



Q3

QUARTERLY REPORT
FOR THE PERIOD ENDING SEPTEMBER 30, 2007



PROMETIC

Quarterly Report
Three-month period ended September 30, 2007

This present release constitutes the quarterly report to shareholders.

- 1. Management's Discussion and Analysis of Operating Results and Financial Position**
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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 September 30, 2007 and for the periods ended September 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 third quarter of 2007 were \$0.7 million compared with \$0.4 million for the third quarter of 2006. For the first nine months of 2007, revenues were \$6.7 million compared to \$1.5 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 and costs of goods sold

Research and development and costs of goods sold expenses grew to \$4.9 million for the quarter ended September 30, 2007 from \$4.5 million for the same period in 2006. Year to date, research and development expenses and costs of goods sold for 2007 amounted to \$15.0 million compared \$10.5 million in 2006. The expenditures increases were mainly attributed to:

- The continuation of the Phase Ib/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 clinical studies related to the Pathogen Removal and Diagnostic Technologies (PRDT) prion filter program.

General and administrative expenses

General and administrative expenses were \$1.4 million for the third quarter ended September 30, 2007, as compared to \$2.4 million for the third quarter ended September 30, 2006. For the first nine months of 2007, the general and administrative expenses were significantly lower at \$4.3 million compared to \$5.8 million for the same period in 2006. The variance is mainly caused by the legal expenses related to the litigation with the potential buyer of Hemosol which were incurred in the third quarter of 2006.

Amortization expenses

Amortization expenses for the quarters ended September 30, 2007 were \$0.6 million compared to \$0.5 million in 2006. Year to date amortization were \$1.7 million in 2007 compared to \$1.6 million in 2006.

Net results

The Company incurred a net loss of \$7.0 million, or \$0.03 per share, for the quarter ended September 30, 2007 compared with a net loss of \$7.0 million, or \$0.04 per share, for the same period in 2006. Year to date loss amounted to \$16.5 million in 2007 compared to \$20.5 million for the same period in 2006. 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	7.7	0.1	-	-	-	(1.1)	6.7
Cost	9.2	3.7	4.3	0.4	3.7	(0.3)	21.1
Operating Loss	(1.5)	(3.6)	(4.3)	(0.4)	(3.7)	(0.8)	(14.3)

Liquidity and financial position

Current assets totalled \$12.5 million as of September 30, 2007, compared with \$26.0 million as of December 31, 2006.

Cash and cash equivalents were \$7.3 as at September 30, 2007. In September, 2007, the Company issued 18.9 million shares with a net proceed of \$6.1 million.

Accounts receivable were \$2.6 million as of September 30, 2007, compared with \$2.3 million as of December 31, 2006. The accounts receivable are largely made of trade receivable and are attributed to the invoicing of affinity products and progress payments for the Tecpar program.

The net capital assets, licenses and patents totalled \$9.5 million on September 30, 2007, compared with \$9.9 million in December 31, 2006.

CASH FLOWS

Cash flows used in operating activities amounted to \$2.4 million for the quarter ended September 30, 2007, compared with \$3.3 million for the same period in 2006. The decrease in cash outflows for operating activities was mainly attributed to an increase in working capital.

Cash inflows from financing activities amounted to \$5.1 million for the quarter ended September 30, 2007 compared with cash outflows of \$1.3 million for the same period in 2006. The increase is mainly caused by the issuance 18.9 million shares in September 2007 for \$6.6 million which is partly offset by the reimbursement in 2006 of the bank loan for \$1.0 million. Year to date cash inflows were \$4.6 million in 2007 compared with cash inflows of \$10.6 million in 2006.

Cash flows used in investing activities amounted to \$0.4 million for the third quarter of 2007 compared with \$0.3 million for the same period in 2006. For the nine months of 2007, cash flows from investing were \$1.3 million compared to \$1.8 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 and for equipment related to the advancement of PBI-1402.

Subsequent Event – Bank of Montreal

Further to the dismissal of ProMetic's appeal by the Quebec Court of Appeal of the judgment issued in December 2004 by the Superior Court of Quebec, in favor of the Bank of Montreal ("BMO") against ProMetic, ProMetic has entered into an agreement with BMO which grants various payment options to ProMetic, including the option to reimburse ProMetic's total obligation of C\$3.3 million to BMO via instalments spanning into the second quarter of 2008. Final details of this arrangement are currently being negotiated.

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 September 30, 2007 and 2006

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

	September 30	December 31
	2007	2006
ASSETS		
Current assets		
Cash and cash equivalents	\$7,348	\$20,825
Accounts receivable (note 4)	2,559	2,298
Inventories (note 5)	1,889	2,223
Prepaid expenses	673	647
	12,469	25,993
Investments (note 6)	2,578	2,224
Capital assets	4,388	4,484
Licenses and patents	5,089	5,442
Deferred financing expenses	-	2,584
	\$24,524	\$40,727
LIABILITIES		
Current liabilities		
Bank loan	\$205	-
Accounts payable and accrued liabilities	4,513	5,696
Provision related to a lawsuit (note 7)	3,214	3,084
Deferred revenues	997	2,199
Current portion of long-term debt	3,049	2,678
	11,977	13,657
Long-term debt	4,383	8,899
Preferred shares, retractable at the holder's option	3,148	2,916
	19,508	25,472
SHAREHOLDERS' EQUITY		
Share capital (note 8)	189,580	181,412
Contributed surplus	6,777	8,022
Deficit	(191,341)	(174,179)
	5,016	15,255
	\$24,524	\$40,727

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

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

	Quarter ended September 30		Nine-month ended September 30	
	2007	2006	2007	2006
Revenues				
Sales and contract	\$594	\$421	\$6,521	\$1,501
Licensing	60	-	102	41
Other revenues	-	-	91	-
	654	421	6,714	1,542
Charges				
Research and development expenses and costs of good sold	4,851	4,487	14,980	10,539
Administration, marketing and other expenses	1,416	2,371	4,312	5,794
Amortization of capital assets	300	259	775	773
Amortization of license and patents and deferred development costs	308	277	916	778
	6,875	7,393	20,983	17,884
Loss before the following items	(6,221)	(6,972)	(14,269)	(16,342)
Provision related to a lawsuit (note 7)	(44)	(41)	(130)	(119)
Net interest expenses	(717)	(33)	(2,062)	(4,049)
Net loss	(\$6,983)	(\$7,046)	(\$16,461)	(\$20,510)
Net loss per share (basic and diluted)	(0.03)	(0.04)	(0.07)	(0.14)
Weighted average number of outstanding shares (in thousands)	238,863	159,817	236,161	142,462

For supplemental operations information see note 9*The accompanying notes are an integral part of the consolidated financial statements.***PROMETIC LIFE SCIENCES INC.****CONSOLIDATED STATEMENTS OF DEFICIT**(In thousands of Canadian dollars)
(Unaudited)

	Quarter ended September 30		Nine-month ended September 30	
	2007	2006	2007	2006
Deficit, beginning of the period	\$183,743	\$156,405	\$174,179	\$142,773
Net Loss	6,983	\$7,046	16,461	20,510
Share issue expenses	615	9	701	177
Deficit, end of period	\$191,341	\$163,460	\$191,341	\$163,460

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

PROMETIC LIFE SCIENCES INC.
CONSOLIDATED STATEMENT OF CONTRIBUTED SURPLUS

(In thousands of Canadian dollars)

(Unaudited)

NINE-MONTH ENDED SEPTEMBER 30, 2006 AND 2007

	Stock-based compensation	Warrants	Other	Total contributed surplus
CONTRIBUTED SURPLUS, AT BEGINNING OF PERIOD	\$ 258	\$ 3,166	\$ 2,505	\$ 5,929
Stock-based compensation	155	-	-	155
Term Notes				
Issuance	-	401	-	401
Conversion	-	-	376	376
Cancellation pursuant to payment	-	-	-	-
Exercise of warrants	-	-	-	-
CONTRIBUTED SURPLUS, AS AT SEPTEMBER 30, 2006	\$ 413	\$ 3,567	\$ 2,881	\$ 6,861
CONTRIBUTED SURPLUS, AT BEGINNING OF PERIOD	\$ 400	\$ 5,486	\$ 2,136	\$ 8,022
Stock-based compensation	247	-	-	247
Term Notes				
Issuance	-	-	-	-
Conversion	-	-	-	-
Cancellation pursuant to payment	-	-	-	-
Exercise of warrants	-	(1,492)	-	(1,492)
CONTRIBUTED SURPLUS, AS AT SEPTEMBER 30, 2007	\$ 647	\$ 3,994	\$ 2,136	\$ 6,777

QUARTER ENDED SEPTEMBER 30, 2006 AND 2007

	Stock-based compensation	Warrants	Other	Total contributed surplus
CONTRIBUTED SURPLUS, AT BEGINNING OF PERIOD	\$ 354	\$ 3,567	\$ 2,886	\$ 6,807
Stock-based compensation	59	-	-	59
Term Notes				
Issuance	-	-	-	-
Conversion	-	-	(5)	(5)
Cancellation pursuant to payment	-	-	-	-
Exercise of warrants	-	-	-	-
CONTRIBUTED SURPLUS, AS AT SEPTEMBER 30, 2006	\$ 413	\$ 3,567	\$ 2,881	\$ 6,861
CONTRIBUTED SURPLUS, AT BEGINNING OF PERIOD	\$ 631	\$ 5,483	\$ 2,136	\$ 8,250
Stock-based compensation	16	-	-	16
Term Notes				
Issuance	-	-	-	-
Conversion	-	-	-	-
Cancellation pursuant to payment	-	-	-	-
Exercise of warrants	-	(1,489)	-	(1,489)
CONTRIBUTED SURPLUS, AS AT SEPTEMBER 30, 2007	\$ 647	\$ 3,994	\$ 2,136	\$ 6,777

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

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

	Quarter ended September 30		Nine month ended September 30	
	2007	2006	2007	2006
Cash flows used in operating activities				
Net loss	\$ (6,983)	\$ (7,047)	\$ (16,461)	\$ (20,511)
Adjustments to reconcile net loss to cash flows used in operating activities				
Charges paid with PRDT shares	-	-	-	1,270
Exercise of warrants related to term notes	-	-	(3)	-
Interests on long-term debt	398	-	1 058	-
Interests on convertible term notes	-	(147)	-	3 424
Proceeds from share issues	-	-	59	-
Stock-based compensation	16	59	247	155
Gain on exchange rate	(421)	(88)	(1 232)	(488)
Amortization of capital assets	300	259	775	773
Amortization of deferred development costs	-	-	-	43
Amortization of licenses and patents	308	277	916	735
Amortization of deferred financing expenses	-	(195)	-	281
	(6,382)	(6,882)	(14,641)	(14,318)
Change in working capital items (note 10)	3,986	3,556	(2,218)	1,081
	(2,397)	(3,326)	(16,860)	(13,237)
Cash flows from financing activities				
Proceeds from share issues	6 610	-	6 620	10 949
Share issue expenses	(515)	(87)	(805)	(382)
Deferred financing expenses	-	-	-	(61)
Repayment of convertible term notes	-	(119)	-	(119)
Issuance of convertible term notes	-	-	-	1,531
Bank loan	205	(1 029)	205	(1,029)
Repayment of long-term debt	(1,156)	(111)	(1 380)	(304)
	5,144	(1,346)	4,640	10,585
Cash flows used in investing activities				
Acquisition of an investment	-	-	(130)	-
Additions to capital assets	(252)	(139)	(652)	(245)
Additions to licenses and patents	(108)	(171)	(475)	(1,548)
	(360)	(310)	(1,257)	(1,793)
Net increase (decrease) in cash and cash equivalents	2,387	(4,982)	(13,477)	(4,445)
Cash and cash equivalents, beginning of period	4,961	11,062	20,825	10,525
Cash and cash equivalents, end of period	\$ 7,348	\$ 6,080	\$ 7,348	\$ 6,080

For supplemental cash flow information, see note 10

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Quarters ended September 30, 2007 and 2006

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

(Unaudited)

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 September 30, 2007 and the related unaudited consolidated statements of operations, deficit, contributed surplus and cash flows, for the nine-month periods ended September 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 September 30, 2007 and for the periods ended September 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Quarters ended September 30, 2007 and 2006

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

(Unaudited)

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Quarters ended September 30, 2007 and 2006

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

(Unaudited)

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

	September 30 2007	December 31 2006
Trade	\$ 1,189	\$ 1,143
Sales tax receivable	290	201
Tax credits receivable	508	710
Advance to an officer, without interest	107	6
Accrued interest and other	465	238
	\$ 2,559	\$ 2,298

5. Inventories

	September 30 2007	December 31 2006
Raw materials	\$ 471	\$ 440
Work in progress and finished goods	1,418	1,783
	\$ 1,889	\$ 2,223

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Quarters ended September 30, 2007 and 2006

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

(Unaudited)

6. Investments

	September 30	December 31
	2007	2006
Held-for-trading		
Cash subject to certain limitations	\$ 76	\$ 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	330	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	1,815	1,583
	\$ 2,578	\$ 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 \$130 (\$120 in 2006) has been recorded in the consolidated statement of operations for the first nine month of 2007. In January 2005, the Company appealed the Decision, and at the end of the quarter was awaiting a decision thereon from 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.

Subsequent Event – Bank of Montreal

Further to the dismissal of ProMetic's appeal by the Quebec Court of Appeal of the judgment issued in December 2004 by the Superior Court of Quebec, in favor of the Bank of Montreal ("BMO") against ProMetic, ProMetic has entered into an agreement with BMO which grants various payment options to ProMetic, including the option to reimburse ProMetic's total obligation of C\$3.3 million to BMO via instalments spanning into the second quarter of 2008. Final details of this arrangement are currently being negotiated.

8. Share capital

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Quarters ended September 30, 2007 and 2006

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

(Unaudited)

	September 30, 2007		December 31, 2006	
	Number	Amount	Number	Amount
Issued and fully paid				
Subordinate voting shares	258,684,412	\$ 190,030	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		\$ 189,580		\$ 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	5,020,855	1,500
Private placement	108,815	59
Public placement	18,883,928	6,609
Balance as at September 30, 2007	258,684,412	\$ 189,580

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	1,330,000	0.59
Exercised	-	-
Cancelled	(47,550)	1.86
Number of options outstanding as at September 30, 2007	5,213,950	\$ 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:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Quarters ended September 30, 2007 and 2006

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

(Unaudited)

	September 30, 2007	December 31, 2006
Risk-free interest rate	4.10%	4.28%
Dividend yield	0%	0%
Expected volatility of share price	76.08%	73.90%
Expected life	1-5 years	5 years

The estimated fair value of options granted during the period ended September 30, 2007 is \$0.26. 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 September 30		Nine-month ended September 30	
	2007	2006	2007	2006
Amortization of capital assets	\$ 300	\$ 259	\$ 775	\$ 773
Amortization of deferred development costs	-	-	-	43
Amortization of licenses and patents	308	277	916	735
Gross research and development expenses and costs of good sold	4,982	4,712	15,377	11,014
Research and development tax credits	131	225	397	475
Interest on long term debt and convertible term notes	718	357	2,260	3,943
Interest on short term debt	4	18	4	55
Interest income	35	154	273	256
Gain on exchange rate	421	88	1,232	488

10. Additional information on the consolidated statement of cash flow

	Quarter ended September 30		Nine-month ended September 30	
	2007	2006	2007	2006
a) Change in working capital items				
Accounts receivable	\$ 3,018	\$ 2,175	\$ (261)	\$ 1,411
Inventories	44	(55)	334	(410)
Prepaid expenses	130	35	(26)	20
Accounts payable an accrued liabilities	954	1,572	(933)	179
Provision related to a lawsuit	(44)	(41)	(130)	(119)
Deferred revenues	(116)	(130)	(1,202)	-
	\$ 3,986	\$ 3,556	\$ (2,218)	\$ 1,081

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Quarters ended September 30, 2007 and 2006

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

(Unaudited)

b) Non-cash transaction

Unpaid additions to capital assets and licenses and patents	\$ (137)	\$ (77)	\$ 152	\$ 106
Excess of the interest in the joint venture Pathogen Removal and Diagnostic Technologies Inc. over the proportionate share in the consolidated net assets	(14)	53	232	(265)
Preferred shares retractable at the holder's option	(14)	53	232	1,009
Unpaid share issue expenses	100	(77)	100	-
Unpaid interests related to the convertible term notes	-	(147)	-	3,424
Unpaid interests related to the long-term debt	398	-	1,058	-
Gain on exchange rate	421	88	1,232	488

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 September 30, 2007**

	Therapeutics	BioTherapeutics	Bioseparation	BSafE	Corporate	Interunit transactions	Total
Revenues	-	148	7,656	-	-	(1,090)	6,714
Research and development expenses and costs of good sold	4,049	3,671	8,074	238	-	(1,052)	14,980
Administration, marketing and other	-	-	501	183	3,598	30	4,312
Depreciation and other expenses	236	70	595	-	2,236	746	3,883
Net loss	4,285	3,593	1,514	421	5,834	814	16,461

Period ended September 30, 2006

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Quarters ended September 30, 2007 and 2006

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

(Unaudited)

	Therapeutics	BioTherapeutics	Bioseparation	BSafE	Corporate	Interunit transactions	Total
Revenues	-	-	2,029	-	-	(487)	1,542
Research and development expenses and costs of good sold	3,244	2,855	4,971	-	-	(531)	10,539
Administration, marketing and other	-	-	781	183	4,830	-	5,794
Depreciation and other expenses	198	14	647	-	4,216	644	5,719
Net loss	3,442	2,869	4,370	183	9,046	600	20,510

Quarter ended September 30, 2007

	Therapeutics	BioTherapeutics	Bioseparation	BSafE	Corporate	Interunit transactions	Total
Revenues	-	42	1,188	-	-	(576)	654
Research and development expenses and costs of good sold	1,497	1,106	2,563	238	-	(553)	4,851
Administration, marketing and other	-	-	129	52	1,240	(5)	1,416
Depreciation and other expenses	88	27	236	-	769	250	1,370
Net loss	1,585	1,091	1,740	290	2,009	268	6,983

Quarter ended September 30, 2006

	Therapeutics	BioTherapeutics	Bioseparation	BSafE	Corporate	Interunit transactions	Total
Revenues	-	-	318	-	-	103	421
Research and development expenses and costs of good sold	1,003	1,250	2,523	-	-	(289)	4,487
Administration, marketing and other	-	-	196	79	2,095	-	2,371
Depreciation and other expenses	67	14	206	-	90	233	610
Net loss	1,070	1,264	2,607	79	2,185	(159)	7,046

b) Revenues by geographic segment (1)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Quarters ended September 30, 2007 and 2006

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

(Unaudited)

	Quarter ended September 30		Nine-month ended September 30	
	2007	2006	2007	2006
Canada	\$ -	\$ -	\$ -	\$ -
United States	291	19	1,177	396
United Kingdom	85	280	356	440
Europe (excluding United Kingdom)	102	122	5,002	688
Other Countries	176	-	178	18
	\$ 654	\$ 421	\$ 6,714	\$ 1,542

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

c) Assets by business units

	September 30	December 31
	2007	2006
Therapeutics	\$ 9,577	\$ 9,197
BioTherapeutics	2,405	2,520
Bioseparation	8,065	10,167
Corporate	13,796	27,455
Interunit transactions	(9,319)	(8,612)
	\$ 24,524	\$ 40,727

d) Assets by geographic segment

	September 30	December 31
	2007	2006
Canada	\$ 14,152	\$ 28,329
United States	2,411	2,583
United Kingdom	7,961	9,815
	\$ 24,524	\$ 40,727

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Quarters ended September 30, 2007 and 2006

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

(Unaudited)

e) Capital assets and licenses and patents by business units

	September 30	December 31
	2007	2006
Therapeutics	\$ 2,507	\$ 2,087
BioTherapeutics	1,229	1,156
Bioseparation	4,370	4,577
Corporate	198	196
Interunit transactions	1,174	1,910
	\$ 9,477	\$ 9,926

f) Capital assets and licenses and patents by geographic segment

	September 30	December 31
	2007	2006
Canada	\$ 3,164	\$ 3,407
United States	1,231	1,201
United Kingdom	5,083	5,318
	\$ 9,477	\$ 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