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QUARTERLY REPORT
FOR THE PERIOD ENDING MARCH 31, 2007



PROMETIC

PROMETIC LIFE SCIENCES INC.

Quarterly Report

Three-month period ended March 31, 2007

This present release constitutes 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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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, 2006 included in the Company's annual report to shareholders. Information as at March 31, 2007 and for the periods ended March 31, 2007 and 2006 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.

Revenues

Total revenues for the first quarter of 2007 were \$3.0 million compared with \$0.5 million for the first quarter of 2006. The increase in revenues was primarily due to increased activities of ProMetic BioSciences Ltd for its proprietary affinity products.

Cost of goods sold

Cost of goods sold was \$0.5 million for the first quarter of 2007 compared with \$0.1 million for the first quarter of 2006. The increase was primarily attributed to affinity products which were shipped during the quarter.

Research and development expenses

Research and development expenses increased to \$4.6 million for the quarter ended March 31, 2007 from \$3.7 million for the same period in 2006. The expenditures were mainly attributable to the establishment of a U.S. subsidiary for the Plasma Protein Purification System (PPPS) technology; the Pathogen Removal and Diagnostic Technologies (PRDT) prion filter program; the commencement of the Phase Ib/II clinical trials for the PBI-1402 program, preparatory work for PBI-1393 clinical trial, and the development of new compounds for the hematology and cancer programs.

General and administrative expenses

General and administrative expenses were \$1.5 million for the first quarter ended March 31, 2007, equal to the first quarter ended March 31, 2006.

Depreciation and amortization expenses

Depreciation and amortization expenses for the quarter ended March 31, 2007 were \$0.5 million, as compared with \$0.7 million for the quarter ended March 31, 2006. The slight decrease was mostly due to lower capital investment.

Net results

The Company incurred a net loss of \$4.7 million, or \$0.02 per share, for the quarter ended March 31, 2007 compared with a net loss of \$6.3 million, or \$0.05 per share, for the same period in 2006. The decrease in net loss was primarily due to the higher revenues.

Liquidity and Financial position

Current assets totalled \$19.4 million as of March 31, 2007, compared with \$26.0 million as of December 31, 2006.

Accounts receivable increased slightly to \$2.6 million as of March 31, 2007, compared with \$2.3 million as of December 31, 2006. Accounts receivable consist mostly of research and development tax credits receivable and trade receivable. The increase in accounts receivable was mainly attributed to the \$0.9 million that was due upon signing of a technology transfer and licensing agreement with Instituto de Tecnologia do Parana of Brazil (Tecpar).

The net capital assets were stable as of \$4.5 million on March 31, 2007, compared with December 31, 2006.

Higher deferred revenues in the first quarter resulted from the \$0.9 million that was due upon signing of the Tecpar agreement.

Cash Flows

Cash flows used in operating activities amounted to \$6.6 million for the quarter ended March 31, 2007, compared with \$5.1 million for the same period in 2006. The increase in cash flows used for operating activities was mainly attributed to higher research and development expenses. As a reminder the cash related to the first shipment of affinity adsorbent was collected in December 2006.

Cash outflows from financing activities amounted to \$0.2 million for the quarter ended March 31, 2007 compared with a cash inflow of \$1.1 million during the same period in 2006.

Cash flows used in investing activities amounted to \$0.4 million for the first three months of 2007 compared with \$0.2 million for the same period in 2006.

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 21 of the Company's Annual Information Form for the year ended December 31, 2006, 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)

| | March 31 | December 31 |
|--|------------------|-------------|
| | 2007 | 2006 |
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$13,654 | \$20,825 |
| Accounts receivable (note 4) | 2,572 | 2,298 |
| Inventories (note 5) | 2,264 | 2,223 |
| Prepaid expenses | 865 | 647 |
| | 19,355 | 25,993 |
| Investments (note 6) | 2,371 | 2,224 |
| Capital assets | 4,558 | 4,484 |
| Licenses and patents | 5,395 | 5,442 |
| Deferred financing expenses | - | 2,584 |
| | \$31,679 | \$40,727 |
| LIABILITIES | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | \$4,414 | \$5,696 |
| Provision related to a lawsuit (note 7) | 3,127 | 3,084 |
| Deferred revenues | 1,133 | 2,199 |
| Current portion of long-term debt | 2,676 | 2,678 |
| | 11,350 | 13,657 |
| Long-term debt | 6,661 | 8,899 |
| Preferred shares, retractable at the holder's option | 3,061 | 2,916 |
| | 21,073 | 25,472 |
| SHAREHOLDERS' EQUITY | | |
| Share capital (note 8) | 181,481 | 181,412 |
| Contributed surplus | 8,054 | 8,022 |
| Deficit | (178,929) | (174,179) |
| | 10,606 | 15,255 |
| | \$31,679 | \$40,727 |

*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 March 31 | |
|--|---------------------------|-----------|
| | 2007 | 2006 |
| Revenues | | |
| Sales and contract | \$2,970 | \$456 |
| Licensing | 69 | 40 |
| | 3,039 | 496 |
| Charges | | |
| Cost of good sold | 458 | 142 |
| Research and development expenses | 4,560 | 3,667 |
| Administration, marketing and other expenses | 1,459 | 1,484 |
| Amortization of capital assets | 228 | 256 |
| Amortization of license and patents and deferred development costs | 301 | 436 |
| Amortization of deferred financing expenses | - | 53 |
| | 7,006 | 6,038 |
| Loss before the following items | (3,967) | (5,542) |
| Provision related to a lawsuit (note 6) | (43) | (34) |
| Net interest expenses | (654) | (771) |
| Net loss | (\$4,664) | (\$6,347) |
| Net loss per share (basic and diluted) | (0.02) | (0.05) |
| Weighted average number of outstanding shares (in thousands) | 234,774 | 129,528 |

For supplemental operations information, see note 9*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 March 31 | |
|---|---------------------------|-------------------|
| | 2007 | 2006 |
| Deficit, beginning of the period | \$ 174,179 | \$ 142,773 |
| Net Loss | 4,664 | 6,347 |
| Share issue expenses | 86 | 71 |
| Deficit, end of period | \$ 178,929 | \$ 149,191 |

*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)

For the quarters ended March 31, 2007 and 2006

| | Stock-based compensation | Warrants | Other | Total contributed surplus |
|---|-----------------------------|-----------------|-----------------|---------------------------------|
| CONTRIBUTED SURPLUS, AS AT DECEMBER 31, 2005 | \$ 258 | \$ 3,166 | \$ 2,505 | \$ 5,929 |
| Stock-based compensation | 53 | - | - | 53 |
| Term Notes | | | | |
| Issuance | - | 401 | - | 401 |
| Conversion | - | - | 429 | 429 |
| Cancellation pursuant to payment | - | - | - | - |
| Exercise of warrants related to term notes | - | - | - | - |
| CONTRIBUTED SURPLUS, AS AT MARCH 31, 2006 | \$ 311 | \$ 3,567 | \$ 2,934 | \$ 6,812 |

| | | | | |
|---|---------------|-----------------|-----------------|-----------------|
| CONTRIBUTED SURPLUS, AS AT DECEMBER 31, 2006 | \$ 400 | \$ 5,486 | \$ 2,136 | \$ 8,022 |
| Stock-based compensation | 34 | - | - | 34 |
| Term Notes | | | | |
| Issuance | - | - | - | - |
| Conversion | - | - | - | - |
| Cancellation pursuant to payment | - | - | - | - |
| Exercise of warrants related to term notes | - | (2) | - | (2) |
| CONTRIBUTED SURPLUS, AS AT MARCH 31, 2007 | \$ 434 | \$ 5,484 | \$ 2,136 | \$ 8,054 |

*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 March 31 | |
|--|------------------------|-----------------|
| | 2007 | 2006 |
| Cash flows used in operating activities | | |
| Net loss | \$ (4,664) | \$ (6,347) |
| Adjustments to reconcile net loss to cash flows used in operating activities | | |
| Exercise of warrants related to term notes | (2) | - |
| Interests on long-term debt | 474 | - |
| Interests on convertible term notes | - | 775 |
| Stock-based compensation | 34 | 53 |
| Gain on exchange rate | (129) | - |
| Amortization of capital assets | 228 | 256 |
| Amortization of deferred development costs | - | 43 |
| Amortization of licenses and patents | 301 | 392 |
| Amortization of deferred financing expenses | - | 53 |
| | (3,758) | (4,775) |
| Change in working capital items (note10) | (2,800) | (311) |
| | (6,559) | (5,086) |
| Cash flows from financing activities | | |
| Proceeds from share issues | 10 | - |
| Share issue expenses | (197) | (263) |
| Deferred financing expenses | - | (58) |
| Issuance of convertible term notes | - | 1,531 |
| Repayment of long-term debt | - | (84) |
| | (187) | 1,126 |
| Cash flows used in investing activities | | |
| Additions to capital assets | (166) | (72) |
| Additions to licenses and patents | (259) | (130) |
| | (425) | (202) |
| Net decrease in cash and cash equivalents | (7,171) | (4,162) |
| Cash and cash equivalents, beginning of period | 20,825 | 10,525 |
| Cash and cash equivalents, end of period | \$ 13,654 | \$ 6,363 |

For supplemental cash flow 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Quarters ended March 31, 2007 and 2006

(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 March 31, 2007 and the related unaudited consolidated statements of operations, deficit, surplus and cash flows, for the three-month periods ended March 31, 2007 and 2006, 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, 2006 included in the Company's annual report to shareholders. Information as at March 31, 2007 and for the periods ended March 31, 2007 and 2006 are unaudited.

3. Change in accounting policy

On January 1, 2007, in accordance with the applicable transitional provisions, the Company adopted, without restating prior periods, the new recommendations of the CICA Handbook in Section 3855, *Financial Instruments – Recognition and Measurement*, Section 3861, *Financial Instruments – Disclosure and Presentation* and Section 1530, *Comprehensive Income*. Sections 3855 and 3861 deal with the classification, recognition, measurement, presentation and disclosure of financial instruments (including derivatives) and non-financial derivatives in the financial statements and Section 1530 deals with the presentation of comprehensive income and its components, including net income and components of comprehensive income.

Adoption of these new recommendations had the following impacts on the classification and measurement of the Company's financial instruments:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Quarters ended March 31, 2007 and 2006

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

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

- Cash and cash equivalents are classified as held-for-trading financial assets. They are measured at fair value and changes in fair value are recognized in consolidated earnings. This classification had no impact at the time of adoption of the new recommendations.
- Accounts receivable are classified as loans and receivables. They are measured at amortized cost, which is generally the amount on initial recognition less an allowance for doubtful accounts. This classification had no impact at the time of initial adoption of the recommendations.
- Investments are classified in different categories:

The guaranteed investment certificate is classified as held-to-maturity since the Company has the intention and the capacity to keep this asset until its expiration in June 2007. This investment is measured at amortized cost using the effective interest method, which is the amount on initial recognition.

The cash subject to certain limitation is classified as held-for-trading and it is measured at fair value and changes in fair value are recognized in consolidated earnings.

The convertible preferred shares of AM-Pharma Holding B.V. are classified as available-for-sale and they are measured at cost.

The excess of interest in the joint venture Pathogen Removal and Diagnostic Technologies is classified as loans and receivables and is measured at amortized cost using the effective interest method.

The classification of those investments had no impact at the time of initial adoption of the recommendations.

- Accounts payable and accrued liabilities are classified as other financial liabilities. They are measured at amortized cost using the effective interest method. The amortized cost is the amount on initial recognition. This classification had no impact at the time of initial adoption of the recommendations.
- Long-term debt is classified as other financial liabilities. It is measured at amortized cost, which is the amount on initial recognition. The fair value of the long-term debt has been reevaluated as at March 31, 2007 at \$7.7 million. The nominal value of the debt is \$11.5 million and the costs incurred at the time the debt was concluded total \$2.6 million. This classification had no impact at the time of initial adoption of the recommendations.
- The preferred shares retractable at the holder's option are classified as other financial liabilities and are measured at amortized cost using the effective interest method. This classification had no impact at the time of initial adoption of the recommendations.

The Company also adopted the following accounting policies:

Transaction costs relating to other financial liabilities are applied against the carrying amount of the related financial liabilities.

The Company only recognizes as separate assets and liabilities derivatives embedded in hybrid instruments issued, acquired or substantially modified by the Company as of January 1st, 2003, when the hybrid instruments are not recognized as held for trading and are still in effect as at January 1st, 2007. Embedded derivatives that are not closely related to the host contract must

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Quarters ended March 31, 2007 and 2006

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

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

be separated, classified as held-for-trading financial instruments and are therefore measured at fair value with changes in fair value recognized in consolidated earnings. The Company has not identified any embedded derivative that should be separated, other than the following:

Some of the Company's sales contracts include a foreign currency embedded derivative. In some contracts, the foreign currency in question corresponds to or is recognized as the currency of measurement of one of the parties to the contract. In these cases, the recommendations of Section 3855 state that it is not necessary to separate the foreign currency embedded instrument. In other contracts, the currency of measurement of the parties to the contract is different from that of the contract. In these cases, the Company is required to recognize the foreign currency derivatives separately and measure them at fair value. Adoption of this new accounting policy did not have any impact on recognition of these sales contracts.

4. Accounts receivable

| | March 31 | December 31 |
|---|-----------------|--------------------|
| | 2007 | 2006 |
| Trade | \$ 1,219 | \$ 1,143 |
| Sales tax receivable | 210 | 201 |
| Tax credits receivable | 841 | 710 |
| Advance to an officer, without interest | 2 | 6 |
| Accrued interest and other | 300 | 238 |
| | \$ 2,572 | \$ 2,298 |

5. Inventories

| | March 31 | December 31 |
|-------------------------------------|-----------------|--------------------|
| | 2007 | 2006 |
| Raw materials | \$ 846 | \$ 440 |
| Work in progress and finished goods | 1,419 | 1,783 |
| | \$ 2,264 | \$ 2,223 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Quarters ended March 31, 2007 and 2006

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

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

6. Investments

| | March 31 2007 | December 31 2006 |
|--|------------------|---------------------|
| Held-for-trading | | |
| Cash subject to certain limitations | \$ 85 | \$ 83 |
| Held-to-maturity | | |
| Guaranteed investment certificate, 3.5 %, expiring in June 2007, pledged as security of a letter of credit to a supplier expiring in November 2010 | 200 | 200 |
| Available-for-sale | | |
| Convertible preferred shares of AM-Pharma Holding B.V. | 358 | 358 |
| Loans and receivables | | |
| Excess of interest in the joint venture Pathogen Removal and Diagnostic Technologies Inc. over proportionate share in consolidated net assets | 1,728 | 1,583 |
| | \$ 2,371 | \$ 2,224 |

7. Provision related to a lawsuit

As a result of the Quebec Superior Court decision (the "Decision") in favour of Bank of Montreal in December 2004, a non-recurring expense of \$43 (\$38 in 2006) has been recorded in the consolidated statement of operations for the quarter. In January 2005, the Company appealed the Decision, and at the end of the quarter was awaiting a hearing date before the Québec Court of Appeals.

Furthermore, a legal hypothec in the amount of \$2,762 (with interests and additional indemnity as provided for by law) resulting from the decision, 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 share capital of its subsidiaries, as well as in Pathogen Removal and Diagnostic Technologies Inc., and any sums lent to such entities by PLI.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Quarters ended March 31, 2007 and 2006

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

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

8. Share capital

| | Mars 31, 2007 | | December 31, 2006 | |
|--|---------------|------------|-------------------|------------|
| | Number | Amount | Number | Amount |
| Issued and fully paid | | | | |
| Subordinate voting shares | 234,799,629 | \$ 181,931 | 234,670,814 | \$ 181,862 |
| Share purchase loan to an officer, without interest and due no later than 2009 | | (450) | | (450) |
| Balance at end of period | | \$ 181,481 | | \$ 181,412 |

a) Share issue

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

| | Number | Amount |
|---------------------------------|-------------|------------|
| Balance as at December 31, 2006 | 234,670,814 | \$ 181,412 |
| Shares issued pursuant to: | | |
| Exercise of warrants | 20,000 | 10 |
| Private placement | 108,815 | 59 |
| Balance as at March 31, 2007 | 234,799,629 | \$ 181,481 |

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, 2006 | 3,931,500 | \$ 0.91 |
| 2007 Granted | 677,500 | 1.38 |
| Exercised | - | - |
| Cancelled | (29,050) | 0.78 |
| Number of options outstanding as at March 31, 2007 | 4,579,950 | \$ 1.24 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Quarters ended March 31, 2007 and 2006

(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:

| | March 31, 2007 | December 31, 2006 |
|------------------------------------|----------------|-------------------|
| Risk-free interest rate | 4.03% | 4.28% |
| Dividend yield | 0% | 0% |
| Expected volatility of share price | 75.3% | 73.90% |
| Expected life | 5 years | 5 years |

The estimated fair value of options granted during the quarter ended March 31, 2007 is \$0.22. For the year ended December 31, 2006 the fair value of options was \$0.21.

9. Information included in the consolidated statement of operations

| | Three-month ended March 31 | |
|---|----------------------------|--------|
| | 2007 | 2006 |
| Amortization of capital assets | \$ 228 | \$ 256 |
| Amortization of deferred development costs | - | 43 |
| Amortization of licenses and patents | 301 | 393 |
| Amortization of deferred financing expenses | - | 53 |
| Gross research and development expenses | 4,696 | 3,934 |
| Research and development tax credits | 136 | 125 |
| Interest on long term debt and convertible term notes | 785 | 784 |
| Interest on short term debt | - | 18 |
| Interest income | 151 | 37 |
| Gain on exchange rate | 129 | - |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Quarters ended March 31, 2007 and 2006

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

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

10. Additional information on the consolidated statement of cash flow

| | Three-month ended March 31 | |
|--|----------------------------|-----------------|
| | 2007 | 2006 |
| a) Change in working capital items | | |
| Accounts receivable | \$ (274) | \$ (316) |
| Inventories | (41) | (249) |
| Prepaid expenses | (218) | (171) |
| Accounts payable and accrued liabilities | (1,244) | 263 |
| Provision related to a lawsuit | 43 | 34 |
| Deferred revenues | (1,066) | 128 |
| | \$ (2,800) | \$ (311) |

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 business units:**Quarter ended March 31, 2007**

| | Therapeutics | BioTherapeutics | Bioseparation | BSafE | Corporate | Interunit transactions | Total |
|-------------------------------------|--------------|-----------------|---------------|-------|-----------|---------------------------|-------|
| Revenues | - | 57 | 3,355 | - | - | (373) | 3,039 |
| Cost of good sold | - | - | 808 | - | - | (350) | 458 |
| Research and development expenses | 1,210 | 1,266 | 2,209 | - | - | (125) | 4,560 |
| Administration, marketing and other | - | - | 50 | 67 | 1,312 | 30 | 1,459 |
| Depreciation and other expenses | 68 | 805 | 174 | - | (67) | 246 | 1,226 |
| Net loss (earnings) | 1,278 | 2,014 | (114) | 67 | 1,245 | 174 | 4,664 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Quarters ended March 31, 2007 and 2006

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

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

Quarter ended March 31, 2006

| | Therapeutics | BioTherapeutics | Bioseparation | BSafE | Corporate | Interunit transactions | Total |
|-------------------------------------|--------------|-----------------|---------------|-----------|--------------|------------------------|--------------|
| Revenues | - | - | 1,062 | - | - | (566) | 496 |
| Cost of good sold | - | - | 379 | - | - | (237) | 142 |
| Research and development expenses | 1,099 | 2,128 | 440 | - | - | - | 3,667 |
| Administration, marketing and other | - | - | 231 | 59 | 1,194 | - | 1,484 |
| Depreciation and other expenses | 84 | - | 260 | - | 843 | 363 | 1,550 |
| Net loss | 1,183 | 2,128 | 248 | 59 | 2,037 | 692 | 6,347 |

b) Revenues by geographic segment (1)

| | Quarter ended March 31 | |
|-----------------------------------|------------------------|---------------|
| | 2007 | 2006 |
| Canada | \$ - | \$ - |
| United States | 244 | 45 |
| United Kingdom | 212 | 69 |
| Europe (excluding United Kingdom) | 2,583 | 366 |
| Other Countries | - | 16 |
| | \$ 3,039 | \$ 496 |

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

c) Assets by business units

| | March 31 2007 | December 31 2006 |
|------------------------|------------------|---------------------|
| Therapeutics | \$ 9,874 | \$ 9,197 |
| BioTherapeutics | 1,554 | 2,520 |
| Bioseparation | 8,560 | 10,167 |
| Corporate | 20,496 | 27,455 |
| Interunit transactions | (8,805) | (8,612) |
| | \$ 31,679 | \$ 40,727 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Quarters ended March 31, 2007 and 2006

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

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

d) Assets by geographic segment

| | March 31 | December 31 |
|----------------|------------------|--------------------|
| | 2007 | 2006 |
| Canada | \$ 21,595 | \$ 28,329 |
| United States | 1,691 | 2,583 |
| United Kingdom | 8,392 | 9,815 |
| | \$ 31,679 | \$ 40,727 |

e) Capital assets and licenses and patents by business units

| | March 31 | December 31 |
|------------------------|-----------------|--------------------|
| | 2007 | 2006 |
| Therapeutics | \$ 2,380 | \$ 2,087 |
| BioTherapeutics | 1,222 | 1,156 |
| Bioseparation | 4,486 | 4,577 |
| Corporate | 194 | 196 |
| Interunit transactions | 1,671 | 1,910 |
| | \$ 9,953 | \$ 9,926 |

f) Capital assets and licenses and patents by geographic segment

| | March 31 | December 31 |
|----------------|-----------------|--------------------|
| | 2007 | 2006 |
| Canada | \$ 3,482 | \$ 3,407 |
| United States | 1,265 | 1,201 |
| United Kingdom | 5,207 | 5,318 |
| | \$ 9,953 | \$ 9,926 |