

A large, semi-transparent globe is positioned on the left side of the page. It features a grid of latitude and longitude lines. Overlaid on the globe are several grey silhouettes of chemical apparatus, including Erlenmeyer flasks, beakers, and a round-bottom flask.

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QUARTERLY REPORT
FOR THE PERIOD ENDING JUNE 30, 2007



PROMETIC

PROMETIC LIFE SCIENCES INC.

Quarterly Report

Three-month period ended June 30, 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**
- 3. Consolidated Statements of Operations**
- 4. Consolidated Statements of Deficit**
- 5. Consolidated Statements of Contributed Surplus**
- 6. Consolidated Statements of Cash Flows**
- 7. Notes to Consolidated Financial Statements**

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 June 30, 2007 and for the periods ended June 30, 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.

Results of Operations

All amounts are in Canadian dollars unless indicated otherwise.

Revenues

Total revenues for the second quarter of 2007 were \$3.0 million compared with \$0.6 million for the second quarter of 2006. For the first six months of 2007, revenues were \$6.1 million compared to \$1.1 million for the same period last year. The increased activities of ProMetic BioSciences Ltd for its proprietary affinity products and execution of development agreements signed in 2007 contributed largely to this significant improvement in revenues.

Research and development expenses

Research and development expenses grew to \$5.1 million for the quarter ended June 30, 2007 from \$2.4 million for the same period in 2006. Year to date, research and development expenses for 2007 amounted to \$10.1 million compared to \$6.2 million in 2006. The expenditures increases were mainly attributed to:

- The continuation of the Phase I/II clinical trials for the PBI-1402 program;
- The cost associated to the delivery of a major proprietary affinity product order that was received in late 2006;
- Establishment of a U.S. subsidiary for the Plasma Protein Purification System (PPPS) technology;

- The Pathogen Removal and Diagnostic Technologies (PRDT) prion filter program where clinical studies are underway;

General and administrative expenses

General and administrative expenses were \$1.4 million for the second quarter ended June 30, 2007, as compared to \$1.8 million for the second quarter ended June 30, 2006. For the first six months of 2007, the general and administrative expenses were slightly lower at \$2.9 million compared to \$3.3 million for the same period in 2006. The variance is mainly caused by the strengthening Canadian dollar vis-à-vis the US dollar and the British pound.

Depreciation and amortization expenses

Depreciation and amortization expenses for the quarters ended June 30, 2007 and June 30, 2006 were \$0.5 million and \$0.3 million respectively. Year to date depreciation and amortization were \$1.1 million in 2007 compared to \$1.0 million in 2006.

Net results

The Company incurred a net loss of \$4.8 million, or \$0.02 per share, for the quarter ended June 30, 2007 compared with a net loss of \$7.1 million, or \$0.05 per share, for the same period in 2006. Year to date loss amounted to \$9.5 million. The significant decrease in net loss was primarily due to revenues resulting from the increase in activities of ProMetic BioSciences Ltd for its proprietary affinity products and execution of development agreements signed in 2007.

Operating results by business units

Year to Date - In millions of dollars

	ProMetic BioSciences Ltd - UK	ProMetic BioTherapeutics Inc - USA	ProMetic BioSciences Inc - Canada	BSafE Innovations Inc – Canada	Corporate	Interunit transaction	Total
Revenues	6.5	0.1	-	-	-	(0.5)	6.1
Cost	6.3	2.6	2.7	0.1	3.9	0	15.6
Operating Profit/ (Loss)	0.2	(2.5)	(2.7)	(0.1)	(3.9)	(0.5)	(9.5)

For the second consecutive quarter ProMetic BioSciences Ltd reported an operating profit. This strong financial performance for ProMetic BioSciences Ltd is mainly due to the shipment of affinity product to a major customer.

Liquidity and financial position

Current assets totalled \$13.3 million as of June 30, 2007, compared with \$26.0 million as of December 31, 2006.

Cash and cash equivalents were \$5.0 as at June 30, 2007. In August 2007, the Company filed a supplement to the prospectus with the intention to raise \$7 million. In addition, the company obtained a \$0.7 million loan related to research and development investment tax credit and collected \$2.1 million from its customers.

Accounts receivable increased significantly to \$5.6 million as of June 30, 2007, compared with \$2.3 million as of December 31, 2006. The increase in accounts receivable is largely attributed to the invoicing of large quantities of affinity products at the end of June 2007 and down payments related to the Tecpar program. Between July 01, 2007 and the issuance of this report, \$2.1 million related to some invoices were collected. Included in the accounts receivable is also a \$1.0 million research and development investment tax credit receivable out of which a \$0.7 million loan has been obtained between July 01, 2007 and the issuance of this report.

The net capital assets, licenses and patents were stable as of \$4.6 million on June 30, 2007, compared with December 31, 2006.

Cash Flows

Cash flows used in operating activities amounted to \$7.7 million for the quarter ended June 30, 2007, compared with \$4.8 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 and the second payment related to the same order was collected after June 30, 2007.

Cash outflows from financing activities amounted to \$0.5 million for the quarter ended June 30, 2007 compared with cash inflows of \$10.8 million during the same period in 2006. Year to date cash outflows were \$0.5 million in 2007 compared with cash inflows of \$11.9 million in 2006.

Cash flows used in investing activities amounted to \$0.5 million for the second quarter of 2007 compared with \$0.9 million for the same period in 2006. For the six months of 2007, cash flows from investing were \$0.9 million compared to \$1.5 million in 2006. The 2007 cash flows from investing consisted primarily of patent expenditures and equipment related to the production of a major order received 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.

Consolidated financial statements

PROMETIC LIFE SCIENCES INC.

For the quarters ended June 30, 2007 and 2006

PROMETIC LIFE SCIENCES INC.
CONSOLIDATED BALANCE SHEETS
(In thousands of Canadian dollars)
(Unaudited)

	June 30 2007	December 31 2006
ASSETS		
Current assets		
Cash and cash equivalents (note 12)	\$4,961	\$20,825
Accounts receivable (note 4)	5,577	2,298
Inventories (note 5)	1,933	2,223
Prepaid expenses	803	647
	13,274	25,993
Investments (note 6)	2,606	2,224
Capital assets	4,588	4,484
Licenses and patents	5,273	5,442
Deferred financing expenses	-	2,584
	\$25,741	\$40,727
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$3,691	\$5,696
Provision related to a lawsuit (note 7)	3,170	3,084
Deferred revenues	1,113	2,199
Current portion of long-term debt	3,113	2,678
	11,087	13,657
Long-term debt	5,502	8,899
Preferred shares, retractable at the holder's option	3,163	2,916
	19,752	25,472
SHAREHOLDERS' EQUITY		
Share capital (note 8)	181,481	181,412
Contributed surplus	8,251	8,022
Deficit	(183,743)	(174,179)
	5,989	15,255
	\$25,741	\$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 June 30		Six month ended June 30	
	2007	2006	2007	2006
Revenues				
Sales and contract	\$3,023	\$624	\$5,993	\$1,080
Licensing	-	1	67	41
	3,023	625	6,060	1,121
Charges				
Research and development expenses	5,100	2,410	10,118	6,219
Administration, marketing and other expenses	1,449	1,774	2,907	3,257
Amortization of capital assets	247	258	475	514
Amortization of license and patents and deferred development costs	307	65	608	501
	7,103	4,507	14,107	10,491
Loss before the following items	(4,080)	(3,882)	(8,047)	(9,370)
Provision related to a lawsuit (note 7)	(43)	(44)	(86)	(78)
Net interest expenses	(691)	(3,192)	(1,345)	(4,017)
Net loss	(\$4,813)	(\$7,118)	(\$9,478)	(\$13,465)
Net loss per share (basic and diluted)	(0.02)	(0.05)	(0.04)	(0.10)
Weighted average number of outstanding shares (in thousands)	234,799	137,708	234,787	131,568

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 June 30		Six month ended June 30	
	2007	2006	2007	2006
Deficit, beginning of the period	\$178,930	\$149,191	\$174,179	\$142,773
Net Loss	4,813	7,118	9,478	13,465
Share issue expenses	-	96	86	167
Deficit, end of period	\$183,743	\$156,405	\$183,743	\$156,405

*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)

SIX MONTH ENDED JUNE 30, 2006

	Stock-based compensation	Warrants	Other	Total contributed surplus
CONTRIBUTED SURPLUS, AT BEGINNING OF PERIOD	\$ 258	\$ 3,166	\$ 2,505	\$ 5,929
Stock-based compensation	96	-	-	96
Term Notes				
Issuance	-	-	381	381
Conversion	-	401	-	401
Cancellation pursuant to payment	-	-	-	-
Exercise of warrants related to term notes	-	-	-	-
CONTRIBUTED SURPLUS, AS AT JUNE 30, 2006	\$ 354	\$ 3,567	\$ 2,886	\$ 6,807

SIX MONTH ENDED JUNE 30, 2007

	Stock-based compensation	Warrants	Other	Total contributed surplus
CONTRIBUTED SURPLUS, AT BEGINNING OF PERIOD	\$ 400	\$ 5,486	\$ 2,136	\$ 8,022
Stock-based compensation	231	-	-	231
Term Notes				
Issuance	-	-	-	-
Conversion	-	-	-	-
Cancellation pursuant to payment	-	-	-	-
Exercise of warrants related to term notes	-	(2)	-	(2)
CONTRIBUTED SURPLUS, AS AT JUNE 30, 2007	\$ 631	\$ 5,484	\$ 2,136	\$ 8,251

QUARTER ENDED JUNE 30, 2006

	Stock-based compensation	Warrants	Other	Total contributed surplus
CONTRIBUTED SURPLUS, AT BEGINNING OF PERIOD	\$ 311	\$ 3,567	\$ 2,934	\$ 6,812
Stock-based compensation	43	-	-	43
Term Notes				
Issuance	-	-	-	-
Conversion	-	-	(48)	(48)
Cancellation pursuant to payment	-	-	-	-
Exercise of warrants related to term notes	-	-	-	-
CONTRIBUTED SURPLUS, AS AT JUNE 30, 2006	\$ 354	\$ 3,567	\$ 2,886	\$ 6,807

QUARTER ENDED JUNE 30, 2007

	Stock-based compensation	Warrants	Other	Total contributed surplus
CONTRIBUTED SURPLUS, AT BEGINNING OF PERIOD	\$ 434	\$ 5,484	\$ 2,136	\$ 8,054
Stock-based compensation	197	-	-	197
Term Notes				
Issuance	-	-	-	-
Conversion	-	-	-	-
Cancellation pursuant to payment	-	-	-	-
Exercise of warrants related to term notes	-	-	-	-
CONTRIBUTED SURPLUS, AS AT JUNE 30, 2007	\$ 631	\$ 5,484	\$ 2,136	\$ 8,251

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 month ended June 30	
	2007	2006	2007	2006
Cash flows used in operating activities				
Net loss	\$ (4,813)	\$ (7,118)	\$ (9,478)	\$ (13,465)
Adjustments to reconcile net loss to cash flows used in operating activities				
Charges paid with PRDT shares	-	1,276	-	1,276
Exercise of warrants related to term notes	-	-	(2)	-
Interests on long-term debt	374	-	660	-
Interests on convertible term notes	-	2,791	-	3,567
Proceeds from share issues	59	-	59	-
Stock-based compensation	197	43	231	96
Gain on exchange rate	(691)	(400)	(811)	(400)
Amortization of capital assets	247	258	475	514
Amortization of deferred development costs	-	-	-	43
Amortization of licenses and patents	307	66	608	458
Amortization of deferred financing expenses	-	424	-	476
	(4,320)	(2,660)	(8,258)	(7,435)
Change in working capital items (note 10)	(3,396)	(2,160)	(6,197)	(2,471)
	(7,716)	(4,820)	(14,455)	(9,906)
Cash flows from financing activities				
Proceeds from share issues	-	10,949	10	10,949
Share issue expenses	(93)	(32)	(290)	(295)
Deferred financing expenses	-	(4)	-	(62)
Issuance of convertible term notes	-	-	-	1,531
Repayment of long-term debt	(403)	(109)	(224)	(193)
	(496)	10,804	(504)	11,930
Cash flows used in investing activities				
Acquisition of an investment	(139)	(4)	(139)	(4)
Additions to capital assets	(233)	(34)	(399)	(106)
Additions to licenses and patents	(108)	(1,247)	(367)	(1,377)
	(480)	(1,285)	(905)	(1,487)
Net increase (decrease) in cash and cash equivalents	(8,693)	4,699	(15,864)	537
Cash and cash equivalents, beginning of period	13,654	6,363	20,825	10,525
Cash and cash equivalents, end of period	\$ 4,961	\$ 11,062	\$ 4,961	\$ 11,062

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

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, 2007 and the related unaudited consolidated statements of operations, deficit, contributed surplus and cash flows, for the six-month periods ended June 30, 2007 and 2006, have been prepared using accounting principles and practices consistent with those used and described in the annual financial statements with the exception of the changes in accounting policies described in note 3. 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 June 30, 2007 and for the periods ended June 30, 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:

- 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 certificates are classified as held-to-maturity since the Company has the intention and the capacity to keep these assets until their expiration in June 2008. These investments are 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 Inc. 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 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

	June 30 2007	December 31 2006
Trade	\$ 3,857	\$ 1,143
Sales tax receivable	462	201
Tax credits receivable	971	710
Advance to an officer, without interest	15	6
Accrued interest and other	272	238
	\$ 5,577	\$ 2,298

5. Inventories

	June 30 2007	December 31 2006
Raw materials	\$ 480	\$ 440
Work in progress and finished goods	1,453	1,783
	\$ 1,933	\$ 2,223

6. Investments

	June 30 2007	December 31 2006
Held-for-trading		
Cash subject to certain limitations	\$ 80	\$ 83
Held-to-maturity		
Guaranteed investment certificates, 3.75 % and 4.4 %, expiring in June 2008, pledged as security of letters of credit to suppliers expiring in November 2010 and October 2012	339	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	1,829	1,583
	\$ 2,606	\$ 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 \$86 (\$78 in 2006) has been recorded in the consolidated statement of operations for the first six month of 2007. In January 2005, the

Company appealed the Decision, and at the end of the quarter was still 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.

8. Share capital

	June 30, 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:		
Exercice of warrants	20,000	10
Private placement	108,815	59
Balance as at June 30, 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	1,290,000	0.60
Exercised	-	-
Cancelled	(47,550)	1.86
Number of options outstanding as at June 30, 2007	5,173,950	\$ 0.82

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, 2007	December 31, 2006
Risk-free interest rate	4.09%	4.28%
Dividend yield	0%	0%
Expected volatility of share price	76.11%	73.90%
Expected life	1-5 years	5 years

The estimated fair value of options granted during the period ended June 30, 2007 is \$0.25. For the year ended December 31, 2006 the fair value of options was \$0.21.

9. Information included in the consolidated statement of operations

	Quarter ended June 30		Six-month ended June 30	
	2007	2006	2007	2006
Amortization of capital assets	\$ 247	\$ 258	\$ 475	\$ 514
Amortization of deferred development costs	-	-	-	43
Amortization of licenses and patents	307	65	608	458
Gross research and development expenses	5,231	2,535	10,384	6,469
Research and development tax credits	131	125	266	250
Interest on long term debt and convertible term notes	374	2,803	660	3,586
Interest on short term debt	-	19	-	37
Interest income	87	64	238	102
Gain on exchange rate	712	400	811	400

10. Additional information on the consolidated statement of cash flow

	Quarter ended June 30		Six-month ended June 30	
	2007	2006	2007	2006
a) Change in working capital items				
Accounts receivable	\$ (3,005)	\$ (448)	\$ (3,279)	\$ (764)
Inventories	331	(106)	290	(355)
Prepaid expenses	54	156	(156)	(15)
Accounts payable an accrued liabilities	(714)	(1,720)	(1,880)	(1,389)
Provision related to a lawsuit	(43)	(44)	(86)	(78)
Deferred revenues	(20)	2	(1,086)	130
	\$ (3,397)	\$ (2,160)	\$ (6,197)	\$ (2,471)

b) Non-cash transaction

Unpaid additions to capital assets and licenses and patents	\$	120	\$	52	\$	289	\$	183
Excess of the interest in the joint venture Pathogen Removal and Diagnostic Technologies Inc. over the proportionate share in the consolidated net assets		101		(428)		246		(318)
Preferred shares retractable at the holder's option		101		846		246		956
Unpaid share issue expenses		34		64		-		77
Unpaid interests related to the convertible term notes		-		2,791		-		3,567
Unpaid interests related to the long-term debt		374		-		660		-
Gain on exchange rate		691		400		811		400

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:

Period ended June 30, 2007

Period ended June 30, 2007

	Therapeutics	BioTherapeutics	Bioseparation	BSafE	Corporate	Interunit transactions	Total
Revenues	-	106	6,468	-	-	(514)	6,060
Research and development expenses	2,552	2,554	5,511	-	-	(500)	10,118
Administration, marketing and other	-	-	372	131	2,369	35	2,907
Depreciation and other expenses	148	43	359	-	1,467	496	2,513
Net loss (earnings)	2,700	2,491	(226)	131	3,836	545	9,478

Period ended June 30, 2006

	Therapeutics	BioTherapeutics	Bioseparation	BSafE	Corporate	Interunit transactions	Total
Revenues	-	-	1,712	-	-	(591)	1,121
Research and development expenses	2,240	1,605	2,615	-	-	(242)	6,219
Administration, marketing and other	-	-	417	105	2,735	-	3,257
Depreciation and other expenses	185	-	444	-	4,070	410	5,110
Net loss	2,426	1,605	1,765	105	6,805	759	13,465

Quarter ended June 30, 2007

	Therapeutics	BioTherapeutics	Bioseparation	BSafE	Corporate	Interunit transactions	Total
Revenues	-	49	3,364	-	-	(390)	3,023
Research and development expenses	1,342	1,288	2,732	-	-	(262)	5,100
Administration, marketing and other	-	-	322	64	1,058	5	1,449
Depreciation and other expenses	80	24	185	-	748	250	1,287
Net loss (earnings)	1,422	1,263	(125)	64	1,806	383	4,813

Quarter ended June 30, 2006

	Therapeutics	BioTherapeutics	Bioseparation	BSafE	Corporate	Interunit transactions	Total
Revenues	-	-	650	-	-	(25)	625
Research and development expenses	1,153	(523)	1,785	-	-	(5)	2,410
Administration, marketing and other	-	-	186	46	1,542	-	1,774
Depreciation and other expenses	90	-	196	-	3,227	47	3,559
Net loss (earnings)	1,243	(523)	1,517	46	4,769	67	7,118

b) Revenues by geographic segment (1)

	Quarter ended June 30		Six-month ended June 30	
	2007	2006	2007	2006
Canada	\$ -	\$ -	\$ -	\$ -
United States	642	332	887	377
United Kingdom	59	91	271	160
Europe (excluding United Kingdom)	2,319	200	4,899	566
Other Countries	2	2	3	18
	\$ 3,023	\$ 625	\$ 6,060	\$ 1,121

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

c) Assets by business units

	June 30 2007	December 31 2006
Therapeutics	\$ 10,158	\$ 9,197
BioTherapeutics	2,275	2,520
Bioseparation	10,302	10,167
Corporate	12,397	27,455
Interunit transactions	(9,390)	(8,612)
	\$ 25,741	\$ 40,727

d) Assets by geographic segment

	June 30 2007	December 31 2006
Canada	\$ 13,376	\$ 28,329
United States	2,334	2,583
United Kingdom	10,032	9,815
	\$ 25,741	\$ 40,727

e) Capital assets and licenses and patents by business units

	June 30 2007	December 31 2006
Therapeutics	\$ 2,427	\$ 2,087
BioTherapeutics	1,233	1,156
Bioseparation	4,570	4,577
Corporate	209	196
Interunit transactions	1,421	1,910
	\$ 9,861	\$ 9,926

f) Capital assets and licenses and patents by geographic segment

	June 30	December 31
	2007	2006
Canada	\$ 3,333	\$ 3,407
United States	1,272	1,201
United Kingdom	5,256	5,318
	\$ 9,861	\$ 9,926

12. Subsequent events:

In August 2007, the Company filed a supplement to the prospectus with the intention to raise \$7 million. In addition, the company obtained a \$0.7 million loan related to research and development investment tax credit and collected \$2.1 million from its customers.

f) Capital assets and licenses and patents by geographic segment

	June 30	December 31
	2007	2006
Canada	\$ 3,333	\$ 3,407
United States	1,272	1,201
United Kingdom	5,256	5,318
	\$ 9,861	\$ 9,926