PRESS RELEASE
FOR IMMEDIATE RELEASE

PROMETIC REPORTS ITS SECOND QUARTER 2014 HIGHLIGHTS AND FINANCIAL RESULTS

- **Year-to-date product sales tracking ahead of 2013 at $6.3 million compared to $4.5 million with total Q2 2014 revenues of $4.4 million**
- **Q2 2014 net profit of $23.4 million resulting from the recognition of a gain on revaluation of equity investment of ProMetic's equity interest in NantPro**
- **IVIG, Plasminogen and PBI-4050 clinical programs and regulatory pathway confirmed with regulators and on track – initiation in patients expected in the second half of 2014**
- **Successful completion of the PBI-4050 clinical Phase I demonstrating safety and tolerability of the compound without any serious adverse events reported**

LAVAL, QUEBEC, CANADA – August 14, 2014 – ProMetic Life Sciences Inc. (TSX: PLI) (OTCQX: PFSCF) ("ProMetic" or the "Corporation") today reported revenues of $4.4 million and a net profit of $23.4 million for the second quarter ended June 30, 2014 resulting from the recognition of a gain on revaluation of the equity investment of ProMetic's equity interest in NantPro.

"Our product sales for the first six months of 2014 are consistent with our expectations", stated Mr. Bruce Pritchard, Chief Operating Officer and Chief Financial Officer of ProMetic Life Sciences Inc. "We expect our product sales to remain in line with expectations during the remainder of the year. The increase in overall expenses incurred so far in 2014 is also consistent with our stated commitments regarding the timely advancement of our various clinical programs", added Mr. Pritchard.

"The significant impact on our financial statements of the NantPro transaction is reflective of the underlying value residing within our plasma-derived therapeutics business, particularly given that this reflects only the IVIG market in the U.S. alone", said Mr. Pierre Laurin, President and Chief Executive Officer of ProMetic Life Sciences Inc. "We anticipate even more value creation to take place in the coming months as a result of the ongoing development and advancement of our plasma products pipeline", added Mr. Laurin.

Second Quarter 2014 Highlights and Results

Second Quarter 2014 Business Highlights

- The Corporation reported a successful Pre-Investigational New Drug ("Pre-IND) meeting with the U.S. Food and Drug Administration ("FDA") for its IVIG product currently under development under NantPro,LLC.

- The Corporation presented new pre-clinical data at the 2014 International Society of Nephrology conference held in Bergamo, Italy showing that PBI-4050 4050 brought blood glucose levels back into the normal range in animal models designed to reproduce long term complications related to human Type II diabetes.

- The Corporation presented new pre-clinical data at the 2014 annual meeting of the European Association for the Study of the Liver held in London, UK. The new data supports the claim that PBI-4050's anti-fibrotic activity could also address various liver conditions such as non-alcoholic steatohepatitis ("NASH"), a condition affecting 2% to 5% of Americans, as well as liver cancer.

- The Corporation announced an increase in its ownership in NantPro following the amendment of its related corporate and commercial agreements with NantPharma, LLC. The amended agreements provide ProMetic with the effective control of NantPro and a greater portion of the future value and revenues associated with the development and sales of IVIG in the U.S. market.

- The Corporation received a $5.6 million purchase order under its ongoing supply agreement with Octapharma, a leading, Swiss, independent, global plasma fractionation company that specializes in human proteins.

- The Corporation successfully completed its PBI-4050 Phase I clinical trial in 40 healthy volunteers where ProMetic's PBI-4050 was found to be safe and very well tolerated without any serious adverse events reported in any of the 5 cohorts tested.

More on Second Quarter 2014 Financial Results

The financial information for the second quarter ended June 30, 2014 should be read in conjunction with the Corporation's interim consolidated financial statements as well as the Management's Discussion and Analysis for the quarter ended June 30, 2014.

Total revenues for the second quarter ended June 30, 2014 were $4.4 million compared to $5.2 million for the second quarter ended June 30, 2013 representing a decrease of $0.8 million. Total revenues for the six months ended June 30, 2014 were $10.1 million compared to $9.6 million during the comparative 2013 period, an increase of $0.5 million.

Revenues from the sale of goods amounted to $3.1 million during the second quarter of 2014 compared to $2.6 million for the second quarter ended June 30, 2013 and for the six months ended June 30, 2014 were $6.3 million compared to $4.5 million for the same period in 2013 representing an increase of $1.8 million. Service revenues for the second quarter ended June 30, 2014 were $1.3 million compared to $2.6 million for the second quarter ended June 30, 2013 representing a $1.3 million decrease. Total service revenues for the six months ended June 30, 2014 were $3.8 million compared to $5.1 million for the corresponding 2013 period. The decrease for both 2014 periods over the same 2013 periods are mainly due to the fact that NantPro is now consolidated since May 8, 2014 and consequently going forward, these transactions are eliminated upon consolidation.

There were no licensing revenues for either the second quarter or six months period ended June 30, 2014. However, the Corporation still anticipates delivering licensing revenues during the latter part of 2014.

ProMetic generated a net profit of $23.4 million for the quarter ended June 30, 2014 compared to a net loss of $2.5 million for the quarter ended June 30, 2013. The net profit generated is mainly due to the recognition of a gain on revaluation of the equity investment of $24.3 million representing the difference between the fair value and the carrying amount of ProMetic's equity interest in NantPro just before the transaction.

Second Quarter 2014 Conference Call Information

ProMetic will host a conference call at 11:00am (EST) on Friday, August 15, 2014. The telephone numbers to access the conference call are (647) 788-4922 (International) and 1-877-223-4471 (Toll-free). A replay of the call will be available from August 15, 2014 at 2:00 p.m. until August 22, 2014. The numbers to access the replay are 1-416-621-4642 (passcode: 81365776) and 1-800-585-8367 (passcode: 81365776). A live audio webcast of the conference call will be available through the following: http://www.gowebcasting.com/5831

Additional Information in Respect to the Second Quarter ended June 30, 2014

ProMetic's MD&A and interim consolidated financial statements for the quarter ended June 30, 2014 have been filed on Sedar (http://www.sedar.com/) and will be available on the Corporation's website at www.prometic.com.

About ProMetic Life Sciences Inc.

ProMetic Life Sciences Inc. (www.prometic.com) is a long established biopharmaceutical company with globally recognized expertise in bioseparations, plasma-derived therapeutics and small-molecule drug development. ProMetic offers its state of the art technologies for large-scale purification of biologics, drug development, proteomics and the elimination of pathogens to a growing base of industry leaders and uses its own affinity technology that provides for highly efficient extraction and purification of therapeutic proteins from human plasma in order to develop best-in-class therapeutics and orphan drugs. ProMetic is also active in developing its own novel small-molecule therapeutic products targeting unmet medical needs in the field of fibrosis, cancer and autoimmune diseases/inflammation. A number of both the plasma-derived and small molecule products are under development for orphan drug indications. Headquartered in Laval (Canada), ProMetic has R&D facilities in the UK, the U.S. and Canada, manufacturing facilities in the UK and business development activities in the U.S., Europe and Asia.

Forward Looking Statements

This press release 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, ProMetic'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 ProMetic 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 in ProMetic's Annual Information Form for the year ended December 31, 2013, under the heading "Risk and Uncertainties related to ProMetic's business". 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, unless required by applicable securities laws and regulations. All amounts are in Canadian dollars unless indicated otherwise.

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MANAGEMENT'S DISCUSSION & ANALYSIS

This Management's Discussion and Analysis (MD&A) is intended to help the reader to better understand ProMetic Life Sciences Inc.'s ["ProMetic" or the "Corporation"] operations, financial performance and results of operations, and present and future business environment. This MD&A which has been prepared as of August 12, 2014, should be read in conjunction with ProMetic's condensed interim consolidated financial statements for the quarter and the six months ended June 30, 2014 and the MD&A for the year ended December 31, 2013. Additional information related to the Corporation, including the Corporation's Annual Information Form, is available on SEDAR at www.sedar.com. All amounts in tables are in thousands of Canadian dollars, except where otherwise noted.

FORWARD-LOOKING STATEMENTS

The information contained in Management's Discussion and Analysis of the results of operations and the financial condition contains statements regarding future financial and operating results. It also contains forward-looking statements with regards to partnerships 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. We have attempted to identify these statements by use of words such as "expect", "believe", "anticipate", "intend", and other words that denote future events. These forward-looking statements are subject to material risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. These risks and uncertainties include but are not limited to the Corporation's ability to develop, and successfully manufacture pharmaceutical products, and to obtain contracts for its products and services and commercial acceptance of advanced affinity separation technology. Additional information on risk factors can be found in the Corporation's Annual Information Form for the year ended December 31, 2013. Shareholders are cautioned that these statements are predictions and actual events or results may differ materially from those anticipated in these forward-looking statements. Any forward-looking statements we may make as of the date hereof are based on assumptions that we believe to be reasonable as of this date and we undertake no obligation to update these statements as a result of future events or for any other reason, unless required by applicable securities laws and regulations.

ProMetic is a long-established, publicly traded (TSX symbol: PLI) (OTCQX symbol: PFSCF), biopharmaceutical Corporation with globally recognized expertise in bioseparation, plasma-derived therapeutics and small-molecule drug development. ProMetic is focused on bringing safer, more cost-effective and more convenient products to both existing and emerging markets. ProMetic offers its state of the art technologies for large-scale drug purification of biologics, drug development, proteomics and the elimination of pathogens to a growing base of industry leaders and uses its own affinity technology that provides for highly efficient extraction and purification of therapeutic proteins from human plasma in order to develop best-in-class therapeutics and orphan drugs. ProMetic is also active in developing its own novel small molecule therapeutic products targeting unmet medical needs in the field of fibrosis, neutropenia, cancer, and autoimmune disease/inflammation as well as certain nephropathies. A number of both the plasma-derived and small molecule products are under development for orphan drug indications. Headquartered in Laval (Canada), ProMetic has R&D facilities in the UK, the U.S. and Canada, manufacturing facilities in the UK and Canada and business development activities in the U.S., Europe and Asia.

BUSINESS SEGMENTS

The **Protein Technologies** segment comprises different operating subsidiaries. The principal subsidiaries are:

- ProMetic BioProduction Inc. ("**PBP**"), based in Laval, Quebec, Canada,
- ProMetic BioTherapeutics Inc. ("**PBT**"), based in Rockville, MD, USA;
- ProMetic BioSciences Ltd. ("**PBL**"), based in the United Kingdom (Isle of Man and Cambridge), and
- NantPro BioSciences LLC ("NantPro") based in Delaware, USA.

ProMetic and its Protein Technologies segment has been historically known for its world-class expertise in bioseparation, specifically for large-scale purification of biologics and the elimination of pathogens, to a growing base of industry leaders. However, ProMetic has also leveraged its own industry leading affinity technology to develop a

highly efficient extraction and purification process of therapeutic proteins from human plasma in order to develop best-in-class therapeutics and orphan drugs targeting unmet medical conditions and rare diseases.

With all the necessary elements to accelerate the development of a strong product pipeline, ProMetic is now successfully transitioning into a vertically integrated specialty biopharmaceutical corporation. At the core of this strategy resides the bioseparation technologies and products of the Corporation. The bioseparation technologies enable the capture of multiple, targeted proteins directly from source products and provide for a highly efficient and cost-effective process.

Using its bioseparation technologies, ProMetic has developed a multi-product, sequential, purification process employing powerful affinity separation materials to extract and purify commercially important plasma proteins in high yields. This purification process is known and referred to as the Plasma Protein Purification System ("PPPS™"). ProMetic has now implemented its own technology and launched its plasma purification facility, ProMetic BioProduction Inc. where it is now currently developing best-in-class plasma-derived therapeutics to address various unmet medical conditions in both established and emerging markets.

The completed development of PPPS™ as a manufacturing process, the number of licensees and improved financial situation have all contributed to the implementation and operational launch of ProMetic's plasma purification facility.

PBP successfully completed, in December 2013, the first commercial-scale production run on schedule and generated better than expected results, confirming at the same time both the scalability and robustness of the process. The installation of specialized process equipment is now completed. A seasoned team of experts has been hired and trained and they are currently manufacturing material that will be used in the Corporation's upcoming plasma derived products clinical trials. PBP also successfully scaled-up fibrinogen at its Laval based plasma purification facility and will be launching fibrinogen for commercial sales, for applications that do not require regulatory authorization, during the fourth quarter of 2014. This follows the previously disclosed proteins already scheduled for production at PBP, namely plasminogen, IVIG and Alpha-1 Antitrypsin.

PBP's Laval facility will also serve in the future as a blue print for other partners' future plants, as a technological showroom and training center.

The **Therapeutics** segment is a small molecule drug discovery business comprised of one entity:

- ProMetic BioSciences Inc. **("PBI"),** based in Laval, Quebec, Canada

PBI is a small-molecule drug discovery business, with a strong pipeline of products. PBI scientists are focused on developing orally active drugs that can emulate the activity of proven biologics, and provide competitive advantages including improved pharmaco-economics and safety profiles. Typically, these first-in-class therapeutics are orally active, with efficacy and high safety profiles confirmed in several in vivo experiments and enjoy strong proprietary positions. The unmet medical applications targeted are fibrosis, inflammation, autoimmune diseases, oncology and hematopoietic disorders.

The business model for this division is to partner promising drug candidates upon completion of in vivo proof of concept studies. While the Therapeutics segment has several of such promising drug candidates, Management has focused in the past two to three years, to cut the burn-rate of this division such that only costs associated with the Investigational New Drug ("IND") enabling and partnering activities for its anti-fibrosis lead drug candidate PBI-4050 are incurred. As a result of positive data generated in 2012 and 2013 in several gold-standard animal models clearly indicating favorable effects in reducing the progression of fibrosis in various key organs and overall progress achieved by the Corporation, PBI-4050 has entered the clinical program stage in September 2013 and recently successfully completed in June 2014 its Phase I clinical trial in 40 healthy volunteers. ProMetic's PBI-4050 was found to be safe and very well tolerated without any serious adverse events reported in any of the 5 cohorts tested.

ProMetic presented some of its data generated so far at several of the most prestigious industry conferences throughout the year, including the 2014 annual meeting of the European Association for the Study of the Liver, the 2014 International Society of Nephrology: Nexus Symposium, the 2013 American Society of Nephrology annual meeting, the 2013 American Association for the Study of Liver Diseases (AASLD) annual meeting and the 2013 European Respiratory Society annual congress.

QUARTER ENDED JUNE 30, 2014 IN SUMMARY

During the second quarter of 2014, the Corporation successfully continued its transition towards becoming a vertically integrated, specialty Biopharmaceutical Corporation, utilizing its rich therapeutic product pipeline to pursue various commercial opportunities in areas of unmet medical need, including rare disease and orphan drug opportunities.

To this effect, the Corporation had a successful Pre-Investigational New Drug ("Pre-IND) meeting with the US Food and Drug Administration ("FDA") regarding its plasma-derived IVIG biopharmaceutical currently under development and increased its ownership in NantPro following the amendment of its related corporate and commercial agreements with NantPharma, LLC ("NantPharma"). The amended agreements provide ProMetic with the effective control of NantPro and a greater portion of the future value and revenues associated with the development and sales of IVIG in the US market.

Also in line with its new commercialization strategy of further developing more of its assets to an advanced stage prior to partnering, ProMetic successfully completed its PBI-4050 Phase I clinical trial in 40 healthy volunteers. ProMetic's PBI-4050 was found to be safe and very well tolerated without any serious adverse events reported in any of the five cohorts tested.

The change to the commercialization strategy, as demonstrated by these recent initiatives, contributed to the absence of licensing revenues, and a reduction in service revenues during the first two quarters of 2014. This has however allowed ProMetic to retain a greater portion of the future returns from those high-value products and lucrative markets, thereby serving to increase shareholder value. The Corporation is still anticipating to see some licensing revenues to take place in the latter part of 2014. Product sales on the other hand continued to grow.

As a result of the increase in spending related to the advancement of the various development and clinical programs as well as some non-cash items such as the variation in fair value of the warrant liability associated to the Thomvest Seed Capital Inc. (“Thomvest”) financing transaction, the Corporation generated a net profit of $23.4 million during the quarter. This is mostly as a result of the recognition of the fair value of ProMetic’s interest in NantPro prior to the business combination as well as bargain purchase price recognized in regards to the business combination. The fair value gain has been determined based on a preliminary business valuation estimate and could be subject to change when the business valuation is finalized.

ProMetic will continue to generate product and service revenues in the bioseparation space as well as in the plasma protein field by partnering some of its products and assets in 2014 and the coming years. Such partnering is expected to take place at a greater value. 2014 will continue to be pivotal for ProMetic since some of the pipeline products are scheduled to commence entering clinical development stages in the second half of the year following a successful Pre-IND meeting with the respective regulatory authorities. ProMetic anticipates the filing of at least three Investigational New Drug applications (“IND”) in the latter part of 2014, at least two of which should be for plasma-derived products and one from its small molecule therapeutics division. The filing of these INDs followed by the beginning of clinical trials in patients are normally recognized as significant value creation events as they mark a critical stage allowing the entering into of the regulatory approval process.

2014 SECOND QUARTER SIGNIFICANT EVENTS

- The Corporation reported a successful Pre-Investigational New Drug ("Pre-IND) meeting with the US Food and Drug Administration ("FDA") for the plasma-derived biopharmaceutical, IVIG.
- The Corporation presented new pre-clinical data at the 2014 International Society of Nephrology conference held in Bergamo, Italy where PBI-4050 brought blood glucose levels back into the normal range in animal models designed to reproduce long term complications related to human Type II diabetes.
- The Corporation presented new pre-clinical data at the 2014 annual meeting of the European Association for the Study of the Liver held in London, UK. The new data supports the claim that PBI-4050's anti-fibrotic activity could also address various liver conditions such as non-alcoholic steatohepatitis ("NASH"), a condition affecting 2% to 5% of Americans, as well as liver cancer.
- The Corporation announced an increase in its ownership in NantPro following the amendment of its related corporate and commercial agreements with NantPharma, LLC. The amended agreements provide ProMetic with the effective control of NantPro and a greater portion of the future value and revenues associated with the development and sales of IVIG in the US market.

- The Corporation received a $5.6 million purchase order under its ongoing supply agreement with Octapharma, a leading, Swiss, independent, global plasma fractionation company that specializes in human proteins.
- The Corporation successfully completed its PBI-4050 Phase I clinical trial in 40 healthy volunteers where ProMetic's PBI-4050 was found to be safe and very well tolerated without any serious adverse events reported in any of the 5 cohorts tested.

FINANCIAL PERFORMANCE

Amounts in tables are expressed in thousands of Canadian dollars, except per share amounts.

Business Combination

On May 8, 2014 (“date of acquisition), the Corporation and NantPharma, LLC amended the terms of their partnership in NantPro BioSciences, LLC. Following a final payment of $0.86 million, the remaining $6.09 million of accounts receivable due from NantPro to ProMetic, which normally would have been paid by NantPro with the NantPharma funding was invested by ProMetic in order to obtain an additional 40.83% of equity units in NantPro. After consideration of the above investments by the partners, ProMetic owned 65.21% and NantPharma owned 34.79% of the equity units respectively on May 8, 2014. NantPro will be funded by ProMetic going forward and as a result, ProMetic will continue to acquire equity units in NantPro up to a maximum of 73%, while NantPharma’s ownership may not be reduced below 27%. At June 30, 2014, the Corporation held 70.32% of the equity units of the partnership. Prior to date of the acquisition, the Corporation owned 30.47% of the NantPro units.

The issuance of units combined with the amendments to the terms of the partnership resulted in ProMetic obtaining control over NantPro, which is now considered a subsidiary of ProMetic. The transaction also qualifies as a business combination and a business valuation as well as purchase price allocation was required to account for the transaction.

For accounting purposes, ProMetic’s former investment in an associate (24.38% of NantPro’s equity units at the transaction date) is deemed to have been disposed of on the date of acquisition and is revalued at fair value.

This transaction has had several repercussions on the quarterly consolidated interim financial statements of the Corporation namely:

- A gain on revaluation of the 24.38% equity investment in the amount of $24.3 million, representing the difference between the fair value and the carrying amount ($Nil) of ProMetic’s equity interest in NantPro just before the acquisition was recognized;
- From May 8, 2014 onwards, the Corporation is consolidating the assets and liabilities of NantPro and its results of operations for the period subsequent to the change in control. This will mean that the operating expenses of NantPro will be included in the results and that the intangible assets recognized in the business combination will be presented in the consolidated statement of financial position;
- NantPharma’s share in the net assets and results of NantPro will be included in the non-controlling interests captions on the consolidated statement of operations and the consolidated statement of financial position;
- Service revenues and research and development rechargeable expenses that other subsidiaries of ProMetic invoice to NantPro subsequent to May 8, 2014 will be eliminated upon consolidation. As a result, the revenue line will no longer include any new services billed to NantPro and the cost relating to providing those services will remain in research and development expenses non-rechargeable;
- The Corporation recognised at the acquisition date all of the identifiable net assets of NantPro which mainly consisted of intangible assets for $99.5 million, deferred income tax liabilities of $39.8 million, the non-controlling interest in NantPro of $20.8 million and a gain on a bargain purchase price of $8.1 million.

Further details on this transaction are provided in note 3 of the condensed interim consolidated financial statements for the quarter and six months ended June 30, 2014.

In order to account for the above transaction, a preliminary business valuation of NantPro as of May 8, 2014 and a purchase price allocation was performed. The business valuation essentially values NantPro’s right to develop and sell IVIG in the US market. The Corporation engaged an independent business valuator to assist with this work. The valuator is being paid a fee which is not contingent on the valuation provided.

Fair value estimates involve significant estimates and assumptions regarding amongst others the risk regarding the protein not being approved for sale, cash flow projections, production capacity, manufacturing costs, clinical trial costs,

the IVIG output per litre of plasma, expected market penetration, economic risk and weighted cost of capital rates amongst others. The collection, preparation and validation of this information as well as the conception of the valuation models involve a lot of effort. At the time of issuance of this MD&A, although a significant portion of this work has been completed, certain aspects of the valuation and purchase price allocation are not finalized. The amounts recognized in the quarter are therefore based on the preliminary results. The ultimate impact of this transaction may change from now until the final valuation report and purchase price allocation are received. The Corporation expects that this work will be completed by the end 2014.

The preliminary valuation results confirm, in-line with our original announcement, that the Corporation made a relatively small investment of $6.6 million to acquire an additional 40.83% of NantPro, a business valued approximately at $99.5 million, based on the preliminary valuation figures. By obtaining control of Nantpro, ProMetic reacquired the right to sell IVIG into the US market. At present the US market for IVIG accounts for around US$4 Billion in sales, approximately half of the global annual IVIG sales of $8 Billion.

Results of operations

The condensed consolidated statement of operations for the quarter and six months ended June 30, 2014 compared to the same period in 2013 are presented in the following table.

	Quarter ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Revenues	$ 4,411	$ 5,161	$ 10,149	$ 9,606
Expenses				
Cost of goods sold	2,016	1,770	3,792	3,120
Research and development expenses recharged	945	2,205	2,438	4,159
Research and development expenses non-rechargeable	8,687	2,237	13,106	3,608
Administration and marketing expenses	2,750	1,300	4,877	2,589
Gain on foreign exchange	92	(148)	(16)	(455)
Loss (gain) on disposal of capital and intangible assets	7	(11)	7	24
Loss on extinguishment of debt	-	-	-	423
Finance costs	626	306	1,051	661
Fair value variation of warrant liability	(1,801)	-	2,012	-
Loss in an associate	-	-	-	69
Gain on revaluation of equity investment	(24,258)	-	(24,258)	-
Purchase gain on business combination	(8,065)	-	(8,065)	-
Net profit (loss) before income taxes	23,412	(2,498)	15,205	(4,592)
Income taxes - current	(2)	-	447	-
Net profit (loss)	$ 23,414	$ (2,498)	$ 14,758	$ (4,592)
Net profit (loss) attributable to:				
Owners of the parent	23,959	(2,450)	15,996	(4,222)
Non-controlling interests	(545)	(48)	(1,238)	(370)
	$ 23,414	$ (2,498)	$ 14,758	$ (4,592)
Earnings, loss per share				
Attributable to the owners of the parent				
Basic	$ 0.05	$ (0.01)	$ 0.03	$ ($0.01)
Diluted	$ 0.04	$ (0.01)	$ 0.03	$ ($0.01)

Revenues

Total revenues for the six months ended June 30, 2014 were $10.1 million compared to $9.6 million during the comparative period of 2013, an increase of $0.5 million. Total revenues for the quarter ended June 30, 2014 were $4.4 million compared to $5.2 million in 2013 representing a decrease of $0.8 million.

Revenues for the six months ended June 30, 2014 and 2013 were derived from product sales and development service revenues. There were no licence revenues in either periods. Revenues from each source may vary significantly from period to period. The following table provides the breakdown of total revenues by source for the six months and quarter ended June 30, 2014 compared to the corresponding periods in 2013.

	Quarter ended June 30,			Six months ended June 30,		
	2014		2013	2014		2013
Revenues from the sale of goods	3,093	$	2,593 $	6,301	$	4,536
Revenues from the rendering of services	1,318		2,568	3,848		5,070
	4,411	$	5,161 $	10,149	$	9,606

Revenues from the sale of goods were $6.3 million during the six months ended June 30, 2014 compared to $4.5 million during the corresponding period of 2013, representing an increase of $1.8 million. Of this increase, approximately $0.9 million is attributable to higher sales volumes associated with the Corporation's bioseparation products and approximately $0.9 million is due to an increase in the foreign exchange rate of the GBP to the Canadian dollar over the two periods which affects the translation of the results of a foreign subsidiary. Revenues from the sale of goods were $3.1 million during the second quarter of 2014 compared to $2.6 million during the corresponding period of 2013, representing an increase of $0.5 million which was mainly due to an increase in the exchange rates.

Service revenues were $3.8 million during the six months ended June 30, 2014 compared to $5.1 million during the corresponding period of 2013, representing a decrease of $1.3 million. Service revenues were $1.3 million for the second quarter of 2014 compared to $2.6 million during the corresponding period of 2013, representing a decrease of $1.3 million. Service revenues are derived mainly from the services rendered to NantPro when it was treated as associate. The decrease in revenues for both 2014 periods over the same periods in 2013 are mainly due to the fact that NantPro is now consolidated since May 8, 2014 and consequently going forward, these revenues are eliminated upon consolidation.

The above revenues pertain to the Protein Technology segment. There were no significant revenues from the Therapeutics division.

Cost of goods sold
Cost of goods sold were $3.8 million during the six months ended June 30, 2014 compared to $3.1 million for the corresponding period in 2013, representing an increase of $0.7 million. The increase is due principally to the increase in sales but also the increase in the foreign exchange rate of GBP to CAD, used to translate the results of a foreign subsidiary. Cost of goods sold were $2.0 million during the second quarter of 2014 compared to $1.8 million for the corresponding period in 2013, representing an increase of $0.2 million.

Research and development expenses recharged
Research and development ("R&D") expenses recharged were $2.4 million during the six months ended June 30, 2014 compared to $4.2 million for the corresponding period in 2013, representing a decrease of $1.8 million. Research and development ("R&D") expenses recharged were $0.9 million during the second quarter of 2014 compared to $2.2 million for the corresponding period in 2013, representing a decrease of $1.3 million. Similarly to the service revenues, the expenses under R&D recharged no longer include the expenses incurred in performing services to NantPro since it is now being consolidated. This is the main reason for the decrease compared to the 2013 periods. The expenses incurred in developing the IVIG protein are now grouped in the R&D non-rechargeable line in the financial statements.

Research and development expenses – non-rechargeable
Non-rechargeable research and development expenses were $13.1 million during the six months ended June 30, 2014 compared to $3.6 million for the corresponding period in 2013, representing an increase of $9.5 million. Non-rechargeable research and development expenses were $8.7 million during the second quarter of 2014 compared to $2.2 million for the corresponding period in 2013, representing an increase of $6.5 million. The increase is due in part to the inclusion of the all the IVIG development and related IND preparation expenses under this caption since the NantPro acquisition but mainly due to the overall increase in the other development activities the Corporation is pursuing compared to 2013. This includes the operating costs relating to the Laval Plasma purification facility in 2014 while at this point in 2013, ProMetic was just starting the construction of the facility. Protein Technology R&D costs have also increased resulting from the higher level of research activities in PBT as the Corporation works towards the filing of the IND for plasminogen. R&D expenses in the Therapeutics segment also increased in 2014 compared to 2013, namely in regards to the PBI-4050 clinical program currently underway, as the Corporation also works towards filing an IND during the current year.

Administration and marketing expenses
Administration and marketing expenses were $4.9 million during the six months ended June 30, 2014 compared to $2.6 million for the corresponding period in 2013, representing an increase of $2.3 million. Administrative and marketing expenses were $2.8 million during the second quarter of 2014 compared to $1.3 million for the corresponding period in 2013, representing an increase of $1.5 million. The increase is mainly attributable to the increase in compensation

expense resulting from an increase in headcount over the one year period, as well as an increase in share-based payment expenses and professional fees.

Share-based payments
Share-based payments expense represents the expense recorded as a result of stock options and restricted stock units ("RSU") issued to employees and board members. This expense has been recorded under cost of goods sold, research and development and administration and marketing expenses as indicated in the following table:

	Quarter ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Cost of goods sold	$ 19	$ 4	$ 25	$ 7
Research and development expenses recharged	30	27	39	32
Research and development expenses non-rechargeable	268	17	311	32
Administration and marketing expenses	697	107	762	132
	$ 1,014	$ 155	$ 1,137	$ 203

Share-based payments were $1.1 million during the six months ended June 30, 2014 compared to $0.2 million during the corresponding period of 2013, representing an increase of $0.9 million. The increase is due mainly to the higher RSU expense in 2014 compared to the slight reversal of expense in 2013.

Fair value variation of warrant liability
In September 2013, the Corporation completed a financing transaction with Thomvest Seed Capital Inc. in which the Corporation issued long-term debt, warrants classified in equity and finally warrants that met the definition of a derivative liability under IFRS. The details of this transaction and the accounting for it are provided in note 17 of the December 31, 2013 annual consolidated financial statements. The warrants that are classified in the statement of financial position as a warrant liability, namely the "Second Warrants", are measured at their fair value at each reporting date. There is no future cash-disbursement associated with the recorded liability on the balance sheet, however, if the warrants were to be exercised, the holder would have to pay the exercise price to the Corporation, which would amount to $15.6 million. The fair value of the warrant liability decreased by $1.8 million during the quarter ended June 30, 2014 mainly due to the decrease in the market price of the Corporation's shares from March 31, 2014 whereas the fair value of the warrant liability increased by $2.0 million over the six month period ending on June 30, 2014 mainly due to the increase in the market price of the Corporation's shares compared to the December 31, 2013 price. This resulted in a gain of $1.8 million and a loss of $2.0 million in the statement of operations for the respective periods.

Gain on revaluation of equity investment
As a result of the NantPro business combination described previously, the Corporation has recognized a gain on revaluation of the equity investment of $24.3 million representing the difference between the fair value and the carrying amount ($Nil) of ProMetic's equity interest in NantPro just before the acquisition. The gain has been determined based on a preliminary business valuation estimate and could be subject to change when the business valuation is finalized.

Purchase gain on business combination
The Corporation's share in the net assets recognized on the consolidated statement of financial position as a result of the acquisition exceeded the total consideration paid by the Corporation for its share in NantPro, giving rise to a purchase gain of $8.1 million. The consideration paid for the Corporation's share in NantPro at the acquisition date of $30.9 million consists of the fair value of the Corporation's 24.38% interest in NantPro before the acquisition and the settlement of receivables for additional equity units. The Corporation's share in the net assets represents the intangibles and deferred tax liabilities recognized net of the non-controlling interest's share in those identifiable net assets.

EBITDA analysis

For the six months ended June 30, 2014 and June 30, 2013

The EBITDA for each segment and for the total Corporation for the six months ended June 30, 2014 and 2013 are presented in the following tables.

Six months ended June 30, 2014	Protein Technologies	Therapeutics	Corporate	Total
Revenues	$ 10,142	$ 7	$ -	$ 10,149
Costs of goods sold	(3,678)	-	-	(3,678)
R&D expenses recharged	(2,399)	-	-	(2,399)
R&D expenses non-rechargeable	(9,720)	(2,278)	-	(11,998)
Administration and marketing expenses	(635)	-	(3,458)	(4,093)
EBITDA	$ (6,290)	$ (2,271)	$ (3,458)	$ (12,019)

Six months ended June 30, 2013	Protein Technologies	Therapeutics	Corporate	Total
Revenues	$ 9,598	$ 8	$ -	$ 9,606
Costs of goods sold	(3,038)	-	-	(3,038)
R&D expenses recharged	(4,127)	-	-	(4,127)
R&D expenses non-rechargeable	(1,889)	(1,271)	-	(3,160)
Administration and marketing expenses	(164)	-	(2,286)	(2,450)
EBITDA	$ 380	$ (1,263)	$ (2,286)	$ (3,169)

EBITDA is a non-GAAP measure, employed by the Corporation to monitor its performance. As a financial measure that is not defined or standardized under IFRS, it is unlikely to be comparable to similar measures presented by other companies. The Corporation calculates its EBITDA by subtracting from revenues, its cost of goods sold, its research and development expenses recharged and non-rechargeable as well as its administration and marketing expenses and excludes depreciation of capital assets, amortization of intangible assets and share-based payments.

The following table reconciles these amounts to those presented in the condensed consolidated statements of operations:

	Totals per EBITDA tables	Depreciation and amortization	Share-based payments	Total per statements of operations
Six months ended June 30, 2014				
Revenues	$ 10,149	$ -	$ -	$ 10,149
Costs of goods sold	(3,678)	(89)	(25)	(3,792)
R&D expenses recharged	(2,399)	-	(39)	(2,438)
R&D expenses non-rechargeable	(11,998)	(797)	(311)	(13,106)
Administration and marketing expenses	(4,093)	(22)	(762)	(4,877)
	$ (12,019)	$ (908)	$ (1,137)	$ (14,064)
Six months ended June 30, 2013				
Revenues	$ 9,606	$ -	$ -	$ 9,606
Costs of goods sold	(3,038)	(75)	(7)	(3,120)
R&D expenses recharged	(4,127)	-	(32)	(4,159)
R&D expenses non-rechargeable	(3,160)	(416)	(32)	(3,608)
Administration and marketing expenses	(2,450)	(7)	(132)	(2,589)
	$ (3,169)	$ (498)	$ (203)	$ (3,870)

Total EBITDA for the Corporation decreased by $8.9 million for the six months ended June 30, 2014 compared to the corresponding period in 2013.

EBITDA for the Protein technologies decreased by $6.7 million for the six months ended June 30, 2014 compared to the corresponding period in 2013.

The decrease is mainly due to a significant increase in R&D expenses non-rechargeable by $7.8 million. These expenses increased partially as a result of the inclusion of all the IVIG development and related IND preparation expenses under this caption since the NantPro transaction but were mainly due to the overall increase in the other development activities the Corporation is pursuing compared to 2013. This would include the operating costs relating to the Laval Plasma purification facility in 2014 while during the same period in 2013, ProMetic was just starting the

construction of the facility. These expenses also increased resulting from the higher level of research activities in PBT as the Corporation works towards the filing of the IND for plasminogen. This decrease in EBITDA compared to 2013 was partially offset by an increase in the contribution from the sale of goods (revenues less cost of goods sold) by $1.1 million and an increase in the contribution from development services (revenues less R&D recharged) by $0.5 million despite the fact that on a consolidated basis, the Corporation only earned services revenues from NantPro up to May 8, 2014.

EBITDA for the Therapeutics segment decreased by $1.0 million during the six months ended June 30, 2014 compared to the corresponding period of 2013 mainly due to the higher level of research activities, namely in regards to the PBI-4050 clinical program currently underway, as the Corporation progresses towards filing an IND later this year.

The cost of the corporate activities increased $1.2 million during the six months ended June 30, 2014 compared to the corresponding period in 2013 resulting mainly from an increase compensation expense as headcount increased over the one year period, an increase in share-based payment expenses and professional fees.

For the quarters ended June 30, 2014 and June 30, 2013

The EBITDA for each segment and for the total Corporation for the quarters ended June 30, 2014 and 2013 are presented in the following tables.

Quarter ended June 30, 2014	Protein Technologies	Therapeutics	Corporate	Total
Revenues	$ 4,409	$ 2	$ -	$ 4,411
Costs of goods sold	(1,952)	-	-	(1,952)
R&D expenses recharged	(915)	-	-	(915)
R&D expenses non-rechargeable	(6,737)	(1,223)	-	(7,960)
Administration and marketing expenses	(216)	-	(1,826)	(2,042)
EBITDA	$ (5,411)	$ (1,221)	$ (1,826)	$ (8,458)

Quarter ended June 30, 2013	Protein Technologies	Therapeutics	Corporate	Total
Revenues	$ 5,159	$ 2	$ -	$ 5,161
Costs of goods sold	(1,727)	-	-	(1,727)
R&D expenses recharged	(2,178)	-	-	(2,178)
R&D expenses non-rechargeable	(1,230)	(770)	-	(2,000)
Administration and marketing expenses	(100)	-	(1,089)	(1,189)
EBITDA	$ (76)	$ (768)	$ (1,089)	$ (1,933)

The following table reconciles these amounts to those presented in the condensed consolidated statements of operations:

	Totals per EBITDA tables	Depreciation and amortization	Share-based payments	Total per statements of operations
Quarter ended June 30, 2014				
Revenues	$ 4,411	$ -	$ -	$ 4,411
Costs of goods sold	(1,952)	(45)	(19)	(2,016)
R&D expenses recharged	(915)	-	(30)	(945)
R&D expenses non-rechargeable	(7,960)	(459)	(268)	(8,687)
Administration and marketing expenses	(2,042)	(11)	(697)	(2,750)
	$ (8,458)	$ (515)	$ (1,014)	$ (9,987)
Quarter ended June 30, 2013				
Revenues	$ 5,161	$ -	$ -	$ 5,161
Costs of goods sold	(1,727)	(39)	(4)	(1,770)
R&D expenses recharged	(2,178)	-	(27)	(2,205)
R&D expenses non-rechargeable	(2,000)	(220)	(17)	(2,237)
Administration and marketing expenses	(1,189)	(4)	(107)	(1,300)
	$ (1,933)	$ (263)	$ (155)	$ (2,351)

Total EBITDA for the Corporation decreased by $6.5 million for the quarter ended June 30, 2014 compared to the corresponding period in 2013.

EBITDA for the Protein technologies decreased by $5.3 million for the quarter ended June 30, 2014 compared to the corresponding period in 2013. The decrease is due to the increase in R&D expenses non-rechargeable by $5.5 million as a result of the inclusion of the all the IVIG development and related IND preparation expenses under this caption since the NantPro transaction but mainly results from the overall increase in the other development activities the Corporation is pursuing compared to 2013. The decrease was also due to reduction in the contribution from development services (revenues less R&D recharged) by $0.9 million mainly due the fact that on a consolidated basis, the Corporation only earned services revenues from NantPro up to May 8, 2014 while similar revenues were earned for the entire Q2, 2013 period.

EBITDA for the Therapeutics segment decreased by $0.5 million during the quarter ended June 30, 2014 compared to the corresponding period of 2013 mainly due to the higher level of research activities, namely in regards to our PBI-4050 compound.

The cost of the corporate activities increased $0.7 million during the quarter ended June 30, 2014 compared to the corresponding period in 2013 resulting mainly due to an increase in share-based payment expenses.

Financial condition

The condensed consolidated statements of financial position at June 30, 2014 and December 31, 2013 are presented in the following table.

		June 30 2014		December 31 2013
Total current assets	$	13,890	$	35,410
Other long term assets		169		168
Capital assets		11,142		9,631
Intangible assets		104,657		4,663
Total Assets	$	129,858	$	49,872
Total cash disbursing current liabilities	$	13,676	$	14,498
Non-cash disbursing current liabilities				
Deferred revenues		1,524		984
Warrant liability		11,323		9,311
Deferred income tax liability		39,800		-
Long-term liabilities		7,197		6,441
Total liabilities	$	73,520	$	31,234
Share capital		265,306		263,320
Contributed Surplus		15,253		15,206
Future investment rights		6,542		6,542
Accumulated other comprehensive income		276		122
Deficit		(246,145)		(264,858)
Equity attributable to owners of the parent		41,232		20,332
Non-controlling interests		15,106		(1,694)
Total equity		56,338		18,638
Total liabilities and equity	$	129,858	$	49,872

Current assets

Current assets decreased by $21.5 million during the second quarter of 2014 compared to December 31, 2013. The decrease is mainly due to a decrease in cash of $15.4 million which was mainly used to fund the operating and investing activities during the six months ended June 30, 2014. The decrease also resulted from the conversion of the outstanding NantPro receivable on May 8, 2014 into equity units in NantPro and the fact that certain materials used to provide services to NantPro no longer qualify as inventories in the consolidated statement of financial position at June 30, 2014.

Capital assets
Capital assets increased by $2.0 million during the six months ended June 30, 2014 compared to December 31, 2013 mainly due to the continuation of the investment in PBP's plasma purification plant which was partially offset by depreciation expense during the six months ended June 30, 2014.

Intangible assets
Intangible assets increased by $100.2 million during the first six months of 2014 compared to December 31, 2013 mainly due to the recognition of the NantPro intangible assets acquired in the business combination based on the preliminary business valuation and purchase price allocation. The intangible assets have an estimated useful life of 30 years. The amortization of these intangibles has not commenced since they are not considered to be available for use until FDA approval is received to sell the IVIG protein in the US market.

Total cash disbursing current liabilities
The total cash disbursing current liabilities decreased slightly by $0.8 million during the six months ended June 30, 2014 compared to December 31, 2013 mainly due to a decrease in trade payables which was partially offset by an increase in interest bearing liabilities as a result of interest accruals.

Warrant liability
In September 2013, the Corporation completed a financing transaction with Thomvest Seed Capital Inc. in which the Corporation issued long-term debt, warrants classified in equity and finally warrants that met the definition of a derivative liability under IFRS. The details of this transaction and the accounting for it are provided in note 17 to the annual consolidated financial statements. The warrants that are classified in the statement of financial position as a warrant liability, namely the "Second Warrants", are measured at their fair value at each reporting date. There is no future cash-disbursement associated with the recorded liability on the balance sheet, however, if the warrants were to be exercised, the holder would have to pay the exercise price to the Corporation, which would amount to $15.6 million.

The warrant liability increased by $2.0 million during the first six months of 2014 compared to December 31, 2013 mainly due to the increase in the market price of the Corporation's shares during the six-month period. The variation in the fair value of the warrant liability during the six months ended June 30, 2014 was recorded as a loss in the statement of operations.

Deferred income tax liability
As a result of the NantPro business combination, the Corporation recognized a deferred tax liability pertaining to the intangible assets recognized in the business combination.

Long-term liabilities
Long-term liabilities increased slightly during the first six months of 2014 compared to December 31, 2013 mainly due to interest accretion.

Share capital
Share capital increased slightly by $2.0 million during the first six months of 2014 compared to December 31, 2013 as certain warrants and options were exercised and shares were issued pursuant to the restricted share unit plan.

Contributed surplus
Contributed surplus increased slightly during the first six months of 2014 compared to December 31, 2013 mainly due to the reclassification of the fair value of the equity instruments exercised or released from contributed surplus to share capital.

Non-controlling interest ("NCI")
The non-controlling interests increased significantly during the quarter ended June 30, 2014 as a result of the recognition of a new NCI being the NCI in NantPro since the consolidation of this new subsidiary (please refer to note 3 of the condensed consolidated interim financial statements for the quarter and six months ended June 30, 2014 for details of the transaction and how the initial non-controlling interest in NantPro was determined). This increase was partially offset by the non-controlling interests share in the net losses during the period and the effect of the decrease in NantPro's non-controlling interest ownership.

The variation in the NCI between December 31, 2013 and June 30, 2014 is explained below:

NCI balance at December 31, 2013	$	(1,694)
NCI share in losses of the subsidiaries		(1,238)
NCI arising from the NantPro business combination		20,770
Decrease in the NantPro NCI as a result of the decrease in the NCI's interest in the partnership since the change in control		(2,732)
NCI balance at June 30, 2014	$	15,106

Cash flow analysis

The condensed consolidated statements of cash flows from the six months ended June 30, 2014 and the comparative period in 2013 are presented below.

	Six months ended June 30,		
	2014		2013
Cash used in operating activities	(11,459)	$	(3,629)
Cash from financing activities	244		9,991
Cash flows used in investing activities	(4,107)		(1,791)
Net (decrease) increase in cash	(15,322)		4,571
Net effect of currency exchange rate on cash	(39)		(37)
Cash, beginning of the period	17,396		1,205
Cash, end of the period	2,035	$	5,739

Cash flow used in operating activities increased by $7.8 million during the six months ended June 30, 2014 compared to the same period in 2013 due to the reduction in the EBITDA for the Corporation in 2014. These increases are in line with the investment in the clinical development program for PBI-4050, the ramp up in operations of the plasma purification facility and the pre-IND activities of the protein technology segment.

Cash flows from financing activities decreased by $9.7 million during the six months ended June 30, 2014 compared to the same period in 2013 as there were no significant financing activities completed during the first six months of 2014 whereas the Corporation had received proceeds $9.9 million from share issuances in the first quarter of 2013.

Cash flows used in investing activities increased by $2.3 million during the six months ended June 30, 2014 compared to the same period in 2013 due to the higher level of investment in 2014 compared to the previous year but mainly due to the carry forward of payments made at the beginning of the year to suppliers and contractors for work performed and delivery of equipment in regards to the Laval plasma purification plant during the last quarter of 2013.

SUBSEQUENT EVENT

On July 31, 2014, the Corporation issued long-term debt and warrants for a total cash consideration of $20 million. The debt consists of a discount loan with a $31.3 million face value that matures on July 31, 2019, implying an interest rate of 9% per annum, compounded monthly. The discount loan is secured by all the assets of the Corporation excluding patents. Concurrently, the Corporation issued 16,723,807 warrants having an exercise price of $1.87 expiring on July 25, 2022. The Corporation also modified certain of the terms pertaining to the loan issued in September 2013. The adjustments to the loan are minor and will not have an accounting impact.

Concurrently, the Corporation and the warrant liability holder agreed to modify the terms of the second warrants issued in September 2013 in order to fix the number of shares issuable upon settlement of an exercise price of $15.7 million to 20,276,595 shares. The warrants will expire on September 10, 2021. To become effective, the modification to the terms of the warrants must be approved by the Corporation’s shareholders on or before July 1, 2015.

LIQUIDITY AND CONTRACTUAL OBLIGATIONS

At June 30, 2014, the Corporation’s position in regards to total cash generating current assets, including cash, net of total cash disbursing current liabilities is a deficit of $0.5 million. However subsequent to the quarter end, the Corporation completed a $20 million financing transaction with Thomvest and settled its $3.3 million shareholder debt. Considering these two recent financing transaction, the Corporation expects that its financial position together with the

cash flows to be generated from its operating activities will be sufficient to meet its contractual obligation over the next year.

Financial obligations
The timing and expected contractual outflows required to settle the financial obligations of the Corporation recognized in the consolidated statement of financial position at June 30, 2014 have remained essentially unchanged from those disclosed in the MD&A for the year ended December 31, 2013 except for the shareholder debt which is no longer outstanding.

Commitments
The Corporation's commitments have remained essentially unchanged from those disclosed in the MD&A for the year ended December 31, 2013.

SUMMARY OF QUARTERLY RESULTS

The following table presents selected quarterly financial information for the last eight quarters.

		Net profit (loss) attributable to the owners of the parent		
			Per share	Per share
Quarter ended	Revenues	Total	Basic	Diluted
June 30, 2014	$ 4,411	$ 23,959	$ 0.05	$ 0.04
March 31, 2014	5,078	(7,010)	(0.01)	(0.01)
December 31, 2013	5,960	(5,258)	(0.01)	(0.01)
September 30, 2013	5,161	(2,450)	(0.01)	(0.01)
June 30, 2013	4,445	(1,771)	0.00	0.00
March 31, 2013	8,322	1,036	0.00	0.00
December 31, 2012	7,669	2,479	0.01	0.01
September 30, 2012	6,271	798	0.00	0.00

Revenues from period to period vary significantly as these are affected by the timing of orders for goods and the shipment of the orders, the achievement of milestones, depend on the timing and the level of service agreements and significant transactions. The timing of the recognition of these revenues and the timing of the recognized expense will cause significant variability in the results from quarter to quarter.

In addition to the variability in the results mentioned above, the following elements have had an important impact on the results in a given quarter. For the quarters ending in September and December 2013, the loss increased as a result of the loss on the fair value variation of the warrant liability and the increase in investment in non-rechargeable R&D expenses, notably the investment in the Laval plant and PBI-4050. In the quarter ending on December 31, 2013, the Corporation recorded a gain as the result of the recognition of a loan receivable which partially offset the increase in share-based payment expenses recorded in that period.

During the quarter ending March 31, 2014, the Corporation continued to recognize a loss on the fair value of the warrant liability of $3.8 million. Non-rechargeable R&D expenses decreased slightly compared to the previous quarter but remained high as the Corporation advances towards filing three INDs in 2014.

In the second quarter of 2014, the results of operations were significantly impacted in several ways by the NantPro business combination. The key impacts were a $24.3 gain on revaluation of the interest held in NantPro prior to the business combination, an $8.1 million purchase gain recorded on the business combination, the consolidation of NantPro which resulted in an increase to research and development expenses non-rechargeable from May 8, 2014 and onwards and the discontinuation of sales and profit being recorded on services provided to NantPro from that same date. During this quarter the Corporation recognized a gain on the fair value variation of the warrant liability of $1.8 million. The quarter ended in a net profit and as a result, the outstanding dilutive equity instruments were considered in the computation of diluted EPS whereas previously they were anti-dilutive.

OUTSTANDING SHARE DATA

The Corporation is authorized to issue an unlimited number of common shares. At August 12, 2014, 530,388,041 common shares, 13,820,602 options to purchase common shares, 9,920,000 restricted share units and 85,689,460 warrants and rights to purchase common shares were issued and outstanding.

TRANSACTIONS BETWEEN RELATED PARTIES

The Corporation has not entered into any new transactions with related parties during the quarter.

SIGNIFICANT JUDMENTS AND CRITICAL ACCOUNTING ESTIMATES

The preparation of the consolidated financial statements requires the use of judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures. The uncertainty that is often inherent in estimates and assumptions could result in material adjustments to assets or liabilities affected in future periods. The significant accounting judgments and critical accounting estimates applied by the Corporation are disclosed in its December 31, 2013 audited annual consolidated financial statements except for the following new ones which were applied in the interim financial statements for the quarter and six months ended June 30, 2014:

Determining whether assets acquired constitute a business – In determining whether the acquisition of an additional equity interest in NantPro BioSciences, LLC (“NantPro”) fell within the scope of IFRS 3, *Business Combination*, management evaluated whether NantPro represented an integrated set of activities and assets capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower cost or other economic benefits directly to investors or other owners, members or participants. Although NantPro is a development stage entity, management concluded that it had inputs, processes and other elements making it a business and therefore accounted for the acquisition as a business combination. If management had made a different determination, it would have accounted for the transaction as an asset acquisition and consequently the transaction would have been accounted for differently such as there would not have been a purchase price gain recorded in the consolidated statement of operations and the net asset acquired would have been recorded on a cost basis instead of fair value.

Assets arising from a business combination - The Corporation acquired a business in May 2014 and as such, the cost of the acquisition must be allocated to the underlying net assets acquired based on their estimated fair values calculated in accordance with the requirements of IFRS 3, *Business Combinations*. As NantPro assets consist of mainly intangible assets in the form of rights and licenses contributed by ProMetic when the partnership was created, the assets acquired generally represent reacquired rights. If during the determination of the fair value of the reacquired rights it is determined that the contracts giving rise to a reacquired right are favorable or unfavorable relative to the terms of current market transactions for the same or similar items, a settlement gain or loss will be recognized based on their respective estimated fair values.

As part of this allocation process, the Corporation must identify and attribute values and estimated lives to the identifiable assets acquired. These determinations involve significant estimates and assumptions regarding cash flow projections, the risk regarding the protein not being approved for sale, economic risk, weighted average cost of capital rates, expected market penetration and manufacturing costs. These estimates and assumptions determine the amount allocated to the identifiable intangible assets, the amortization period for identifiable intangible assets with finite lives as well as settlement gains or losses recognized, if any, on reacquired rights. If future events or results differ adversely from these estimates and assumptions, the Corporation could record increased amortization or impairment charges in the future.

Determining the fair value of a business – In order to account for the business combination described in note 3, the Corporation must determine the value of the business acquired which in turn affects the values used in determining the fair value of the equity investment, an investment in an associate (at the acquisition date), the gain on revaluation of the equity investment, the purchase gain recognized on the business combination and the purchase price allocation. In determining the fair value of the business, the same significant estimates and assumptions as those involved in attributing values to the identifiable assets, discussed above are used. If different estimates and assumptions were made, the amounts recorded for intangibles assets, non-controlling interest, the purchase gain on a business combination and the gain on the revaluation of equity might have been significantly different.

CHANGES IN ACCOUNTING POLICIES

The accounting policies used in these interim financial statements are consistent with those applied by the Corporation in its December 31, 2013 audited consolidated financial statements, except for the following new standards and interpretations adopted during the period:

IFRIC 21, Levies
IFRIC 21, Levies sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what an obligating event is that gives rise to pay a levy and when should a liability be recognized. This interpretation is effective for annual periods beginning on or after January 1, 2014, and is applied retroactively. The adoption of this interpretation did not have a significant impact on the Corporation's interim financial statements.

NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

Standards and interpretations issued but not yet effective up to the date of the Corporation's consolidated financial statements are listed below. This listing of standards and interpretations issued are those that the Corporation reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Corporation intends to adopt these standards when they become effective.

IFRS 15, Revenue from contracts with customers
In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers*, a new standard that specifies the steps and timing for issuers to recognize revenue as well as requiring them to provide more informative, relevant disclosures. IFRS 15 supersedes IAS 11, *Construction Contracts*, and IAS 18, *Revenue* and related interpretations. Adoption of IFRS 15 is mandatory and will be effective for the Corporation's fiscal years beginning on January 1, 2017, with earlier adoption permitted. The Corporation is currently assessing the impact of adopting this standard on its consolidated financial statements.

FINANCIAL INSTRUMENTS

Use of financial instruments
The financial instruments that are used by the Corporation result from its operating and investing activities, namely in the form of accounts receivables and payables, and from its financing activities resulting usually in the issuance of long-term debt. The Corporation does not use financial instruments for speculative purposes and has not issued or acquired derivative financial instruments for hedging purposes. The Corporation has issued one derivative financial instrument, which is described in the following paragraph.

Warrant liability

In September 2013, the Corporation completed a financing transaction with Thomvest Seed Capital Inc. in which the Corporation issued long-term debt, warrants classified in equity and finally warrants that met the definition of a derivative liability under IFRS. The details of this transaction and the accounting for it are provided in note 17 to the December 31, 2013 annual consolidated financial statements. The warrants that are classified in the statement of financial position as a warrant liability, namely the "Second Warrants", are measured at their fair value at each reporting date. The variation in the fair value of the warrant liability between reporting periods is recorded as a gain or a loss under the caption Fair value variation of warrant liability in the statement of operations. There is no future cash-disbursement associated with the recorded liability on the balance sheet, however, if the warrants were to be exercised, the holder would have to pay the exercise price to the Corporation.

The fair value of the Second Warrants has and may continue to change significantly from period to period mainly due to the underlying change in the Corporation's share price. If the conversion option is not exercised prior to maturity, the warrants' fair value will be zero when it expires.

Impact of financial instruments in the consolidated statements of operations
In addition to the fair value variation of the warrant liability discussed above, the following line items in the consolidated statement of operations for the quarter and six months ended June 30, 2014 include income, expense, gains and losses relating to financial instruments:

- finance costs;
- foreign exchange gains and losses.

Financial risk management
The Corporation has exposure to credit risk, liquidity risk and market risk. The Corporation's Board of Directors has the overall responsibility for the oversight of these risks and reviews the Corporation's policies on an ongoing basis to ensure that these risks are appropriately managed.

i) Credit risk:
Credit risk is the risk of financial loss to the Corporation if a customer, partner or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Corporation's cash, receivables and share purchase loan to an officer. The carrying amount of the financial assets represents the maximum credit exposure.

The Corporation reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. The Corporation evaluates accounts receivable balances based on the age of the receivable, credit history of the customers and past collection experience.
ii) Liquidity risk:
Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they come due. The Corporation manages its liquidity risk by continuously monitoring forecasts and actual cash flows. To the extent that the Corporation does need to raise additional funding in the future, management considers securing additional funds through equity, debt or partnering transactions.

iii) Market risk:
Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Corporation's income or the value of its financial instruments.

a) Interest risk:
The majority of the Corporation's debt is at a fixed rate, therefore there is limited exposure to changes in interest payments as a result interest rate risk.

b) Foreign exchange risk:
The Corporation is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Corporation operates in the United Kingdom and in the United States and a portion of its expenses incurred and revenues generated are in U.S dollars and in Great British Pounds ("GBP"). Financial instruments potentially exposing the Corporation to foreign exchange risk consist principally of cash, receivables, bank loan, trade and other payables, repayable government grants, and advance on revenues from a supply agreement. The Corporation manages foreign exchange risk by holding foreign currencies to support forecasted cash outflows in foreign currencies. The majority of the Corporation's revenues are in U.S. dollars and in GBP which serve to mitigate a portion of the foreign exchange risk.

RISK FACTORS

For a detailed discussion of risk factors which could impact the Corporation's results of operations and financial position, other than those risks pertaining to the financial instruments, please refer to the Corporation's Annual Information Form filed on www.sedar.com

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Corporation's disclosure controls and procedures are designed by or under the supervision of the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) to ensure that all important information about ProMetic, including operating and financial activities, is communicated fully, accurately and in a timely way to them and that information required to be disclosed by the issuer in its annual and interim filings and other reports is reported within the time periods specified in securities legislation.

Internal controls over financial reporting are designed by or under the supervision of the CEO and CFO to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Due to its inherent limitation, the internal controls may not to prevent and detect all misstatements due to error or fraud.

The Corporation's CEO and CFO have certified that the disclosure controls and procedures and the internal controls over financial reporting were designed to meet the objectives described above as of June 30, 2014. The Corporation did not make any material changes in the internal controls over financial reporting that materially affected or are reasonably likely to materially affect the Corporation's internal control over financial reporting during the quarter ended June 30, 2014.

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

		June 30, 2014		December 31, 2013
ASSETS				
Current assets				
Cash	**$**	**2,035**	$	17,396
Accounts receivable (note 4)		**8,183**		14,172
Income tax receivable		**320**		-
Inventories (note 5)		**2,665**		2,979
Total cash generating current assets		**13,203**		34,547
Prepaid expenses		**687**		863
Total current assets		**13,890**		35,410
Restricted cash		**139**		139
Other investment		**30**		29
Capital assets (note 7)		**11,142**		9,631
Intangible assets (note 8)		**104,657**		4,663
Total assets	**$**	**129,858**	$	49,872
LIABILITIES AND EQUITY				
Current liabilities				
Accounts payable and accrued liabilities	**$**	**6,538**	$	7,877
Income tax payable		**242**		134
Other debt		**-**		14
Debt provided by shareholders (note 9)		**3,250**		3,026
Advance on revenues from a supply agreement (note 10)		**3,646**		3,447
Total cash disbursing current liabilities		**13,676**		14,498
Deferred revenues (note 11)		**1,524**		984
Warrant liability (note 12)		**11,323**		9,311
Total current liabilities		**26,523**		24,793
Deferred tax liability		**39,800**		-
Long-term portion of lease inducement		**346**		224
Long-term debt		**6,851**		6,217
Total liabilities	**$**	**73,520**	$	31,234
EQUITY				
Share capital (note 13)		**265,306**		263,320
Contributed surplus		**15,253**		15,206
Future investment rights		**6,542**		6,542
Accumulated other comprehensive income		**276**		122
Deficit		**(246,145)**		(264,858)
Equity attributable to owners of the parent		**41,232**		20,332
Non-controlling interests (note 14)		**15,106**		(1,694)
Total equity		**56,338**		18,638
Total liabilities and equity	**$**	**129,858**	$	49,872

Subsequent event (note 20)

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

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

	Quarter ended June 30,		Six months ended June 30,	
	2014	2013	**2014**	2013
Revenues (note 15)	**$ 4,411**	$ 5,161	**$ 10,149**	$ 9,606
Expenses (note 16)				
Cost of goods sold (note 5)	**2,016**	1,770	**3,792**	3,120
Research and development expenses recharged	**945**	2,205	**2,438**	4,159
Research and development expenses non-rechargeable	**8,687**	2,237	**13,106**	3,608
Administration and marketing expenses	**2,750**	1,300	**4,877**	2,589
Loss (gain) on foreign exchange	**92**	(148)	**(16)**	(455)
Loss (gain) on disposal of capital and intangible assets	**7**	(11)	**7**	24
Loss on extinguishment of debt	**-**	-	**-**	423
Finance costs (note 16)	**626**	306	**1,051**	661
Fair value variation of warrant liability (note 12)	**(1,801)**	-	**2,012**	-
Loss in an associate (note 6)	**-**	-	**-**	69
Gain on revaluation of equity investment (note 6)	**(24,258)**	-	**(24,258)**	-
Purchase gain on business combination (note 3)	**(8,065)**	-	**(8,065)**	-
Net profit (loss) before income taxes	**23,412**	(2,498)	**15,205**	(4,592)
Income taxes - current	**(2)**	-	**447**	-
Net profit (loss)	**$ 23,414**	$ (2,498)	**$ 14,758**	$ (4,592)
Net profit (loss) attributable to:				
Owners of the parent	**23,959**	(2,450)	**15,996**	(4,222)
Non-controlling interests (note 14)	**(545)**	(48)	**(1,238)**	(370)
	$ 23,414	$ (2,498)	**$ 14,758**	$ (4,592)
Earnings (loss) per share (note 17)				
Attributable to the owners of the parent				
Basic	**$ 0.05**	$ (0.01)	**$ 0.03**	$ (0.01)
Diluted	**0.04**	(0.01)	**0.03**	(0.01)

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

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

	Quarter ended June 30,		Six months ended June 30,	
	2014	2013	**2014**	2013
Net profit (loss)	**$ 23,414**	$ (2,498)	**$ 14,758**	$ (4,592)
Other comprehensive income (loss)				
Items that may be subsequently reclassified to profit and loss:				
Change in unrealized exchange differences on translation of financial statements of foreign subsidiaries	**(42)**	(10)	**154**	(14)
Total comprehensive income (loss)	**$ 23,372**	$ (2,508)	**$ 14,912**	$ (4,606)
Total comprehensive income (loss) attributable to:				
Owners of the parent	**23,917**	(2,460)	**16,150**	(4,236)
Non-controlling interests	**(545)**	(48)	**(1,238)**	(370)
	$ 23,372	$ (2,508)	**$ 14,912**	$ (4,606)

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

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

		Contributed Surplus							
	Share capital	Share-based payments	Warrants	Foreign currency translation reserve	Future investment rights	Deficit	Total	Non-Controlling interets	Total equity
	$	$	$	$	$	$	$	$	$
Balance at January 1, 2013	234,563	3,216	8,546	207	6,542	(246,470)	6,604	(785)	5,819
Net loss	-	-	-	-	-	(4,222)	(4,222)	(370)	(4,592)
Foreign currency translation reserve	-	-	-	(14)	-	-	(14)	-	(14)
Share issue expenses	-	-	-	-	-	(25)	(25)	-	(25)
Share-based payments	-	204	-	-	-	-	204	-	204
Issuance in relation to debt renegotiation	490	-	-	-	-	-	490	-	490
Issuance for payment of expenses	284	-	-	-	-	-	284	-	284
Exercise of options	146	(52)		-	-	-	94	-	94
Exercise of warrants	1,781	-	(375)	-	-	-	1,406	-	1,406
Issuance of warrants	-	-	915	-	-	-	915	-	915
Balance at June 30, 2013	237,264	3,368	9,086	193	6,542	(250,717)	5,736	(1,155)	4,581
Balance at January 1, 2014	**263,320**	**6,319**	**8,887**	**122**	**6,542**	**(264,858)**	**20,332**	**(1,694)**	**18,638**
Net profit (loss)	**-**	**-**	**-**	**-**	**-**	**15,996**	**15,996**	**(1,238)**	**14,758**
Foreign currency translation reserve	**-**	**-**	**-**	**154**	**-**	**-**	**154**	**-**	**154**
Non-controlling interest arising from a business combination (note 3)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**20,770**	**20,770**
Effect of changes in the ownership of a subsidiary on non-controlling interest (note 14)	**-**	**-**	**-**	**-**	**-**	**2,732**	**2,732**	**(2,732)**	**-**
Share issue expenses	**-**	**-**	**-**	**-**	**-**	**(15)**	**(15)**	**-**	**(15)**
Share-based payments (note 13)	**-**	**1,137**	**-**	**-**	**-**	**-**	**1,137**	**-**	**1,137**
Exercise of options (note 13)	**211**	**(67)**	**-**	**-**	**-**	**-**	**144**	**-**	**144**
Shares issued pursuant to restricted share unit plan (note 13)	**218**	**(218)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Exercise of warrants (note 13)	**1,557**	**-**	**(805)**	**-**	**-**	**-**	**752**	**-**	**752**
Balance at June 30, 2014	**265,306**	**7,171**	**8,082**	**276**	**6,542**	**(246,145)**	**41,232**	**15,106**	**56,338**

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

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

Six months ended June 30,		**2014**		2013
Cash flows used in operating activities				
Net profit (loss) for the period	**$**	**14,758**	$	(4,592)
Adjustments to reconcile net profit (loss) to cash flows used in operating activities				
Expenses paid with shares		**-**		6
Finance costs		**1,046**		617
Share of net loss in an associated company (note 6)		**-**		69
Loss on disposal of capital and intangible assets		**7**		36
Fair value variation of warrant liability		**2,012**		-
Gain on revaluation of equity investment (note 6)		**(24,258)**		-
Purchase gain on business combination (note 3)		**(8,065)**		-
Loss on extinguishment of debt		**-**		423
Share-based payments		**1,137**		204
Unrealized foreign exchange loss		**-**		35
Depreciation of capital assets (note 7)		**516**		173
Amortization intangible assets (note 8)		**303**		250
		(12,544)		(2,779)
Change in non-cash working capital items		**1,085**		(850)
	$	**(11,459)**	$	(3,629)
Cash flows from financing activities				
Proceeds from share and warrant issuances		**-**		11,313
Exercise of options		**144**		93
Exercise of warrants		**752**		-
Share issue expenses		**(296)**		(13)
Interest paid		**(42)**		(42)
Repayment of other debt		**(14)**		(244)
Repayment of debt provided by shareholders		**(300)**		-
Repayment of bank loan and other loan		**-**		(1,116)
	$	**244**	$	9,991
Cash flows used in investing activities				
Interest received		**229**		-
Additions to capital assets		**(3,558)**		(1,657)
Additions to intangible assets		**(778)**		(134)
	$	**(4,107)**	$	(1 791)
Net change in cash during the period		**(15,322)**		4,571
Net effect of currency exchange rate on cash		**(39)**		(37)
Cash, beginning of period		**17,396**		1,205
Cash, end of the period	**$**	**2,035**	$	5,739

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

1. Nature of operations

ProMetic Life Sciences Inc. ("ProMetic" or the "Corporation"), incorporated under the Canada Business Corporations Act, is a long-established, publicly traded (TSX symbol: PLI) (OTCQX symbol: PFSCF), biopharmaceutical Corporation with globally recognized expertise in bioseparations, plasma-derived therapeutics and small-molecule drug development. ProMetic is focused on bringing safer, cost-effective and more convenient products to both existing and emerging markets. ProMetic offers its exclusive technology platform for large-scale drug purification of biologics, drug development, proteomics and the elimination of pathogens to a growing base of industry leaders and uses its own affinity technology that provides for efficient extraction and purification of therapeutic proteins from human plasma in order to develop therapeutics and orphan drugs. ProMetic is also active in developing its own novel small molecule therapeutic products targeting unmet medical needs in the field of fibrosis, neutropenia, cancer, and autoimmune disease/inflammation as well as certain nephropathies.

The Corporation's head office is located at 440, Boul. Armand-Frappier, suite 300, Laval, Québec, Canada, H7V 4B4. ProMetic has Research and development ("R&D") facilities in the UK, the U.S. and Canada, manufacturing facilities in the UK and Canada and business development activities in the U.S., Europe and Asia.

2. Basis of presentation and accounting policies

a) Accounting framework

These unaudited condensed interim consolidated financial statements ("interim financial statements") for the quarter and six months ended June 30, 2014 have been prepared in accordance with IAS 34, *Interim financial reporting*. Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), have been omitted or condensed. These interim financial statements should therefore be read in conjunction with the audited annual consolidated financial statements for the year ended December 31, 2013, which have been prepared in accordance with IFRS and which can be found at www.sedar.com.

These interim financial statements were approved for issue on August 12, 2014 by the Corporation's Board of Directors.

b) Changes in accounting policies

The accounting policies used in these interim financial statements are consistent with those applied by the Corporation in its December 31, 2013 audited annual consolidated financial statements, except for the following new interpretation adopted during the period:

IFRIC 21, *Levies*
IFRIC 21, *Levies* sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what an obligating event is that gives rise to pay a levy and when should a liability be recognized. This interpretation is effective for annual periods beginning on or after January 1, 2014, and is applied retroactively. The adoption of this interpretation did not have a significant impact on the Corporation's interim financial statements.

c) New standards and interpretations not yet adopted

Standards and interpretations issued but not yet effective up to the date of the Corporation's consolidated financial statements are disclosed in the December 31, 2013 annual audited consolidated financial statements, except for the following listed below. The Corporation intends to adopt these standards when they become effective.

IFRS 15, *Revenue from contracts with customers*

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers*, a new standard that specifies the steps and timing for issuers to recognize revenue as well as requiring them to provide more informative, relevant disclosures. IFRS 15 supersedes IAS 11, *Construction Contracts*, and IAS 18, *Revenue* and related interpretations. Adoption of IFRS 15 is mandatory and will be effective for the Corporation's fiscal years beginning on January 1, 2017, with earlier adoption permitted. The Corporation is currently assessing the impact of adopting this standard on its consolidated financial statements.

d) Significant accounting judgments and critical estimates

The preparation of these consolidated financial statements requires the use of judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures. The uncertainty that is often inherent in estimates and assumptions could result in material adjustments to assets or liabilities affected in future periods. The significant accounting judgments and critical estimates applied by the Corporation are disclosed in its December 31, 2013 audited annual consolidated financial statements, except for the following disclosed below:

Determining whether assets acquired constitute a business – In determining whether the acquisition of an additional equity interest in NantPro BioSciences, LLC ("NantPro") (see note 3) fell within the scope of IFRS 3, *Business Combination*, management evaluated whether NantPro represented an integrated set of activities and assets capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower cost or other economic benefits directly to investors or other owners, members or participants. Although NantPro is a development stage entity, management concluded that it had inputs, processes and other elements making it a business and therefore accounted for the acquisition as a business combination. If management had made a different determination, it would have accounted for the transaction as an asset acquisition and consequently the transaction would have been accounted for differently such as there would not have been a purchase price gain recorded in the consolidated statement of operations and the net asset acquired would have been recorded on a cost basis instead of fair value.

Assets arising from a business combination - The Corporation acquired a business in May 2014 (refer to note 3). The cost of the acquisition must be allocated to the underlying net assets acquired based on their estimated fair values calculated in accordance with the requirements of IFRS 3, *Business Combinations*. As NantPro assets consist of mainly intangible assets in the form of rights and licenses contributed by ProMetic when the partnership was created, the assets acquired generally represent reacquired rights. If during the determination of the fair value of the reacquired rights it is determined that the contracts giving rise to a reacquired right are favorable or unfavorable relative to the terms of current market transactions for the same or similar items, a settlement gain or loss will be recognized based on their respective estimated fair values.

As part of this allocation process, the Corporation must identify and attribute values and estimated lives to the identifiable assets acquired. These determinations involve significant estimates and assumptions regarding cash flow projections, the risk regarding the protein not being approved for sale, economic risk, weighted average cost of capital rates, expected market penetration, terminal values and manufacturing costs. These estimates and assumptions determine the amount allocated to the identifiable intangible assets, the amortization period for identifiable intangible assets with finite lives as well as settlement gains or losses recognized, if any, on reacquired rights. If future events or results differ adversely from these estimates and assumptions, the Corporation could record increased amortization or impairment charges in the future.

Determining the fair value of a business – In order to account for the business combination described in note 3, the Corporation must determine the value of the business acquired which in turn affects the values used in determining the fair value of the equity investment, an investment in an associate (at the acquisition date), the gain on revaluation of the equity investment, the purchase gain recognized on the business combination and the purchase price allocation. In determining the fair value of the business, the same significant estimates and assumptions as those involved in attributing values to the identifiable assets, discussed above are used. If different estimates and assumptions were made, the amounts recorded for intangibles assets, non-controlling interest, the purchase gain on a business combination and the gain on the revaluation of equity might have been significantly different.

3. Business combination

On May 8, 2014 (“date of acquisition”), the Corporation and NantPharma, LLC (“NantPharma”) amended the terms of their partnership in NantPro BioSciences, LLC (“NantPro”). After a final payment of $857 (US$801,367), the remaining $6,607 (US$6,085,998) of accounts receivable due from NantPro to ProMetic, which normally would have been paid by NantPro with the NantPharma funding, was invested by ProMetic in order to obtain an additional 40.83% of equity units in NantPro. After consideration of the above investments by the partners, ProMetic owned 65.21% and NantPharma owned 34.79% of the equity units respectively on May 8, 2014. NantPro will be funded by ProMetic going forward and as a result, ProMetic will continue to acquire equity units in NantPro up to a maximum of 73%, while NantPharma’s ownership may not be reduced below 27%. At June 30, 2014, the Corporation held 70.32% of the equity units of the partnership. Prior to date of the acquisition, the Corporation owned 30.47% of the NantPro units.

This issuance of units combined with the amendments to the terms of the partnership, including providing ProMetic with three out of five board seats, resulted in ProMetic obtaining control over NantPro, and NantPro being considered a subsidiary from the date of acquisition. ProMetic’s former investment in an associate is deemed to have been disposed of for accounting purposes (refer to note 6 for the accounting impact of the revaluation of the equity investment). From May 8, 2014 onwards, the Corporation is consolidating the assets and liabilities of NantPro and its results of operations for the period subsequent to the change in control.

This transaction qualifies as a business combination and was accounted for using the acquisition method of accounting. To account for the transaction, the Corporation has performed a preliminary business valuation of NantPro at the date of acquisition and a preliminary purchase price allocation. These fair value assessment require management to make significant estimates and assumptions as well as applying judgment in selecting the appropriate valuation techniques. The collection, preparation and validation of this information as well as the conception of the valuation models involve a lot of effort. At the time of issuance of these financial statements, although a significant portion of this work has been performed, certain aspects of the valuation and purchase price allocation are not finalized. The amounts recognized in the quarter are therefore based on the preliminary results. The ultimate impact of this transaction may change from now until the final valuation report is received. The Corporation expects that this work will be completed by the end 2014.

The Corporation recognised at the acquisition date all of the identifiable net assets of the partnership, the non-controlling interest in NantPro and a purchase gain on a business combination as follows:

Settlement of receivables for additional equity units	$	6,607
Acquisition date fair value of the previously held equity (note 6)		24,258
Total consideration		30,865
Net identifiable assets acquired:		
Intangible assets		99,500
Deferred tax liability		(39,800)
		59,700
Non-controlling interest		(20,770)
Net assets		38,930
Purchase gain on business combination	$	(8,065)

The Corporation elected to measure the non-controlling interest in NantPro using the proportionate share of its interest in NantPro’s identifiable net assets as per applicable IFRS guidelines.

The parties to this transaction applied the terms of the partnership agreement which established the amount of funding required to acquire 1% of the partnership prior to the clinical trials phase. Consequently, ProMetic is acquiring additional interest in NantPro on the same basis as NantPharma was in the past, being 1% of ownership interest in NantPro for each US$131,579 of funding. This amount, determined when the partnership was established and unchanged since then, does not portray the fair value of a 1% interest in the business as of the transaction date resulting in a purchase gain.

The Corporation will be recognising NantPharma's, the non-controlling interest, share in the net assets and results of NantPro. Service revenues and research and development rechargeable expenses that other subsidiaries of ProMetic invoice to NantPro subsequent to May 8, 2014 will be eliminated upon consolidation. Certain materials, previously presented as inventories in the consolidated statement of financial position, will no longer generate product sales or service revenues on a consolidated basis and therefore no longer qualify to be presented as inventories. These inventories held as of the date of the transaction have been expensed in the consolidated statement of operation as research and development expenses non-rechargeable while future purchase of these materials will be expensed as those materials are received, regardless of whether they have been consumed.

4. Accounts receivable

		June 30, 2014		December 31, 2013
Trade	**$**	**5,214**	$	8,519
Loan to a Corporation, wholly-owned by an officer of the Corporation		**-**		3,015
Tax credits receivable		**2,187**		1,422
Sales taxes receivable		**651**		1,041
Advance to an officer		**49**		82
Other		**82**		93
	$	**8,183**	$	14,172

5. Inventories

		June 30, 2014		December 31, 2013
Raw materials	**$**	**1,327**	$	1,971
Work in progress and finished goods		**1,338**		1,008
	$	**2,665**	$	2,979

As a result of the NantPro BioSciences, LLC ("NantPro") business combination and the consolidation of NantPro as a subsidiary, inventories held by certain subsidiaries to perform rechargeable research and development services to NantPro when it was an associate no longer qualify to be presented as inventories as of May 8 , 2014, the date NantPro is included in the consolidation perimeter. This is because on a consolidated basis, intercompany sales and revenues are eliminated and as such, the materials will not generate product sales nor rechargeable research and development revenues in the foreseeable future. As such an amount of $1,379, previously classified as inventories was reclassified to Research and development expenses non-rechargeable on the transaction date. The cost pertaining to this inventory held as of the date of the transaction, in the amount of $1,379, has been expensed in the consolidated statement of operations as research and development expenses non-rechargeable while future purchase of these materials will be expensed as those materials are received, regardless of whether they have been consumed.

During the quarter and the six months ended June 30, 2014, total inventories in the amount of $1,952 and $3,678 respectively ($1,727 and $2,990 for the quarter and the six months ended June 30, 2013) were recognized as cost of goods sold.

6. Investment in an associate

On May 8, 2014, the Corporation and the other partner in the NantPro partnership, NantPharma, amended the partnership agreement and the Corporation increased its investment in NantPro. As a result of the amendment, the Corporation obtained control over Nantpro, and as of the acquisition date, its investment in NantPro represents an investment in a subsidiary. Further details regarding this transaction are provided in Note 3. For accounting purposes, the investment in the associate, 24.38% of NantPro's equity units at the transaction date, is deemed to have been disposed of on the date of change of control and is revaluated at fair value. Consequently, the Corporation has recognized a gain on revaluation of the equity investment of $24.3 million representing the difference between the fair value and the carrying amount ($Nil) of ProMetic's equity interest in NantPro just before the transaction. The gain has been determined based on a preliminary business valuation estimate and could be subject to change when the business valuation is finalized (refer to note 3 for details on the business valuation).

Up until May 8, 2014, the investment in NantPro was still accounted for as an investment in an associate and consequently the Corporation recognized revenues from the rendering of services to Nantpro of $1,249 and $ 3,665 for the quarter and six months ended June 30, 2014 ($2,093 and $3,928 for the quarter and six months ended June 30, 2013).

The Corporation's share of the associate's losses and the net loss in the associate up to May 8, 2014, are as follows:

	Quarter ended June 30,		Six months ended June 30,	
	2014	2013	**2014**	2013
Loss and comprehensive loss of an associate	**$ (1,292)**	$ (1,996)	**$ (3,811)**	$ (3,826)
The Corporation's share of the loss and comprehensive loss of the associate	**(434)**	(377)	**(1,161)**	(882)
Dilution gain	**195**	-	**195**	435
Net loss in an associate	**$ (239)**	$ (377)	**$ (966)**	$ (447)
Unrecorded portion of losses	**239**	377	**966**	378
Net (gain) loss in an associate recognized in consolidated financial statements	**$ -**	$ -	**$ -**	$ (69)

The accumulated balance of unrecorded losses at May 8, 2014 was $2,374 ($1,482 at December 31, 2013).

7. Capital assets

	Leasehold improvements	Production and laboratory equipment	Office equipment and furniture	Computer equipment	Total
	$	$	$	$	$
Cost					
Balance at January 1, 2014	5,946	7,951	717	605	15,219
Additions	869	987	35	97	1,988
Disposals	-	(9)	(6)	(4)	(19)
Effect of foreign exchange differences	81	68	(6)	8	151
Balance at June 30, 2014	**6,896**	**8,997**	**740**	**706**	**17,339**
Accumulated depreciation					
Balance at January 1, 2014	1,986	2,831	492	279	5,588
Depreciation charge	163	281	29	43	516
Disposals	-	(9)	(6)	(4)	(19)
Effect of foreign exchange differences	62	51	(7)	6	112
Balance at June 30, 2014	**2,211**	**3,154**	**508**	**324**	**6,197**
Carrying amounts					
At December 31, 2013	3,960	5,120	225	326	9,631
At June 30, 2014	**4,685**	**5,843**	**232**	**382**	**11,142**

8. Intangible Assets

	Licenses	Patents	Software	Total
Cost	$	$	$	$
Balance at January 1, 2014	3,890	5,004	284	9,178
Additions	-	384	349	733
Acquired in a business combination [1)]	99,500	-	-	99,500
Disposals	(8)	-	-	(8)
Effect of foreign exchange differences	25	78	-	103
Balance at June 30, 2014	**103,407**	**5,466**	**633**	**109,506**
Accumulated amortization				
Balance at January 1, 2014	2,949	1,357	209	4,515
Amortization expense	118	176	9	303
Disposals	(1)	-	-	(1)
Effect of foreign exchange differences	10	22	-	32
Balance at June 30, 2014	**3,076**	**1,555**	**218**	**4,849**
Carrying amounts				
At December 31, 2013	941	3,647	75	4,663
At June 30, 2014	**100,331**	**3,911**	**415**	**104,657**

[1)] On May 8, 2014, the Corporation completed a business combination in which intangible assets, valued at $99.5 million based on a preliminary purchase price allocation, were acquired (refer to note 3 for further details). The intangible assets have an estimated useful life of 30 years. The amortization of these intangibles has not commenced since they are not considered to be available for use.

9. Debt provided by shareholders

The movement in the balance of the debt provided by shareholders is explained as follows:

Balance at January 1, 2014	$	3,026
Reimbursements		(300)
Interest		524
Balance at June 30, 2014	$	3,250

The debt provided by shareholders matured on July 1, 2014 and was reimbursed in August 2014.

10. Advance on revenues from a supply agreement

In 2009, the Corporation entered into a loan agreement with a customer whereby it received an advance on revenues relating to a supply agreement between the parties amounting to $3,400 (GBP 2,000,000). The advance bears interest at a rate of 5% per annum. The advance was being repaid as products were supplied and revenues received under the supply agreement, until both parties agreed to a moratorium on repayments. In May 2014, the Corporation and the customer amended the loan agreement, extending the maturity date until April 1, 2015.

11. Deferred revenues

		June 30, 2014		December 31, 2013
Deferred service revenues	$	-	$	228
Deferred product sales		1,524		756
	$	1,524	$	984

12. Warrant liability

The warrants issued in a financing transaction in September 2013, refered to as the "Second Warrants", give the holder the right to acquire common shares, the number of which is based on a formula, in exchange for $15,605 paid either in cash or in consideration of the lender's cancellation of the secured loan obligation (principal and the interest due over the 5 year duration). The Second Warrants expire on September 10, 2021, however the maturity period is shortened upon occurrence of a Market Capitalization Event whereby the market capitalization of the Corporation is greater than $1.5 billion for 60 consecutive days. If such an event was to occur before September 10, 2018, the Second Warrants would expire on September 10, 2018. If a Market Capitalization Event occurred after September 10, 2018, the warrants would expire within 90 days after the said event.

The Second warrants are presented in the consolidated statement of financial position as a liability, a derivative financial liability, which is required to be carried at fair value at each reporting date; the variations in fair value are recorded in the consolidated statement of operations in the period they occur. There is no future cash-payment associated with the recognized liability. However, if the warrants were to be exercised, the holder would have to pay the exercise price to the Corporation.

The fair value of the Second Warrants was estimated at $11,323 as of June 30, 2014 ($9,311 at December 31, 2013). The fair value of the warrant liability decreased by $1,801 during the quarter ended June 30, 2014 and increased by $2,012 over the six months ended on June 30, 2014, resulting in a gain of $1,801 and a loss of $2,012 for the respective periods.

The following assumptions were used in determining the fair value of the warrants on June 30, 2014: volatility 64%, marketability discount 35%, risk-free interest rates ranging from 1.8% to 2.3% over the potential life period of the warrants and an expected dividend rate of nil. The actual figures for the number of fully diluted shares outstanding was used as the estimated number of fully diluted shares over the warrants' life.

The effect of a change in the marketability discount and the volatility assumptions, which are the significant unobservable inputs used in the fair value estimate, by 10% would have the following effect on the consolidated financial statements:

	Increase (decrease) in fair value of the warrant liability resulting from	
Assumption changed	a 10% increase	a 10% decrease
Volatility	759	(730)
Marketability discount	(724)	743

13. Share capital and other equity instruments

a) Share capital

Authorized and without par value:
Unlimited number of common shares, participating, carrying one vote per share, entitled to dividends.
Unlimited number of preferred shares, no par value, issuable in one or more series.

	June 30, 2014			June 30, 2013		
	Number		**Amount**	Number		Amount
Issued and fully paid common shares	**529,935,416**	**$**	**265,756**	490,810,469	$	237,714
Share purchase loan to an officer	**-**		**(450)**	-		(450)
Balance - end of period	**529,935,416**	**$**	**265,306**	490,810,469	$	237,264

Changes in the issued and outstanding common shares during the six months ended June 30, 2014 and 2013 were as follows:

	June 30, 2014			June 30, 2013		
Issued and fully paid shares	**Number**		**Amount**	Number		Amount
Balance - beginning of period	**523,168,666**	**$**	**263,320**	432,531,873	$	224,741
Issued for cash	**-**		**-**	48,147,053		9,822
Issued in relation to debt renegotiation	**-**		**-**	1,043,476		490
Exercise of warrants	**4,652,587**		**1,557**	7,727,453		1,781
Exercise of options	**867,913**		**211**	584,721		145
Shares issued under restricted share units plan	**1,246,250**		**218**	-		-
Payment of expenses	**-**		**-**	775,893		285
Balance - end of period	**529,935,416**	**$**	**265,306**	490,810,469	$	237,264

b) Warrants and future investment rights ("rights")

The following table summarizes the changes in the number of warrants and rights outstanding during the six months ended June 30, 2014 and 2013:

	June 30, 2014			June 30, 2013		
	Number		**Weighted average exercise price**	Number		Weighted average exercise price
Balance - beginning of period	**53,341,645**	**$**	**0.43**	62,487,763	$	0.38
Issued in relation to debt renegotiation	**-**		**-**	754,715		0.53
Exercised	**(4,652,587)**		**0.16**	(7,727,453)		0.18
Balance - end of period	**48,689,058**	**$**	**0.46**	55,515,025	$	0.41

During the six months ended June 30, 2014, 4,652,587 warrants were exercised resulting in cash proceeds of $752 and a transfer from contributed surplus to share capital of $805.

As at June 30, 2014, the following warrants and rights, classified as equity, to acquire shares were outstanding:

Number	Expiry date		Exercise price
2,142,855	February 2015		0.14
754,715	February 2015		0.53
44,791,488	February 2017		0.47
1,000,000	Septermber 2021		0.52
48,689,058		$	0.46

c) Share-based payments

Stock options

Changes in the number of stock options outstanding during the six months ended June 30, 2014 and 2013 were are as follows:

	June 30, 2014			June 30, 2013		
	Number		**Weighted average exercise price**	Number		Weighted average exercise price
Balance - beginning of period	**12,744,400**	**$**	**0.22**	12,274,538	$	0.19
Granted	**2,425,365**		**1.11**	3,915,000		0.36
Forfeited	**(25,625)**		**0.46**	(426,000)		0.25
Exercised	**(867,913)**		**0.17**	(584,721)		0.16
Expired	**(3,000)**		**0.13**	-		-
Balance - end of period	**14,273,227**	**$**	**0.37**	15,178,817	$	0.23

During the six months ended June 30, 2014, 867,913 options were exercised resulting in cash proceeds of $144 and a transfer from contributed surplus to share capital of $67. The weighted average share price on the date of exercise of the options during the six months ended June 30, 2014 was $1.17.

At June 30, 2014, options issued and outstanding by range of exercise price are as follows:

Range of exercise price	Number outstanding	Weighted average remaining contractual life (in years)		Weighted average exercise price	Number exercisable		Weighted average exercise price
$0.12 - $0.20	8,015,300	2.0	$	0.14	6,900,950	$	0.15
$0.34 - $0.40	3,658,812	3.9		0.36	1,954,318		0.35
$0.88 - $1.32	2,599,115	4.9		1.10	9,000		0.88
	14,273,227	3.0	$	0.37	8,864,268	$	0.19

The Corporation uses the Black-Scholes option pricing model to calculate the fair value of options at the date of grant. The weighted average inputs into the model and the resulting grant date fair values were as follows:

	June 30, 2014	June 30, 2013
Expected dividend rate	**-**	-
Expected volatility of share price	**75.13%**	89.22%
Risk-free interest rate	**1.49%**	1.30%
Expected life in years	**4.7**	5.0
Weighted average grant date fair value	**$ 0.72**	$ 0.25

A share-based payment compensation expense of $292 and $416 was recorded for the options for the quarter and the six months ended June 30, 2014 ($177 and $212 for the quarter and the six months ended June 30, 2013).

Restricted share units ("RSU")

During the quarter ended March 31, 2014, 1,246,250 vested RSU were released and an equivalent number of shares were issued out of treasury. During the quarter ended June 30, 2014, the Corporation granted 6,500,000 RSU to management (the "2014-2016 RSU"). The grant date fair value of a 2014-2016 RSU is $1.23. The RSU will only vest if the service and performance conditions set out are achieved. The expense is determined taking into account management's best estimate of whether or not the particular vesting conditions will be met as well as, in the case of those RSU that are expected to vest, the period it will take to meet the vesting requirements. These estimates are reviewed on an ongoing basis. A share-based payment compensation expense of $721 was recorded during the quarter and the six months ended June 30, 2014. A reversal of stock based

compensation expense of $21 and $8 was recorded for the quarter and the six months ended June 30, 2013. At June 30, 2014, 3,420,000 vested RSU and 6,500,000 unvested RSU were outstanding.

Share-based payment expense

The total share-based payment expense has been included in the interim consolidated statements of operations as indicated in the following table:

	Quarter ended June 30,		Six months ended June 30,	
	2014	2013	**2014**	2013
Cost of goods sold	**$ 19**	$ 4	**$ 25**	$ 7
Research and development expenses recharged	**30**	27	**39**	32
Research and development expenses non-rechargeable	**268**	17	**311**	32
Administration and marketing expenses	**697**	107	**762**	132
	$ 1,014	$ 155	**$ 1,137**	$ 203

14. Non-controlling interests

The shares of three of the Corporation's subsidiaries are partially held by non-controlling interests. These are ProMetic BioProduction Inc. ("PBP"), Pathogen Removal and Diagnostic Technologies Inc. ("PRDT") and since May 8, 2014, NantPro (see note 3). The Corporation holds on June 30, 2014, 87.0%, 77.0% and 70.32% of the ownership interests respectively. The losses allocated to the non-controlling interests and the non-controlling interest balance on the consolidated statement of financial position, per subsidiary are as follows:

	June 30, 2014	December 31, 2013
In the consolidated statements of financial position		
PBP	**$ 589**	$ 1,041
PRDT	**(3,202)**	(2,735)
NantPro	**17,719**	-
Total non-controlling interests	**$ 15,106**	$ (1,694)

	Quarter ended June 30,		Six months ended June 30,	
	2014	2013	**2014**	2013
In the consolidated statements of operations				
PBP	**$ (212)**	$ (80)	**$ (452)**	$ (87)
PRDT	**(15)**	32	**(468)**	(283)
NantPro	**(318)**	-	**(318)**	-
Total non-controlling interests	**$ (545)**	$ (48)	**$ (1,238)**	$ (370)

Between the date of acquisition of NantPro and June 30, 2014, the Corporation increased by 5.11% its interest in NantPro as a result of funding NantPro's activities and obtaining additional units during this period.

When the proportion of the equity held by non-controlling interests changes without resulting in a change of control, as is the case described above, the carrying amount of the controlling and non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiary. In these situations, the Corporation recognizes directly in equity the effect of the change in ownership of a subsidiary on the non-controlling interests. Consequently, the non-controlling interests and the deficit decreased by $2,732 during the quarter ended June 30, 2014.

15. Revenues

	Quarter ended June 30,		Six months ended June 30,	
	2014	2013	**2014**	2013
Revenues from the sale of goods	**$ 3,093**	$ 2,593	**$ 6,301**	$ 4,536
Revenues from the rendering of services	**1,318**	2,568	**3,848**	5,070
	$ 4,411	$ 5,161	**$ 10,149**	$ 9,606

16. Information included in the interim consolidated statements of operations

	Quarter ended June 30,		Six months ended June 30,	
	2014	2013	**2014**	2013
a) Government assistance included in research and development				
Gross research and development expenses	**$ 10,077**	$ 4,768	**$ 16,473**	$ 8,358
Research and development tax credits	**(445)**	(326)	**(929)**	(591)
	$ 9,632	$ 4,442	**$ 15,544**	$ 7,767
b) Finance costs				
Interest on long-term debt	**$ 629**	$ 276	**$ 1,233**	$ 586
Other interest expense, transaction and bank fees	**13**	30	**29**	75
Interest income	**(16)**	-	**(211)**	-
	$ 626	$ 306	**$ 1,051**	$ 661

17. Diluted earnings (loss) per share

The diluted earnings (loss) per share calculation assumes the conversion of the warrant liability, warrants and rights, stock options and RSU only when their individual effect is dilutive. In the periods where the Corporation incurred net losses, these instruments are anti-dilutive.

The numerators and denominators used to calculate diluted earnings (loss) per share for the periods presented were calculated as follows:

	Quarter ended June 30,		Six months ended June 30,	
	2014	2013	**2014**	2013
Numerator				
Net profit (loss) attributable to owners of the parent	**$ 23,959**	$ (2,450)	**$ 15,996**	$ (4,222)
Adjusted for fair value variation on warrant liability	**(1,801)**	-	**-**	-
Net profit (loss) assuming the exercise of the warrant liability as of the beginning of the period	**$ 22,158**	$ (2,450)	**$ 15,996**	$ (4,222)
Denominator				
Weighted average number of shares outstanding - basic	**529,150,641**	489,391,930	**527,628,888**	485,102,588
Adjusted for the assumed exercise of:				
Warrant liability	**6,466,538**	-	-	-
Warrants and rights	**29,478,481**	-	**32,283,359**	-
Stock options	**8,945,786**	-	**9,391,902**	-
Restricted stock units	**3,420,000**	-	**3,667,873**	-
Weighted average number of shares outstanding - diluted	**577,461,446**	489,391,930	**572,972,022**	485,102,588

18. Segmented information

The financial information is presented in two different operating segments, which are Therapeutics and Protein Technology.

Therapeutics: This operating segment has lead compounds, namely PBI-4050 which target unmet medical needs such as the treatment of fibrosis in patients with chronic kidney diseases and certain cancers, and the side effects associated with chemotherapy.

Protein Technology: This operating segment contains the financial information of the following activities:

BioTherapeutics: The developer of a unique, validated, state-of-the-art solution for plasma fractionation, the Plasma Protein Purification System (PPPS™).

Bioseparation: Develops and markets bioseparation products based on applications of its patented Mimetic Ligand™ technology.

Prion Capture/Pathogen Removal: Provides a technology platform that improves the safety profile of blood products and blood-derived therapeutics.

The accounting policies for the operating segments are the same as those outlined in note 2.

The operating expenses for NantPro are included in the Protein Technology segment since May 8, 2014. When it was accounted for as an associate, the net loss in an associate was presented under the Corporate segment.

a) Revenues and expenses by operating segments:

Quarter ended June 30, 2014	Therapeutics	Protein Technology	Corporate	Total
Revenues	$ 2	$ 4,409	$ -	$ 4,411
Cost of goods sold	-	2,016	-	2,016
Research and development expenses recharged	-	945	-	945
Research and development expenses non-rechargeable	1,292	7,395	-	8,687
Administration and marketing expenses	-	219	2,531	2,750
Loss on foreign exchange	-	-	92	92
Loss on disposal of capital and intangible assets	-	7	-	7
Finance costs	1	44	581	626
Fair value variation of warrant liability	-	-	(1,801)	(1,801)
Gain on revaluation of equity instrument	-	(24,258)	-	(24,258)
Purchase gain on business combination	-	(8,065)	-	(8,065)
Net profit (loss) before income taxes	$ (1,291)	$ 26,106	$ (1,403)	$ 23,412

Six months ended June 30, 2014	Therapeutics	Protein Technology	Corporate	Total
Revenues	$ 7	$ 10,142	$ -	$ 10,149
Cost of goods sold	-	3,792	-	3,792
Research and development expenses recharged	-	2,438	-	2,438
Research and development expenses non-rechargeable	2,460	10,646	-	13,106
Administration and marketing expenses	-	641	4,236	4,877
Gain on foreign exchange	-	-	(16)	(16)
Loss on disposal of capital and intangible assets	-	7	-	7
Finance costs	5	86	960	1,051
Fair value variation of warrant liability	-	-	2,012	2,012
Gain on revaluation of equity instrument	-	(24,258)	-	(24,258)
Purchase gain on business combination	-	(8,065)	-	(8,065)
Net profit (loss) before income taxes	$ (2,458)	$ 24,855	$ (7,192)	$ 15,205

PROMETIC LIFE SCIENCES INC.
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the quarter and the six months ended on June 30, 2014
(In thousands of Canadian dollars) (Unaudited)

Quarter ended June 30, 2013		Therapeutics		Protein Technology		Corporate		Total
Revenues	$	2	$	5,159	$	-	$	5,161
Costs of goods sold		-		1,770		-		1,770
Research and development expenses recharged		-		2,205		-		2,205
Research and development expenses non-rechargeable		826		1,411		-		2,237
Administration and marketing expenses		-		100		1,200		1,300
Gain on foreign exchange		-		-		(148)		(148)
Gain on disposal of capital and intangible assets		-		(11)		-		(11)
Finance costs		-		62		244		306
Net loss before income taxes	$	(824)	$	(378)	$	(1,296)	$	(2,498)

Six months ended June 30, 2013		Therapeutics		Protein Technology		Corporate		Total
Revenues	$	8	$	9,598	$	-	$	9,606
Costs of goods sold		-		3,120		-		3,120
Research and development expenses recharged		-		4,159		-		4,159
Research and development expenses non-rechargeable		1,379		2,229		-		3,608
Administration and marketing expenses		-		164		2,425		2,589
Gain on foreign exchange		-		-		(455)		(455)
Loss on disposal of capital and intangible assets		-		24		-		24
Loss on extinguishment of debt		-		-		423		423
Finance costs		-		123		538		661
Loss in an associate		-		-		69		69
Net loss before income taxes	$	(1,371)	$	(221)	$	(3,000)	$	(4,592)

Segmented information by operating segment

b) Total assets by operating segment

		June 30, 2014		December 31, 2013
Therapeutics	**$**	**3,896**	$	3,157
Protein Technology		**123,964**		28,757
Corporate		**1,998**		17,958
	$	**129,858**	$	49,872

c) Capital and intangible assets by operating segment

		June 30, 2014		December 31, 2013
Therapeutics	**$**	**2,376**	$	2,160
Protein Technology		**112,955**		11,941
Corporate		**468**		193
	$	**115,799**	$	14,294

d) Acquisition of capital and intangible assets by operating segment

	Six months ended June 30,	
	2014	2013
Therapeutics	**$ 333**	$ 252
Protein Technology	**101,592**	507
Corporate	**296**	22
	$ 102,221	$ 781

[1] On May 8, 2014, the Corporation completed a business combination in which intangible assets, valued at $99.5 million based on a preliminary purchase price allocation, were acquired (refer to note 3 for further details).

e) Total liabilities by operating segment

	June 30, 2014	December 31, 2013
Therapeutics	**$ 1,334**	$ 597
Protein Technology	**49,855**	10,551
Corporate	**22,331**	20,086
	$ 73,520	$ 31,234

Information by geographic area

f) Total assets by geographic area

	June 30, 2014	December 31, 2013
Canada	**$ 15,160**	$ 30,491
United States	**102,271**	8,829
United Kingdom	**12,427**	10,552
	$ 129,858	$ 49,872

g) Capital and intangible assets by geographic area

	June 30 2014	December 31, 2013
Canada	**$ 10,975**	$ 9,652
United States	**102,020**	2,312
United Kingdom	**2,804**	2,330
	$ 115,799	$ 14,294

h) Acquisition of capital and intangible assets by geographic area

	Six months ended June 30,	
	2014	2013
Canada	**$ 1,726**	$ 436
United States	**99,901**	285
United Kingdom	**594**	60
	$ 102,221	$ 781

i) Revenues by location

	Quarter ended June 30,		Six months ended June 30,	
	2014	2013	**2014**	2013
United States	**$ 1,860**	$ 2,815	**$ 4,466**	$ 5,125
Austria	**1,707**	1,982	**3,543**	3,278
Switzerland	**537**	230	**1,562**	811
Netherlands	**276**	10	**479**	10
Germany	**1**	1	**37**	15
United Kingdom	**7**	85	**20**	316
Other countries	**23**	38	**42**	51
	$ 4,411	$ 5,161	**$ 10,149**	$ 9,606

Revenues are attributed to countries based on the location of customers.

The Corporation derives significant revenues from certain customers. During the six months ended June 30, 2014, there were two customers (one of them being NantPro) who accounted for 71% (36% and 35% respectively) of total revenues in the protein technologies segment. For the six months ended June 30, 2013, there were two customers who accounted for 75% (41% and 34% respectively) of total revenues, also in the protein technologies segment.

19. Comparative information

Certain of the June 30, 2013 and the December 31, 2013 figures have been reclassified to conform to the current period's presentation.

20. Subsequent event

On July 31, 2014, the Corporation issued long-term debt and warrants for a total cash consideration of $20 million. The debt consists of a discount loan with a $31.3 million face value that matures on July 31, 2019, implying an interest rate of 9% per annum, compounded monthly. The discount loan is secured by all the assets of the Corporation excluding patents. Concurrently, the Corporation issued 16,723,807 warrants having an exercise price of $1.87 expiring on July 25, 2022. Concurrently, the Corporation also modified certain of the terms pertaining to the loan and second warrants issued in September 2013.

The Corporation and the warrant liability holder agreed to modify the terms of the second warrants issued in September 2013 (see note 12) in order to fix the number of shares issuable upon settlement of an exercise price of $15,653 to 20,276,595 shares. The warrants will expire on September 10, 2021. To become effective, the modification to the terms of the warrants must be approved by the Corporation's shareholders on or before July 1, 2015.