and therapeutic applications.

These financial statements have been prepared on a going concern basis which assumes that the Company will continue in operation for the foreseeable future and accordingly will be able to realize its assets and discharge its liabilities in the normal course of operations. Since inception, the Company has concentrated its resources on research and development. It has had no net earnings, minimal revenues, negative operating cash flows and has financed its activities through the issuance of shares. The Company's ability to continue as a going concern is dependent on obtaining additional investment capital and achieving profitable operations. There can be no assurance that the Company will be successful in increasing revenue or raising additional investment capital to generate sufficient cash flows to continue as a going concern. These financial statements do not reflect the adjustments that might be necessary to the carrying amount of reported assets, liabilities and revenues and expenses and the balance sheet classification used if the Company were unable to continue operations in accordance with this assumption.

2. Basis of presentation

The unaudited consolidated balance sheet as at June 30, 2006 and the related unaudited consolidated statements of operations, deficit, surplus and cash flows, for the six-month periods ended June 30, 2006 and 2005, have been prepared using accounting principles and practices consistent with those used and described in the annual financial statements. The interim financial statements do not include all disclosures required for annual financial statements. Accordingly, they should be read in conjunction with the Company's audited consolidated financial statements and notes thereto as at and for the year ended December 31, 2005 included in the Company's annual report to shareholders. Information as at June 30, 2006 and for the periods ended June 30, 2006 and 2005 are unaudited.

3. Accounts receivable

	June 30 2006	December 31 2005
Trade	\$ 698	\$ 374
Sales taxes receivable	268	164
Tax credits receivable (note 6)	2,475	2,225
Advance to an officer, without interest	64	22
Other	173	129
	\$ 3,678	\$ 2,914

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Quarters ended June 30, 2006 and 2005

(In thousands of Canadian dollars except for number of shares)

(The unaudited quarterly financial statements have not been reviewed by external auditors)

4. Inventories

	June 30 2006	December 31 2005
Raw materials	\$ 330	\$ 389
Work in progress and finished goods	1,960	1,546
	\$ 2,290	\$ 1,935

5. Investments

	June 30 2006	December 31 2005
Convertible preferred shares of AM-Pharma Holding B.V.	\$ 358	\$ 358
Guaranteed Investment Certificate, 1.75%, expiring in June 2006 pledged as security of a letter of credit to a supplier expiring in November 2010	200	200
Cash subject to certain limitations	74	70
Excess of the interest in the joint venture Pathogen Removal and Diagnostic Technologies Inc. over proportionate share in consolidated net assets	1,930	2,248
	\$ 2,562	\$ 2,876

6. Bank loan

	June 30 2006	December 31 2005
Bank loan of ProMetic BioSciences Inc, a wholly-owned subsidiary of the Company, related to research and development tax credits and secured by a hypothec in the amount of \$1.3 million on all present and future assets of the subsidiary (other than intellectual property and certain investments) guaranteed by the Company, bearing interest at prime plus 1.75% (7.75 % as at June 30, 2006 and 6.75 % as at December 31, 2005), payable upon receipt of the corresponding tax credits.	\$ 1,029	\$ 1,029

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Quarters ended June 30, 2006 and 2005

(In thousands of Canadian dollars except for number of shares)

(The unaudited quarterly financial statements have not been reviewed by external auditors)

7. Convertible Term Notes

On December 30, 2005, the Company issued Secured Convertible Term Notes with a principal amount to be paid of US \$9.538 million (\$11,120) for a total cash consideration of US \$7.6 million (\$8,861). Subsequent to this event, additional notes with a principal amount of US \$1.634 million (\$1,905) for a total cash consideration of US \$1.302 million (\$1,518) were issued in January 2006.

As at June 30, 2006, the company did not meet certain covenants. However, the majority of the note holders agreed to change the covenants. As a consequence the short portion of the note is \$4.3 million. In addition, interest expenses were capitalized to the outstanding debt for a total of \$3,567 million to adjust the carrying value to the principal amount.

To secure the Company's obligations under the notes, ProMetic Life Sciences Inc. and its subsidiaries, ProMetic BioSciences Inc., ProMetic BioSciences (USA), Inc. and ProMetic BioSciences Ltd granted a hypothec, mortgage or other security interest on substantially all of their assets and each subsidiary guaranteed the obligations of ProMetic Life Sciences Inc. under the notes.

For the eight month period following issuance of a note, half of its principal amount is convertible at the holder's option into Subordinate Voting Shares at a conversion price of US \$0.27. After this period, the full outstanding principal amount shall be convertible at holder's option until maturity provided the holder of the note would not own more than 9.99% of outstanding shares.

In January, 2006, 2,999,394 warrants were issued to purchase Subordinate Voting shares at an exercise price of US \$0.30 per share and are exercisable for a period of five years.

As at June 30, 2006, two of the note holders converted part of their investment resulting in an issuance of 676,780 subordinate voting shares. The portion of the convertible term notes (\$96) and the conversion option in the surplus (\$48) was credited to the share capital.

For accounting purposes, the notes contain both a liability component and an equity component (the holder's conversion option and the warrants). The value of the liability component has been determined by discounting the future repayments at discount rate which represents the estimated borrowing rate available to the Company for similar notes having no warrants and no conversion rights. The fair values of the warrants and the holder's conversion option were determined using the Black Scholes option pricing model using the following assumptions:

	Conversion option	Warrants
Risk-free interest rate	4.37–4.41%	4.35%
Dividend yield	0%	0%
Expected volatility of share price	70-80%	70-80%
Expected life	9 – 36 months	5 years

The estimated fair value was adjusted on a prorated basis, to ensure that the fair value assigned to the components equals the total cash consideration received for the issuance of the term notes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Quarters ended June 30, 2006 and 2005

(In thousands of Canadian dollars except for number of shares)

(The unaudited quarterly financial statements have not been reviewed by external auditors)

The equity component of shareholder's equity is recorded separately. The other issuance costs incurred related to the Note have been accounted for as deferred financing cost for the portion attributable to the liability component and as share issue expenses for the portion attributable to the equity component.

As at June 30, 2006, the following warrants related to the convertible term notes were outstanding:

Warrants	Expiry date	Exercise price
20,584,092	December 2010	US \$0.30
2,999,394	January 2011	US \$0.30

8. Provision related to a lawsuit

Following the judgment in favor of Bank of Montreal issued in December 2004, a non-recurring expense of \$ 3.0 million has been recorded in the consolidated statement of operations and in the accrued liabilities.

In January 2005, the Company appealed the judgment and is waiting for the audition date of the appeal court. Furthermore a legal hypothec in the amount of \$2,762 (with interests and additional indemnity as provided by law) resulting from a judgment, was registered on December 23, 2004 in favor of Bank of Montreal and charging certain movable assets of ProMetic Life Sciences Inc. ("PLI"), including shares held by it in the capital of its subsidiaries, Pathogen Removal and Diagnostic Technologies Inc., and any sums lent to them by PLI.

9. Share capital

	June 30, 2006		December 31, 2005	
	Number	Amount	Number	Amount
Issued and fully paid:				
Subordinate voting shares	159,805,039	\$ 162,096	116,501,784	\$ 149,584
Multiple voting shares	-	-	13,026,375	1,563
Share purchase loan to an officer, without interest and due no later than 2009		(450)		(450)
Balance, at end of period		\$ 161,646		\$ 150,697

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Quarters ended June 30, 2006 and 2005

(In thousands of Canadian dollars except for number of shares)

(The unaudited quarterly financial statements have not been reviewed by external auditors)

a) Share issue

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

	Number	Amount
Balance as at December 31, 2005	116,501,784	\$149,584
Shares issued pursuant to:		
Conversion of multiple voting shares	13,026,375	1,563
Exercise of options	676,880	145
Private placement	29,600,000	10,804
Balance as at June 30, 2006	159,805,039	\$162,096

In May 2006, following a resolution by the shareholders, 13,026,375 multiple voting shares were converted into 13,026,375 subordinate voting shares.

In June 2006, the company secured a private placement of 29,600,000 subordinate voting shares at \$0.365 per share for a net proceed of \$10.8 million.

b) Stock options:

The Company has a stock option plan for its directors, officers and employees or service providers. The following table summarizes the changes in the number of stock options outstanding.

	Options	Weighted average exercise price per share
Number of options outstanding as at December 31, 2005	2,997,375	\$1.43
2006 Granted	580,000	0.41
Exercised	-	-
Cancelled	(50,925)	2.70
Number of options outstanding as at June 30, 2006	3,526,450	\$1.24

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Quarters ended June 30, 2006 and 2005

(In thousands of Canadian dollars except for number of shares)

(The unaudited quarterly financial statements have not been reviewed by external auditors)

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

The Company uses the Black-Scholes option valuation model to calculate the fair value of options at the date of grant, using the following assumptions:

	June 30, 2006
Risk-free interest rate	4.56%
Dividend yield	0%
Expected volatility of share price	72.93%
Expected life	5 years

The estimated fair value of options granted during the quarter ended June 30, 2006 is \$0.24

10. Information included in the consolidated statement of operations

	Quarter ended June 30		Six-month ended June 30	
	2006	2005	2006	2005
Amortization of capital assets	\$ 258	\$ 271	\$ 514	\$544
Amortization of deferred development costs	-	251	43	501
Amortization of licenses and patents	66	143	458	284
Amortization of deferred financing expenses	423	-	476	-
Gross research and development expenses	2,535	3,820	6,469	7,997
Research and development tax credits	125	75	250	275
Interest on long-term debt	2,803	15	3,586	33
Interest on short-term debt	19	28	37	43
Interest income	64	16	102	29

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Quarters ended June 30, 2006 and 2005

(In thousands of Canadian dollars except for number of shares)

(The unaudited quarterly financial statements have not been reviewed by external auditors)

11. Additional information on the consolidated statement of cash flows

30	Quarter ended June 30		Six-month ended June	
	2006	2005	2006	2005
a) Change in working capital items				
Accounts receivable	(\$448)	\$1,853	(\$764)	(\$135)
Inventories	(106)	(31)	(355)	12
Prepaid expenses	156	198	(15)	(101)
Accounts payable and accrued liabilities	(1,764)	(1,392)	(1,467)	267
Deferred revenue	2	(139)	130	(216)
	(\$2,160)	\$489	(\$2,471)	(\$173)
b) Non-cash transactions				
Unpaid additions to capital assets and licenses and patents	\$ 52	\$(32)	\$183	\$284
Excess of the interest in the joint venture Pathogen Removal and Diagnostic Technologies Inc. over the proportionate share in the consolidated net assets	(428)	142	(318)	275
Preferred shares retractable at the holder's option	846	142	956	275
Unpaid share issue expenses	64	56	77	64
Shares of Hemosol Corp. received as consideration of acceptance of milestone.	-	-	-	3,000
Unpaid interests related to the convertible term notes	2,791	-	3,567	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Quarters ended June 30, 2006 and 2005

(In thousands of Canadian dollars except for number of shares)

(The unaudited quarterly financial statements have not been reviewed by external auditors)

During the quarter, the company paid some charges related to the PPPS project with PRDT preferred shares resulting in a decrease of its investment of \$637,780 and an increase of its preferred shares retractable at the holder's option for the same amount.

11. Segmented information:

The Company operates in one reporting segment consisting in research, development, manufacturing and commercialization of a variety of commercial applications from its technology platform.

a) Revenues and expenses by activities:

Period ended June 30, 2006

	Therapeutics	Biotherapeutics	Bioseparation	Animal care	Total
Revenues	-	-	1,121	-	1,121
R&D expenses	2,240	1,605	2,374	-	6,219
Admin., marketing and other	1,141	674	1,299	148	3,262
Amort. of capital assets	135	7	372	-	514
Amort. of license and patents and deferred development costs	387	19	94	1	501
Amort. of deferred financing expenses	198	117	153	4	472
Loss	4,101	2,422	3,171	153	9,847

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Quarters ended June 30, 2006 and 2005

(In thousands of Canadian dollars except for number of shares)

(The unaudited quarterly financial statements have not been reviewed by external auditors)

Quarter ended June 30, 2006

	Therapeutics	Biotherapeutics	Bioseparation	Animal care	Total
Revenues	-	-	625	-	625
R&D expenses	1,150	828	432	-	2,410
Admin., marketing and other	724	471	512	72	1,779
Amort. of capital assets	69	4	185	1	258
Amort. of license and patents and deferred development costs	32	12	20	-	65
Amort. of deferred financing expenses	179	108	128	4	419
Loss	2,154	1,423	652	77	4,306

b) Revenues by geographic segment ⁽¹⁾ :

	Quarter ended June 30		Six-month ended June 30	
	2006	2005	2006	2005
Canada	\$ -	\$289	\$ -	\$4,714
United States	332	55	377	317
United Kingdom	91	109	160	228
Europe (excluding United Kingdom)	200	674	566	1,090
Other countries	2	-	18	-
	\$625	\$1,127	\$1,121	\$6,349

(1) Revenues are attributed to countries based on location of customer and not on location of subsidiaries.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Quarters ended June 30, 2006 and 2005

(In thousands of Canadian dollars except for number of shares)

(The unaudited quarterly financial statements have not been reviewed by external auditors)

c) Assets by geographic segment:

	June 30 2006	December 31 2005
Canada	\$ 22,301	\$ 21,344
United States	1,323	147
United Kingdom	7,573	8,305
	\$ 31,197	\$ 29,796

d) Capital assets and licenses and patents by geographic segment:

	June 30 2006	December 31 2005
Canada	\$ 4,285	\$ 4,558
United States	1,238	114
United Kingdom	5,400	5,750
	\$10,923	\$ 10,422