ProMetic Life Sciences Inc.

Management's Report

The accompanying consolidated financial statements for ProMetic Life Sciences Inc. are management's responsibility and have been approved by the ProMetic Life Sciences Inc. Board of Directors. These financial statements were prepared by management in accordance with generally accepted Canadian accounting principles. They include some amounts that are based on estimates and judgments. The financial information contained elsewhere in the Annual Report is consistent with that contained in the financial statements.

To ensure the accuracy and objectivity of the information contained in the financial statements, ProMetic Life Sciences Inc. management maintains a system of internal accounting controls. Management believes that this system gives a reasonable degree of assurance that the financial documents are reliable and provide an adequate basis for the financial statements, and that the Company's assets are properly accounted for and safeguarded.

The Board of Directors upholds its responsibility for the financial statements in this annual report primarily through its audit committee. The audit committee is made up of outside directors who review the Company's consolidated annual financial statements as well as management's analysis and the operating results, and recommend their approval by the Board. KPMG LLP, Chartered Accountants, the external auditors designated by the shareholders, periodically meet with the audit committee to discuss auditing, the reporting of financial information and other related subjects.

Pierre Laurin
Chairman, President
and Chief Executive Officer

André Bédard
Vice-President Finance
and Chief Financial Officer

Montreal, Canada, April 10, 2001

Auditors' Report to the Shareholders

We have audited the consolidated balance sheets of ProMetic Life Sciences Inc. at December 31, 2000 and 1999 and the consolidated statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2000 and 1999 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

KPMG LLP
Chartered Accountants

Montreal, Canada, April 10, 2001

ProMetic Life Sciences Inc.

Consolidated Balance Sheets

December 31, 2000 and 1999

	2000	1999
	$	$
Assets		
Current assets:		
Cash and cash equivalents	2,270,316	781,662
Short-term investments	2,000,000	–
Accounts receivable (note 3)	524,133	235,888
Inventories (note 4)	300,594	519,597
Prepaid expenses	172,659	155,335
	5,267,702	1,692,482
Investment (note 5)	2,281,245	741,900
Capital assets (note 6)	3,620,386	3,367,994
Deferred development costs (note 7)	3,018,104	1,665,433
	14,187,437	7,467,809
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	1,741,756	2,247,229
Current portion of long-term debt (note 8)	110,758	196,308
	1,852,514	2,443,537
Long-term debt (note 8)	–	1,150,114
Shareholders' equity:		
Share capital (note 9)	64,432,379	49,659,979
Deficit	(52,097,456)	(45,785,821)
	12,334,923	3,874,158
Commitments (notes 5, 6 and 10)		
Contingencies (notes 11 and 13)		
	14,187,437	7,467,809

See accompanying notes to consolidated financial statements.

On behalf of the Board:

Pierre Laurin, Director

Claude Lemire, Director

ProMetic Life Sciences Inc.

Consolidated Statements of Operations and Deficit

Years ended December 31, 2000 and 1999

	2000	1999
	$	$
Revenues [1]	2,219,029	2,955,640
Expenses before the undernoted items:	2,815,166	3,945,565
Research and development expenses (note 7)	3,769,555	3,184,155
Depreciation of capital assets	561,172	433,832
Financial expenses	240,776	74,624
Loss from continuing operations	5,167,640	4,682,536
Loss from the discontinuation of the generic pharmaceutical segment (note 13)	–	23,591,290
Net loss	5,167,640	28,273,826
Deficit, beginning of year	45,785,821	16,300,223
Share issue expenses	1,143,995	1,211,772
Deficit, end of year	52,097,456	45,785,821
Loss per share from continuing operations	0.10	0.11
Net loss per share	0.10	0.66
Weighted average number of outstanding shares (in thousands)	53,068	42,889

[1] Revenues include interest income of $139,690 (1999: $69,450).

See accompanying notes to consolidated financial statements.

ProMetic Life Sciences Inc.

Consolidated Statements of Cash Flows

Years ended December 31, 2000 and 1999

	2000	1999
	$	$
Cash flows from operating activities:		
Net loss	(5,167,640)	(28,273,826)
Adjustments to reconcile net loss to cash flows used by operating activities:		
Loss (gain) on disposal of capital assets	3,739	(20,511)
Depreciation of capital assets	561,172	433,832
Amortization and write-off of deferred development costs (note 7)	21,613	735,760
Loss from the discontinuation of the generic pharmaceutical segment	–	23,591,290
Cash flows used in operating activities	(4,581,116)	(3,533,455)
Net change in non-cash operating working capital items (note 16)	(592,039)	1,114,859
	(5,173,155)	(2,418,596)
Cash flows from financing activities:		
Proceeds from share issues and subscription	14,272,400	13,448,750
Share issue expenses	(1,143,995)	(1,211,772)
Increase in long-term debt	–	139,911
Repayment of long-term debt	(735,664)	(115,017)
Decrease in bank overdraft	–	(168,878)
	12,392,741	12,092,994
Cash flows from investing activities:		
Acquisition of short-term investments	(2,000,000)	–
Acquisition of an investment (note 5)	(1,539,345)	(741,900)
Additions to capital assets	(844,909)	(572,497)
Proceeds from disposal of capital assets	27,606	121,635
Deferred development costs (note 7)	(1,374,284)	(1,551,206)
	(5,730,932)	(2,743,968)
Cash used by the discontinued generic pharmaceutical segment	–	(10,684,145)
Increase (decrease) in cash and cash equivalents	1,488,654	(3,753,715)
Cash and cash equivalents, beginning of year	781,662	4,535,377
Cash and cash equivalents, end of year	2,270,316	781,662
Other information related to cash flows:		
Interests paid during the year	229,612	55,279
Interests received during the year	74,947	69,540
Non-cash transaction:		
Conversion of long-term debt into shares	500,000	–

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Years ended December 31, 2000 and 1999

ProMetic is a leading biopharmaceutical company engaged in the research, development, manufacturing and commercialization of a variety of commercial applications from its platform technology. ProMetic owns proprietary enabling technology essential for use in large-scale drug purification proteomics, medical applications and therapeutics.

1. Significant accounting policies:

(a) Basis of presentation:

These consolidated financial statements have been prepared using accounting principles applicable to a going concern, which assume that the Company will continue its operations in the foreseeable future and be able to realize assets and satisfy liabilities in the normal course of business.

However, an emerging company assumes that it can expect future profitability and the support of its shareholders and other external funding sources, if applicable. Management is of the opinion that adequate resources will be available to complete the projects under development as at December 31, 2000.

(b) Consolidation basis:

The consolidated financial statements include the accounts of ProMetic Life Sciences Inc. and its subsidiaries.

(c) Cash and cash equivalents and short-term investments:

Cash equivalents are highly liquid investments purchased with an original maturity of less than three months. Short-term investments are investment grade short-term debt instruments with original maturities greater than three months. Short-term investments are valued at the lower of cost and market value. The carrying value of these investments approximates their fair value due to their short maturity.

(d) Inventories:

Work in process and finished goods are valued at the lower of cost and net realizable value and raw materials are valued at the lower of cost and replacement cost. Cost is established using the first in, first out method.

1. Significant accounting policies (continued):

(e) Investment:

The investment is recorded at cost.

(f) Capital assets:

Capital assets are recorded at cost. Depreciation is provided over the estimated useful lives of capital assets using the following methods and rates:

Asset	Method	Rate/period
Leasehold improvements	Straight-line	Lease period
Equipment and tools	Declining balance	10% to 30%
Office equipment and furniture	Declining balance	20%
Computer equipment	Declining balance	30%
Intellectual property	Straight-line	5 to 15 years

Intellectual property includes vested rights as well as fees and expenditures incurred to obtain licenses for product manufacturing and marketing.

(g) Deferred development costs:

Development costs of new products and processes, which are considered technically and financially feasible, are stated at cost less related research and development tax credits and grants. These costs are amortized from the start-up date of commercial production, based on sales. Should the Company determine that the unamortized balance is in excess of recoverable amounts, the excess will be charged to operations for the year.

(h) Revenue recognition:

The Company recognizes revenues from various research and technology agreements when the contracted services are provided and the various conditions, if any, are met.

(i) Scientific research and experimental development expenses:

Research and development expenditures are charged to operations in the year in which they are incurred, net of related tax credits.

1. Significant accounting policies (continued):

(j) Foreign currency translation:

Foreign currency transactions are translated into Canadian dollars using the temporal method. Under this method, monetary assets and liabilities are translated at year-end exchange rates while non-monetary items are translated at historical exchange rates. Expense items are translated at the exchange rate on the transaction date or at average exchange rates prevailing during the period. Exchange gains or losses are included in the statement of operations.

(k) Income taxes:

The Company uses the asset and liability method of accounting for income taxes. Future income tax assets and income tax liabilities are recognized in the balance sheet to account for the future tax consequences of timing differences between the respective accounting and taxable value of balance sheet assets and liabilities. As appropriate, a valuation allowance is recognized to decrease the value of tax assets to an amount that is more likely than not to be realized. Future income tax assets and income tax liabilities are measured using the income tax rates that are expected to apply when the asset is realized or the liability is settled. The effect of changes in income tax rates is recognized in the year during which these rates change.

(l) Stock option plan:

The Company has established a stock option plan, as described in note 9 (b). No charge is recognized for this plan when stock options are granted. Any consideration paid on the exercise of stock options is credited to share capital.

(m) Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items for which management must make estimates related to the valuation and assessment of recoverability of intellectual property and deferred development costs. Reported amounts and note disclosure reflect the overall economic conditions that are most likely to occur and anticipated measures to be taken by management. Actual results could differ from those estimates.

2. Change in accounting policy:

Effective January 1, 2000, the Company adopted Section 3465 of the CICA Handbook, Income taxes. Section 3465 requires a change from the deferred method of accounting for income taxes to the asset and liability method of accounting for income taxes.

The cumulative effect of this change in accounting for income taxes is nil as of January 1, 2000 as the Company recorded a valuation allowance equal to the future income tax asset that could have been recorded if it would have been more likely than not that a portion or all of this future income tax asset would realize.

3. Accounts receivable:

	2000	1999
	$	$
Trade	344,496	64,668
Sales taxes receivable	60,244	158,721
Interest receivable	64,742	–
Other	54,651	12,499
	524,133	235,888

4. Inventories:

	2000	1999
	$	$
Raw materials	148,552	321,710
Work in progress and finished goods	152,042	197,887
	300,594	519,597

5. Investment:

As of April 13, 2000, through AlphaOne-ProMetic Inc. ("AlphaOne-ProMetic"), the Company entered into a 50-50 joint venture with Arriva Pharmaceuticals, Inc. ("Arriva"; formerly known as AlphaOne Pharmaceuticals, Inc.) of Alameda, California for the development of applications relating to commercializing serine protease inhibitors as a platform for various pharmaceutical products for dermatological (ex.: eczema, psoriasis, genital herpes), gastrointestinal (ex.: Crohn's disease, irritable bowel syndrome) and urinary tract indications. The first serine protease pursued is rAAT, a lead compound produced in genetically-engineered yeast cells.

5. Investment (continued):

Arriva has granted to AlphaOne-ProMetic an exclusive, perpetual license to develop, manufacture and commercialize these serine protease inhibitors and the Company has granted AlphaOne-ProMetic an exclusive, perpetual license for the use of its Mimetic Ligand™ purification technology for the indications within the scope of the joint venture. The Company has undertaken to fund the joint venture for $4 million US beginning April 1st, 2001, on the basis of monthly instalments of $100,000 US each beginning April 1st, 2001, and up to the approval of next year joint venture budget in December 2001. The Company had also undertaken to purchase preferred voting shares in Arriva for a total amount of $1.5 million US representing a total equity position of 5.6%. This transaction was completed in November 2000.

No expenses relating to the project activities had been allocated to the joint venture as of December 31, 2000.

6. Capital assets:

			2000
	Cost	Accumulated depreciation	Net book value
	$	$	$
Leasehold improvements	390,856	136,824	254,032
Equipment and tools	2,412,439	1,472,353	940,086
Office equipment and furniture	157,716	34,540	123,176
Computer equipment	176,654	57,231	119,423
Intellectual property ((a) and (b))	2,471,003	287,334	2,183,669
	5,608,668	1,988,282	3,620,386

			1999
	Cost	Accumulated depreciation	Net book value
	$	$	$
Leasehold improvements	127,241	15,306	111,935
Equipment and tools	1,091,468	215,926	875,542
Office equipment and furniture	56,396	14,876	41,520
Computer equipment	94,486	35,053	59,433
Intellectual property ((a) and (b))	2,414,972	135,408	2,279,564
	3,784,563	416,569	3,367,994

6. Capital assets (continued):

(a) The Company owns the rights, title and interest in and to the know-how, the information, the technology and the patents relating to its Mimetic Ligand Technology. Part of these rights, title and interest were assigned to the Company by the Cambridge University's Institute of Biotechnology in consideration of the payment of continuing royalties; the others have been developed by the Company.

(b) Pursuant to a license agreement dated November 9, 1995, and amended as of December 20, 2000 with DCV, Inc., the Company owns the exclusive right to use under the patent rights, a technology permitting the link of its Mimetic Ligands™ to a matrix with a Teflon-like surface such as the Teflon beads (registered mark of Dupont Chemical & Energy Operations, Inc.) and the Company's Perfluorocarbon beads (Perfluorosorb™). This technology is useful in chromatographic applications and for medical devices. This license is subject to the payment of a royalty to DCV, Inc. on net sales with respect to any products covered by the patent rights.

7. Deferred development costs:

	2000	1999
	$	$
Research and development		
Incurred during the year	5,122,226	3,999,601
Less: Amount deferred	1,374,284	1,551,206
	3,747,942	2,448,395
Amortization of deferred development costs	6,000	66,039
Write-off of deferred development costs	15,613	669,721
Expense for the year	3,769,555	3,184,155
Deferred development costs		
Deferred development costs, beginning of year	1,665,433	2,430,271
Deferred development costs for the year	1,374,284	1,551,206
Amortization of deferred development costs	(6,000)	(66,039)
Write-off for the year	(15,613)	(669,721)
Portion related to the discontinued generic pharmaceutical segment	–	(1,580,284)
Deferred development costs, end of year	3,018,104	1,665,433

8. Long-term debt:

	2000	1999
	$	$
Bank loan, bearing interest at prime rate plus 2.5%, payable by monthly capital and interest installments of $9,328, maturing in December 2001	110,758	206,511
Due to shareholders, bearing interest at prime rate plus 3.5% from January 2000, of which $500,000 were converted into subordinate voting shares and $535,000 were repaid in 2000	–	1,035,000
Due to a shareholder, unsecured, bearing interest at prime rate plus 2.25%, payable on demand	–	104,911
	110,758	1,346,422
Current portion of long-term debt	110,758	196,308
	–	1,150,114

9. Share capital:

Authorized and without par value:

Unlimited number of Subordinate voting shares, participating, carrying one vote per share

20,000,000 Multiple voting shares, participating, carrying ten votes per share, convertible at the option of the holder or automatically converted upon their sale to a third party by the holder into an equal number of Subordinate voting shares

An unlimited number of Preferred shares, no par value, issuable in one or several series:

1,050,000 Preferred shares, series A, non-participating, non-voting, convertible at the option of the holder into subordinate voting shares at $0.50 per share except for unpaid dividends, convertible at a rate equal to the trading average of the subordinate voting shares during the 20 days preceding the conversion, preferential cumulative dividend of 12% per year, payable quarterly

9. Share capital (continued):

Authorized and without par value (continued):

An unlimited number of Preferred shares, no par value, issuable in one or several series (continued):

950,000 Preferred shares, series B, non-participating, non-voting, convertible at the option of the holder into subordinate voting shares at $0.60 per share except for unpaid dividends, convertible at a rate equal to the trading average of the subordinate voting shares during the 20 days preceding the conversion, preferential cumulative dividend of 12% per year, payable quarterly

	2000	1999
	$	$
Issued and fully paid:		
46,254,045 Subordinate voting shares (1999 - 32,777,747)	60,787,994	46,395,130
13,703,197 Multiple voting shares (1999 - 14,303,057)	1,644,385	1,714,849
1,050,000 Preferred shares, series A (1999-nil)	1,050,000	–
950,000 Preferred shares, series B (1999-nil)	950,000	–
1,957,504 warrants (ii and iii) (1999 - nil)	–	–
Subscriptions	–	1,550,000
	64,432,379	49,659,979

Cumulative dividends in arrears on preferred shares amount to $208,525 as at December 31, 2000 (1999 - nil).

(a) Share issuance:

(i) On February 18, 2000, the Company issued 2,000,000 preferred shares (1,050,000 Series A and 950,000 Series B) at a price of $1 per share, for gross proceeds of $2,000,000.

(ii) On March 16, 2000, the Company issued 3,629,295 units for a gross proceeds of $3,084,900. Each unit is comprised of one Subordinate voting share and one-half of a warrant. Each whole warrant entitles the holder thereof to purchase one Subordinate voting share at any time between the date of issuance and a period of 12 months thereafter, at a price of $1.10 per share.

(iii) On May 15, 2000, the Company issued 357,143 units for a gross proceeds of $500,000. Each unit is comprised of one Subordinate voting share and 0.4 of a warrant. Each whole warrant entitles the holder thereof to purchase one Subordinate voting share at any time between the date of issuance and a period of 12 months thereafter, at a price of $1.40 per share.

9. Share capital (continued):

(a) Share issuance (continued):

(iv) On September 6, 2000, the Company proceeded with a public issue of 6,600,000 Subordinate voting shares at a price of $1.25 per share, for gross proceeds of $8,250,000.

(v) On November 3, 2000, the Company proceeded with a public issue of 990,000 Subordinate voting shares at a price of $1.25 per share, for gross proceeds of $1,237,500 representing the exercise in whole of the 15% option to cover allotments granted in the September 6, 2000 public issue.

(vi) During the year 2000, 1,300,000 Subordinate voting shares were issued following the conversion of shareholders' advances.

(vii) During the year 2000, 599,860 Multiple voting shares were converted into 599,860 Subordinate voting shares.

(viii) As set forth in a prospectus dated August 12, 1999, 6,799,286 Subordinate voting shares have been issued following the exercise of the 6,799,286 special warrants by their holders. These special warrants were issued, on June 25, 1999, for net proceeds of $11,125,332, net of agents' fees and estimated issuance expenses.

(ix) During the year 1999, 1,145,806 Multiple voting shares were converted into 1,145,806 Subordinate voting shares.

(b) Stock options:

The Company established a stock option plan for its directors, officers and employees or consultants. The plan provides that the aggregate number of shares reserved for issuance at any time under the plan and any other employee incentive plans may not exceed 3,500,000 Subordinate voting shares. The options could be exercised in a period not exceeding 10 years from the date they were granted.

Year of grant	Subscription price (in dollars)	Number of options outstanding 2000	1999
1997	$1.49 to $1.75	165,502	210,318
1998	$2.00 to $3.00	65,500	118,000
1999	$1.00 to $2.00	2,265,000	2,727,000
2000	$1.35	300,000	–
		2,796,002	3,055,318

9. Share capital (continued):

(b) Stock options (continued):

Changes in the number of options outstanding during the past two fiscal years were as follows:

	Options
Number of options as at December 31, 1998	756,911
Granted	2,925,750
Cancelled	(627,343)
Number of options as at December 31, 1999	3,055,318
Granted	300,000
Cancelled	(559,316)
Number of options as at December 31, 2000	2,796,002

The following table summarizes information about stock options outstanding at December 31, 2000:

Range of exercise prices	Number outstanding	Weighted average remaining contractual life (in years)	Weighted average exercise price	Number exercisable	Weighted average exercise price
			$		$
$1.00 to $1.49	2,327,002	9.03	1.05	1,072,401	1.00
$1.50 to $1.75	148,000	6.67	1.58	88,800	1.58
$2.00 to $3.00	321,000	7.98	2.16	77,300	2.26
	2,796,002			1,238,501	

10. Commitments:

The Company has commitments under various operating leases for office space and laboratories. The minimum annual payments are as follows:

	$
2001	678,602
2002	669,728
2003	592,292
2004	558,178
2005	632,438
2006 and thereafter	2,835,511

11. Contingency:

The Company and a subsidiary, ProMetic BioSciences Inc., have an outstanding claim from a former employee for an approximate amount of $320,000. This claim was rejected by the Superior Court (Quebec, Canada) on August 8, 2000 and the former employee appealed against this judgment. After obtaining representation from their legal counselors, management is of the opinion that this claim is without substantial merit and no provision was recorded in these consolidated financial statements in that respect. Settlements, if any, will be charged to operations in the period in which the settlement occurs.

12. Financial instruments:

(a) Fair values:

The carrying amount of cash and cash equivalents, short-term investments, accounts receivable, accounts payable and accrued liabilities approximates the fair value because of the near-term maturity of these instruments. The carrying amount of the Company's floating rate long-term debt approximates its fair value because it bears interest at current market floating rates.

(b) Credit risk:

The Company reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance.

(c) Foreign currency rate risk:

The Company receives a substantial part of its revenues in US dollars and the majority of its expenses are incurred in Sterling pounds. The Company does not possess nor issue financial instruments for hedging or trading purposes.

13. Discontinuation of the generic pharmaceutical segment:

On September 30, 1999, the Company discontinued its activities in the generic pharmaceuticals business when its subsidiary ProMetic Pharma Inc. ("Pharma") made an assignment in favour of its creditor generally under the Bankruptcy and Insolvency Act. As a result, the following legal proceedings took place:

(a) A garanteed creditor of Pharma, is claiming $2,021,619 from the Company pursuant to guarantees and agreements related to certain credit contracts concluded between this creditor and Pharma. The action was commenced on June 29, 2000.

(b) A legal action was filed by a creditor of Pharma for recovery of certain amounts. The claim is for $305,104.

The Company is contesting these claims and on the basis of the opinions provided by legal counsels, the Company is of the view that it has valid grounds for defence in respect of each claim. While management is confident to avoid any unfavorable outcome, it should however be noted that any settlement in favour of one of the above creditors could have an adverse effect on the Company's cash flows, its results of operations and its financial position. No provision related to these claims was recorded in these consolidated financial statements.

Settlements, if any, will be charged to operations in the period in which the settlement occurs.

14. Related party transactions:

The Company entered into the following transaction with related parties:

	2000	1999
	$	$
Consulting fees paid to directors	194,175	288,350

15. Income taxes:

Significant components of the Company's net future income taxes balances are as follows:

	$
Future income tax assets:	
Capital assets	11,125
Net losses	5,256,343
Financing costs	1,143,648
Undeducted research and development expenses	265,020
	6,676,136
Less: valuation allowance	(6,431,222)
Net future income tax assets	244,914
Future income tax liabilities:	
Capital assets	244,914
Net future income tax assets	–

The Company has unutilized tax loss carryforwards and unamortized share issue expenses for which no tax benefit has been reflected in the financial statements. These items may be used to reduce taxable income and income taxes in future years. As at December 31, 2000, expiry dates and amounts are as follows:

	Federal	Provincial	Other countries
	$	$	$
Tax loss carryforwards expiring in 2002	42,580	42,580	–
Tax loss carryforwards expiring in 2003	525,630	364,589	–
Tax loss carryforwards expiring in 2004	764,964	–	–
Tax loss carryforwards expiring in 2005	1,100,268	1,149,113	–
Tax loss carryforwards expiring in 2006	4,091,000	4,091,000	–
Tax loss carryforwards expiring in 2007	3,213,135	3,213,135	–
Tax loss carryforwards expiring in 2010	–	–	162,699
Tax loss carryforwards expiring in 2011	–	–	467,255
Tax loss carryforwards expiring in 2012	–	–	1,170,475
Tax loss carryforwards expiring in 2018	–	–	1,447,184
Tax loss carryforwards expiring in 2019	–	–	540,082
Tax loss carryforwards expiring in 2020	–	–	77,050
Tax loss carryforwards, no expiration date	–	–	62,329
Share issue expenses to be amortized over 1 year	151,499	151,499	–
Share issue expenses to be amortized over 2 years	1,185,481	1,185,481	–
Share issue expenses to be amortized over 3 years	747,950	747,950	–
Share issue expenses to be amortized over 4 years	915,196	915,196	–
	12,737,703	11,860,543	3,927,074

16. Net change in non-cash operating working capital items:

	2000	1999
	$	$
(Increase) decrease in accounts receivable	(288,245)	1,195,223
Decrease (increase) in inventories	219,003	(105,656)
Increase in prepaid expenses	(17,324)	(89,149)
(Decrease) increase in accounts payable and accrued liabilities	(505,473)	114,441
	(592,039)	1,114,859

17. Segmented information:

ProMetic is a leading biopharmaceutical company engaged in the research, development, manufacturing and commercialisation of a variety of commercial applications from its platform technology. ProMetic owns proprietary enabling technology essential for use in large-scale drug purification proteomics, medical applications and therapeutics.

Revenues by geographic segment are as follows:

	2000	1999
	$	$
United States	1,256,989	1,469,550
United Kingdom	797,025	609,247
Europe (excluding United Kingdom)	139,652	1,559,158
Other	37,598	57,745
Canada	160,672	74,012
Intersegment sales	(172,907)	(814,072)
	2,219,029	2,955,640

Net losses from the continuing operations by geographic segment are as follows:

	2000	1999
	$	$
Canada	3,890,293	3,021,676
United States	777,740	1,003,364
United Kingdom	499,607	657,496
	5,167,640	4,682,536

Years ended December 31, 2000 and 1999

17. Segmented information (continued):

Assets by geographic segment are as follows:

	2000	1999
	$	$
Canada	8,010,094	4,489,475
United Kingdom	5,543,422	2,377,380
United States	633,921	600,954
	14,187,437	7,467,809

Capital assets by geographic segment are as follows:

	2000	1999
	$	$
United Kingdom	2,599,566	2,311,675
Canada	973,143	971,888
United States	47,677	84,431
	3,620,386	3,367,994

Capital expenditures by geographic segment are as follows:

	2000	1999
	$	$
United Kingdom	660,163	152,710
Canada	181,059	416,216
United States	3,687	3,571
	844,909	572,497

Major customer information:

As the Company is in its development phase, a considerable percentage of its R&D revenues are derived from a relatively small number of customers.

18. Comparative figures:

Comparative figures have been reclassified in order to conform with the current year's presentation.