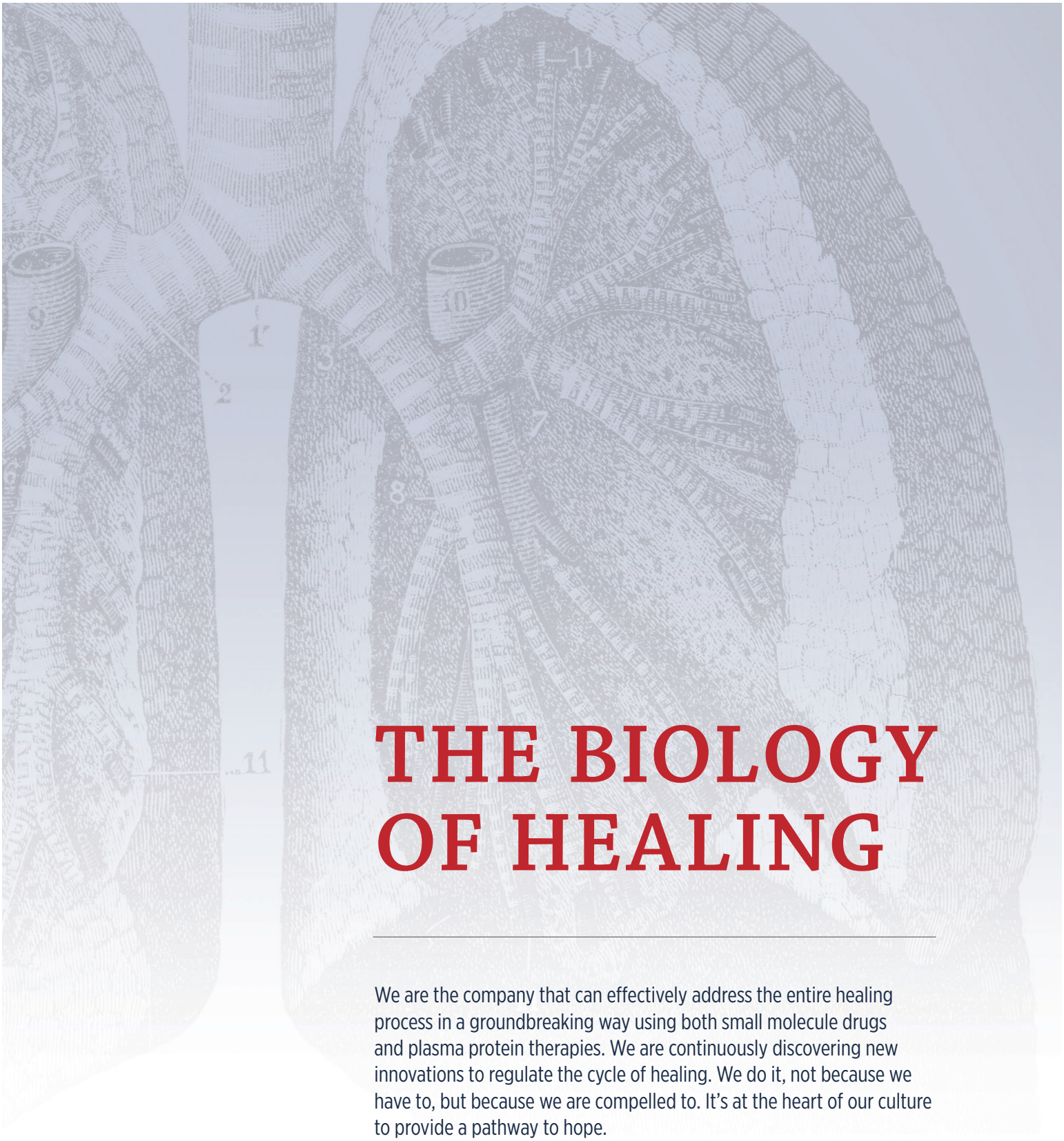


THE BIOLOGY OF HEALING

We are the company that can effectively address the entire healing process in a groundbreaking way using both small molecule drugs and plasma protein therapies. We are continuously discovering new innovations to regulate the cycle of healing. We do it, not because we have to, but because we are compelled to. It's at the heart of our culture to provide a pathway to hope.

PROMETIC

Message to Shareholders

Pierre Laurin
President and
Chief Executive Officer

2015 has been a year of industrious operational and product development execution. I am very happy and proud to report that ProMetic delivered, as anticipated, on the majority of its ambitious corporate, operational and clinical objectives set for the year. Many years of hard work and significant financial investment have been expended to build and develop world-class proprietary manufacturing and product development platforms.

ProMetic has reached the stage where all the necessary components combine to create a fully integrated biopharmaceutical company possessing a rich pipeline of innovative plasma-derived and small molecule therapeutics, targeting a multitude of unmet medical needs.

During 2015, ProMetic was very active in pursuing one of the key steps in the drug development process, transitioning from preclinical to clinical studies. This followed the successful filing and clearance of investigational new drug applications by the relevant regulatory authorities for both plasma-derived and small molecule drugs. This particular step, which marks the beginning of testing in human patients to generate proof of concept efficacy data, is a recognized milestone and value creation event in our industry. As expected, the market rewarded ProMetic's performance accordingly.

Several important milestones were achieved across our small-molecule program:

- The approval for our orally active, anti-fibrotic, lead drug candidate, PBI-4050, to commence clinical trials in patients suffering from metabolic syndrome and related Type 2 diabetes;
- The approval to begin investigating PBI-4050 in patients suffering from idiopathic pulmonary fibrosis ("IPF");
- The approval to begin investigating PBI-4050 in patients suffering from severe multi-organ fibrosis and Type 2 Diabetes (Alström Syndrome); and
- The confirmation that the pharmacological activity of PBI-4050 observed in several animal models translated to humans.

ProMetic also reached that same important step, of starting clinical trials in humans, with two of its plasma-derived therapeutic candidates, Plasminogen and IVIG, and has other drug candidates scheduled to enter into clinical trial development in 2016 and beyond.

Securing the approval from regulatory authorities to commence clinical trials is undoubtedly an important step in any drug development process. However, of even greater significance is the quality of the clinical data and results generated from such trials. To this effect, ProMetic is definitely off to a good start. Both the quality and significance of its clinical data generated to date in human patients has been impressive. As anticipated, ProMetic's PBI-4050 has delivered solid clinical efficacy data. The corporation successfully completed its PBI-4050 Phase 1b multi-dose clinical trial in patients with chronic kidney disease in which the drug was found to be safe and well tolerated without any drug-related serious adverse events.

ProMetic also reported a statistically and clinically significant decrease in glycated haemoglobin (HbA1C) observed in the first 11 patients that had completed the 12 weeks treatment period in the PBI-4050 Phase 2, open label, clinical trial in patients suffering from metabolic syndrome and related type 2 diabetes. Moreover, in March 2016, we reported that in the same patients, PBI-4050 was significantly reducing biomarkers known to be associated with a higher risk of cardiovascular or renal events when elevated.

The plasma-derived therapeutics clinical development programs also delivered solid performance. In a Phase 1 clinical trial for the treatment of congenital plasminogen deficiency, ProMetic's plasminogen, IV delivered, replacement therapy was found to be safe, well-tolerated and without any serious adverse events.

In addition, plasminogen demonstrated clinical efficacy in the case of the successful treatment of a plasminogen-deficient infant in critical condition at the Altona Children's Hospital in Hamburg, Germany and in a patient participating in the Phase 1 clinical trial for the treatment of Congenital Plasminogen Deficiency.

The early clinical demonstration of efficacy in both our small molecule and plasma derived therapeutics is giving us great confidence regarding the likely success of our ongoing and upcoming clinical programs.

On the small molecule therapeutics side, the fact that PBI-4050 addresses the underlying physiological process leading to the scarring of tissues and organs and the related medical complications allows us to confidently pursue a vast array of fibrosis-related diseases. We certainly look forward to demonstrating clinical efficacy in other fibrosis-related conditions such as cystic fibrosis, idiopathic pulmonary fibrosis, chronic kidney disease and recently announced, scleroderma.

On the plasma derived therapeutics side, just as Plasminogen demonstrated significant clinical efficacy, we anticipate our other plasma derived therapeutics will demonstrate a similar level of efficacy since human proteins, administered as replacement therapies, undoubtedly deliver what they were originally designed to do.

While ProMetic has put in place a proprietary therapeutic product pipeline that is second to none, we have also leveraged our technology platforms to add significant product opportunities. ProMetic has expanded the use of its proprietary product, Plasminogen, via a strategic partnership with Omnio. Further, ProMetic has entered into a strategic partnership with ProThera Biologics, to develop and commercialize interalpha-1 inhibitor protein (IAIP) in orphan indications.

ProMetic has experienced substantial growth and changes in its corporate structure in 2015. As a result of its increasing number of clinical programs, ProMetic hired many new employees working in its regulatory and clinical affairs department. As part of its pursuit of becoming a vertically integrated biopharmaceutical company, ProMetic acquired its first plasma collection center and added significant plasma processing capacity (up to 250,000 litres/year) as a result of our partnership with Emergent BioSolutions in Winnipeg, Canada. From the fast-growing number of therapeutics entering clinical trial stages, to the solid clinical data generated so far, the milestones achieved in 2015 have brought ProMetic closer to the regulatory approval and to commercial launch of its first drugs.

In 2015, ProMetic generated record revenues from the sale of its bioseparation products. Total revenues from product sales and rendering of services for the year reached $23.2 million representing a year-over-year increase of $7.6 million compared to the $15.6 million reported in 2014. ProMetic is now well positioned to reap the benefits of its technology platforms it has established over the past years, and to deliver the significant inherent value that is just starting to be realized.

We look forward to the coming months with great excitement as we continue our journey in the drug development and commercialization process. We are thankful to be given the opportunity to operate in an environment where the best of both worlds is indeed a possibility; the opportunity to provide innovative medical solutions and hope to patients in dire need, while creating tremendous value for all our stakeholders.

None of this would however be possible without the dedication of our employees, the continued support of our shareholders and the leadership of our Board of Directors, and for that we are grateful.

Pierre Laurin
President and Chief Executive Officer
ProMetic Life Sciences Inc.

Plasminogen

ProMetic secured the Orphan Drug Designation for congenital plasminogen deficiency for its plasminogen, both in Europe and in the USA.

The on-going phase 2/3 trial is designed to enroll 12 plasminogen deficient patients, most of whom have participated in the phase I trial, using multiple doses to define the optimal treatment regimen to achieve the targeted blood concentration of plasminogen.

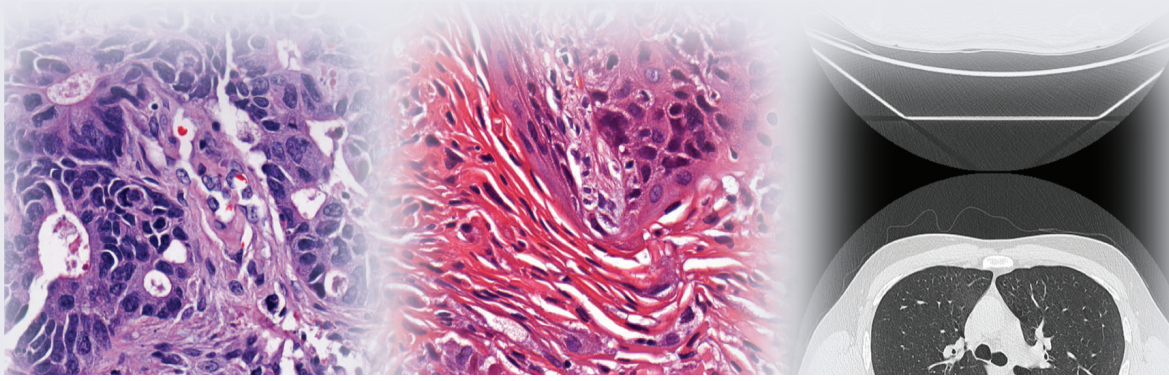
The FDA has agreed to an accelerated regulatory approval pathway, given the rarity of the condition and the related unmet medical need. To secure an accelerated pathway approval, a drug must treat a serious condition, provide a meaningful advantage over available therapies and demonstrate an effect on a surrogate endpoint that is reasonably likely to predict clinical benefit.

The results from the two cohorts of patients enrolled in the Phase I trial confirm that ProMetic's plasminogen replacement therapy is safe, well tolerated and without any related serious adverse events. Moreover, there were no plasminogen antibodies detected and the results confirm the established therapeutic dose of 6 mg/kg.

Dramatic and rapid improvements were observed in a severely affected patient, a 36 year-old woman with a plasminogen level of 4% with involvement of multiple organ systems, including the lungs, nasal passages, eyes, gums and urinary tract. Within minutes of completing the plasminogen infusion, she noted improvement in her breathing, and within 2 hours blew a piece of tissue from her nose and coughed up soft tissue lesion previously blocking her airway. This improvement in the lung was also coupled with a reduction in the size of her conjunctival lesions and improvement in her prominent gum lesions. She had a single episode of passing blood and lesional material in the urine 5 hours after the infusion. On the day following infusion, her respiratory status continued to be substantially improved and she did not require her typical nebulizer treatment in the morning.

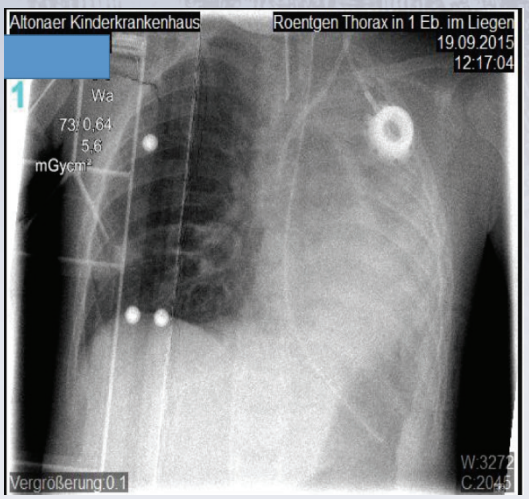
This is the second time we have observed such a dramatic and rapid positive effect in broncho-tracheal blockage. The reduction of co-existing chronic lesions in multiple organs is also remarkable. These effects were achieved without clinical complications. This case supports our belief that even chronic lesions can be resolved with repeated administration, as demonstrated in the first case in Germany".

The pharmacokinetic profile of our plasminogen drug has been established to the point that our team was able to provide the necessary clinical insight to enable the dramatic rescue of the critically ill 20 month old infant in Germany. The plasminogen was administered by a team from the Department of Pediatric Haematology and Oncology at the University Medical Center, Hamburg-Eppendorf, under the direction of Professor Reinhard Schneppenheim.

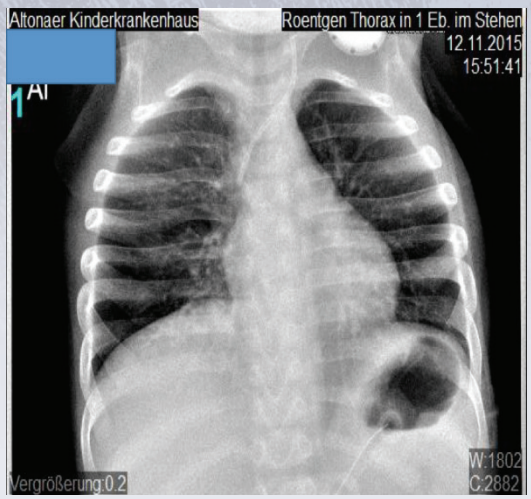


Diagnosed with severe plasminogen deficiency at 4 weeks of age, the patient had experienced numerous medical complications, ultimately leading to respiratory failure requiring ventilatory and circulatory support in the ICU.

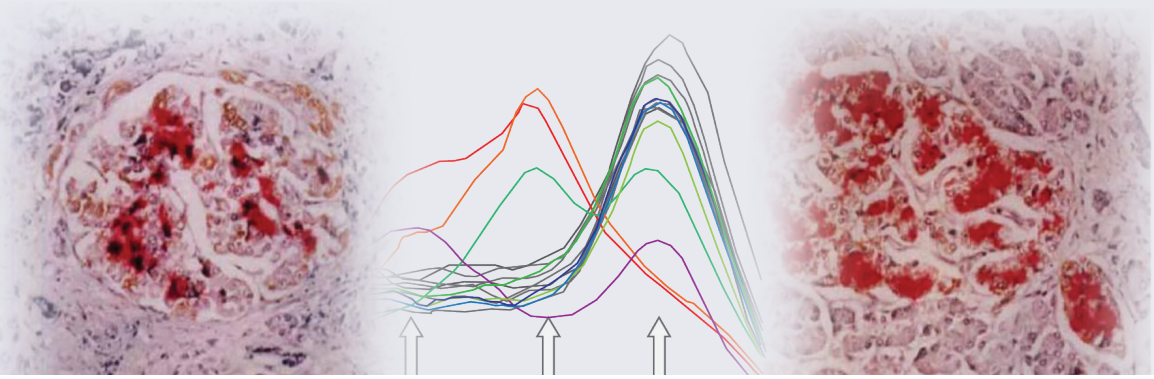
Administration of plasma was not successful in raising his plasminogen to an effective level. ProMetic's plasminogen was provided under the Named Patient Program, a special patient access program in Germany which enables physicians, healthcare regulators and manufacturers to coordinate the provision of therapeutics that are not yet commercially available. The plasminogen and the protocol for its use enabled the German Team to quickly reach an efficacious concentration of plasminogen in the blood. Within a few days a reduction of the lesions was observed, and after six weeks of therapy the lesions have markedly improved. This case provides a clear demonstration of the efficacy of ProMetic's plasminogen product in a very serious clinical situation. Within a few days the patient was able to breathe without ventilatory support.



X-Ray showing left lung collapse
Due to airway blockage by fibrous lesions



Normal lung X-Ray post plasminogen treatment



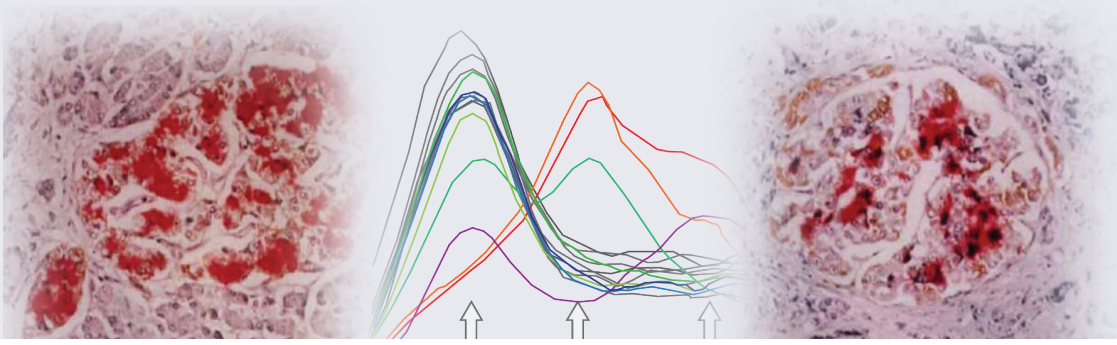
PBI-4050
Preliminary Results in Patients with Metabolic Syndrome with Type 2 Diabetes

In December 2015, the Corporation reported the statistically and clinically significant decrease in HbA1C observed in the first 11 patients enrolled who had completed the 12 week study whereby PBI-4050 was added to standard oral antidiabetic medications. Overall the patients experienced improved blood glucose control as measured by HbA1C (average decrease of -0.6% p=0.03), with 10 of the 11 experiencing a decrease in HbA1c. In patients with HbA1c values greater than 7.5% at screening, this decrease in HbA1c exceeded 1%, a performance that compares very favorably to drugs already approved for the treatment of diabetes.

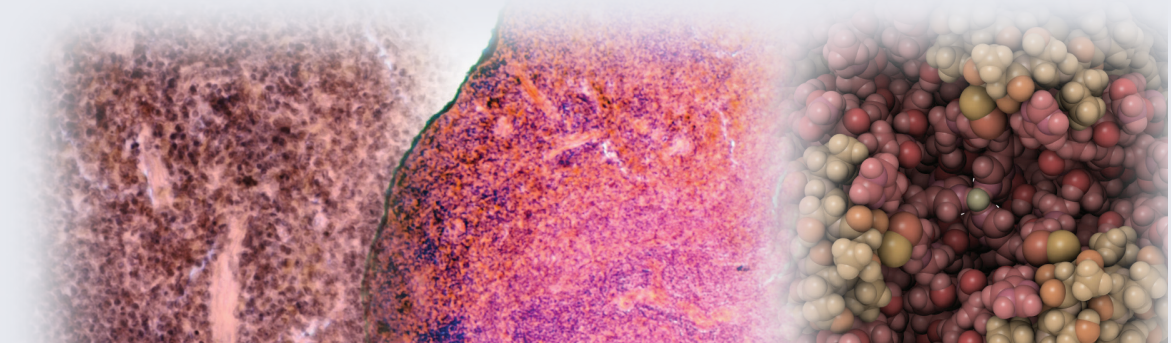
Analyses of novel biomarkers in all 11 patients has revealed that elevated levels of specific biomarkers known to be associated with a higher risk of cardiovascular events were significantly reduced by PBI-4050. Blood levels of resistin and pentraxin-3, two biomarkers known to be associated with higher risk of cardiovascular complications in patients with metabolic syndrome, were significantly reduced by PBI-4050 ($p = 0.01$). Furthermore, IL-18, a biomarker known to be associated with renal as well as cardiovascular complications in patients with the metabolic syndrome, also showed a statistically significant reduction ($p = 0.05$).

This additional data provides additional evidence of PBI-4050's pharmacological activity in humans and that the drug may provide additional clinical benefit by protecting the kidney and heart. Moreover, PBI-4050 has demonstrated a very good safety and tolerability profile, with no drug-related Serious Adverse Events.

of the lesions was observed, and after six weeks of therapy the lesions have markedly improved. This case provides a clear demonstration of the efficacy of ProMetic's plasminogen product in a very serious clinical situation. Within a few days the patient was able to breathe without ventilatory support.



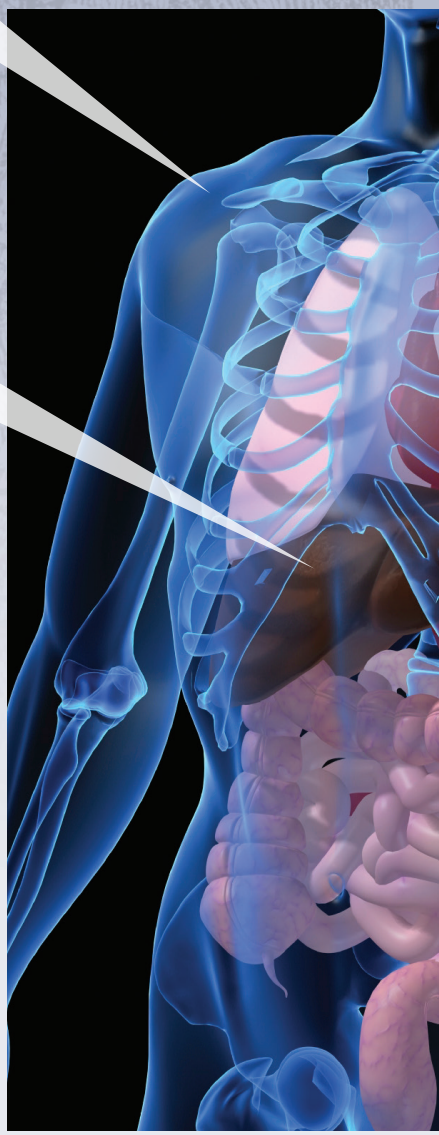
Diabetes biomarkers		PBI-4050 effects
Glycated hemoglobin HbA1c	Elevated despite being on anti-hyperglycemic drugs	↓ by 0.6% (p=0.03)
HbA1c in patients >8% At screen	The reduction of HbA1c by PBI-4050 compares favourably to commercial antidiabetic agents	↓ by 1.2%
Pro-inflammatory biomarkers		**PBI-4050 effects**
Resistin	Biomarker elevated in patients with Metabolic Syndrome and correlated with **High risk of cardiovascular events**	↓ by (p=0.01)
Pentraxin-3	Bioelevatedmar kiner patients with Metabolic Syndrome and correlated with **High risk of cardiovascular events**	↓ by (p=0.01)
Leptin	Biomarker elevated in patients with Metabolic Syndrome and correlated with **High risk of cardiovascular events**	↓ by (p=0.06)
IL-18	Biomarker elevated levels associated with higher risk of cardiovascular **and renal events**	↓ by (p=0.05)

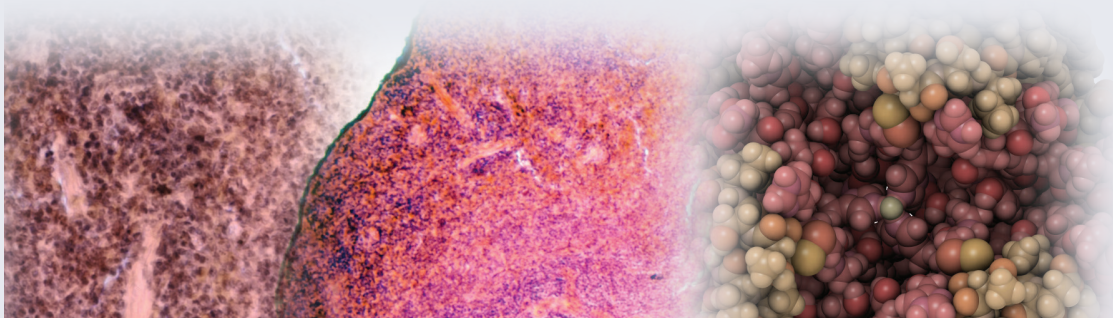


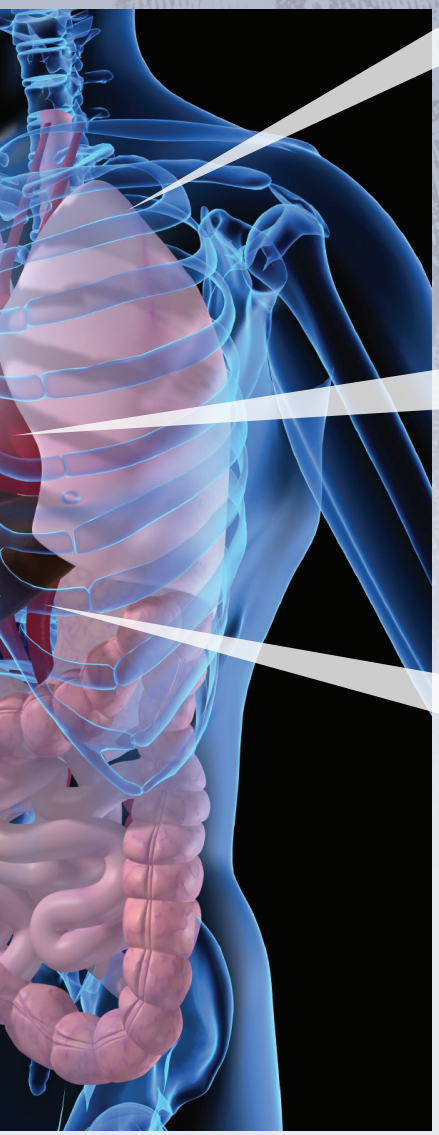
ProMetic is leveraging PBI-4050's extensive preclinical data and evidence of efficacy in patients suffering from Metabolic Syndrome & Type 2 Diabetes by advancing different clinical trials to confirm the reduction of fibrosis in multiple organs.

Scleroderma
Alström Syndrome

CFRD (Cystic Fibrosis Related Diabetes)
CF (Cystic Fibrosis – liver steatosis)
Scleroderma
Alström Syndrome – liver fibrosis
Metabolic Syndrome & Type 2 Diabetes



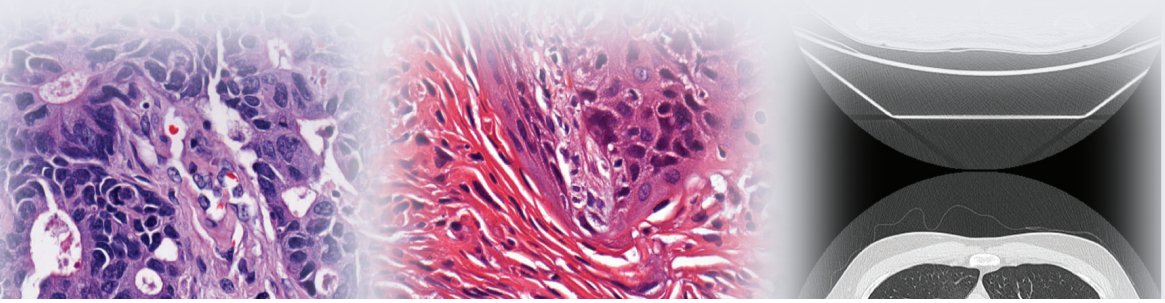




IPF (Idiopathic Pulmonary Fibrosis)
CF (Cystic Fibrosis)
Scleroderma
Alström Syndrome

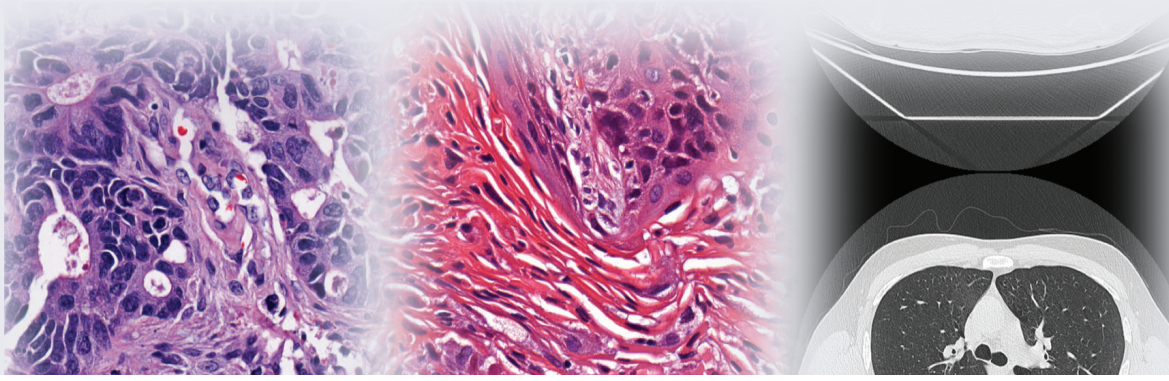
Alström Syndrome
(cardiomyopathies)

CKD (Chronic Kidney Disease)
DN (Diabetic Nephropathies)
Alström Syndrome



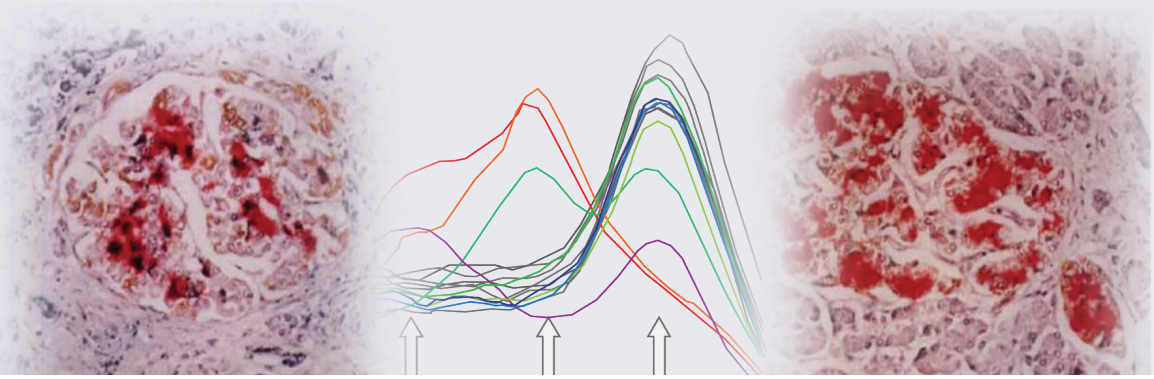
ProMetic's Therapeutics Pipeline

Therapeutics	Research	Preclin/Scale-up
PBI-4050 *Metabolic Syndrome & Type 2 Diabetes*		
PBI-4050 *Alström (multi-organ fibrosis & Type 2 Diabetes)*		
PBI-4050 *Scleroderma*		
PBI-4050 *(Cystic fibrosis & Related Diabetes)*		
PBI-4050 *Chronic kidney disease & Type 2 Diabetes*		
PBI-4050 *Idiopathic pulmonary fibrosis*		
Plasminogen *Congenital plasminogen deficiency*		
Plasminogen *Wound healing*		
IVIG *Primary immune deficiency (PID)*		
AAT *Hereditary alpha 1 antitrypsin deficiency*		
C1-INH *Hereditary angioedema*		



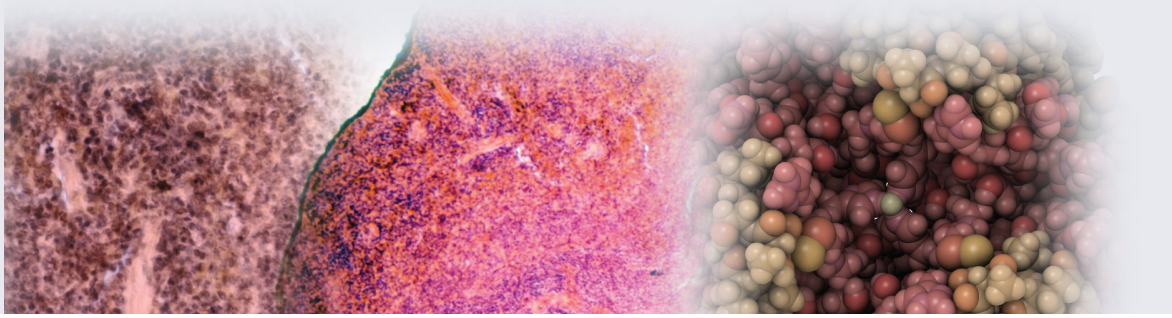
Plasma-derived Rx

Small molecules Rx

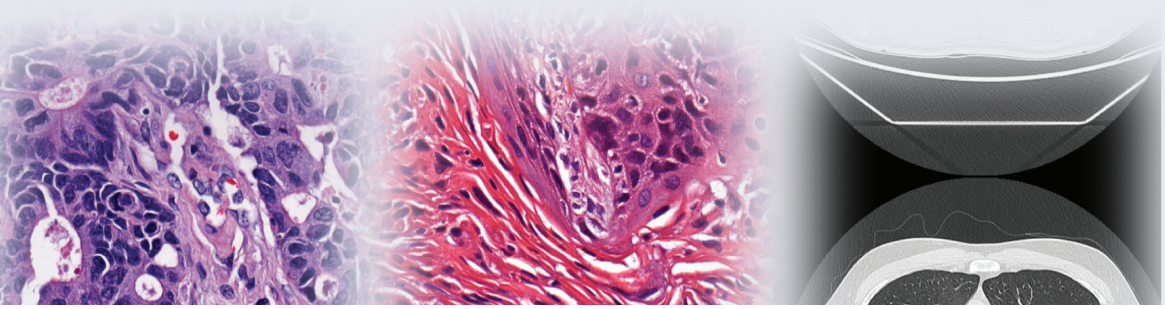


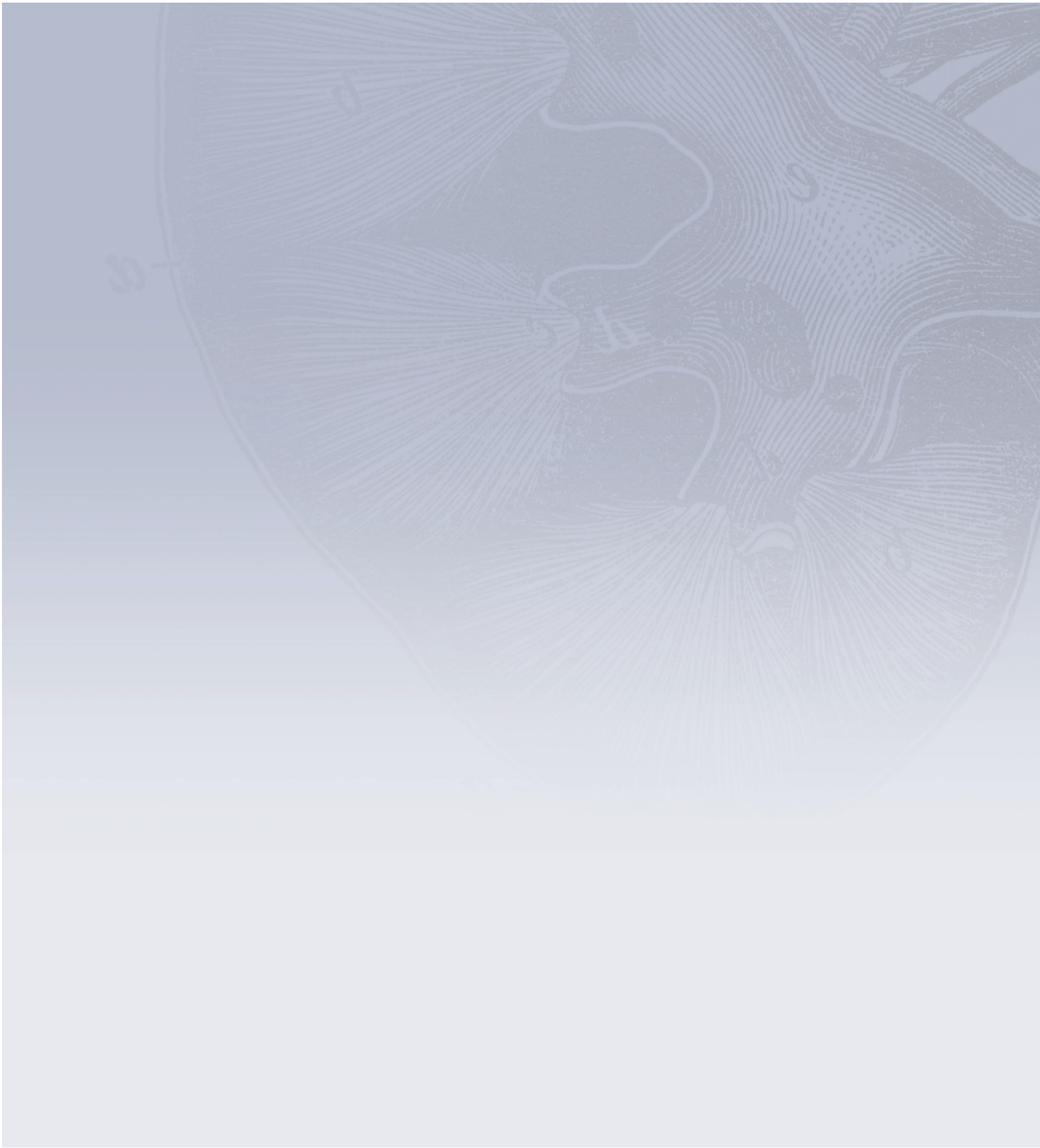
ProMetic's Clinical Program

Therapeutics	Status
PBI-4050 *Metabolic Syndrome & Type 2 Diabetes*	Continue to monitor patients enrolled Biomarkers - analysis
PBI-4050 *Alström (multi-organ fibrosis & Type 2 Diabetes)*	Patients enrolment
PBI-4050 *Scleroderma*	Clinical trial design
PBI-4050 *(Cystic fibrosis & Related Diabetes)*	Preparation for CTA filing
PBI-4050 *Chronic kidney disease & Type 2 Diabetes*	Preparation for IND filing
PBI-4050 *Idiopathic pulmonary fibrosis*	Continue to monitor patients enrolled Biomarkers - analysis
Plasminogen *Congenital plasminogen deficiency*	Phase II-III initiated
Plasminogen *Wound healing*	Clinical trial design
IVIG *Primary immune deficiency (PID)*	Patients enrolment
AAT *Hereditary alpha 1 antitrypsin deficiency*	Process scale up & GMP runs
C1-INH *Hereditary angioedema*	Process scale up & GMP runs



	Next Milestones
	Initiate a placebo controlled clinical trial in Q2 2016
	Preliminary Readouts
	CTA clearance, Initiation of placebo controlled clinical trial in H2 2016
	CTA clearance, Initiation of placebo controlled clinical trial in Q2 2016
	IND clearance, Initiation of a placebo controlled clinical trial in H2 2016
	Preliminary Readouts from the open label study IND clearance, Initiation of a placebo controlled clinical trial in H2 2016
	Completion of patients enrolment and of study Filing of BLA in Q4 2016
	CTA clearance, Initiation of the clinical trial in H2 2016
	Completion of patients enrolment (adult cohort) in Q4 2016
	IND clearance, Initiation of clinical trial in H2 2016
	IND clearance, Initiation of clinical trial in H2 2016





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, present and future business environment, financial performance and results of operations. This MD&A which has been prepared as of March 23, 2016, should be read in conjunction with ProMetic's consolidated financial statements for the year ended December 31, 2015. Additional information related to the Corporation, including the Corporation's Annual Information Form, is available on SEDAR at www.sedar.com.

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, 2015. 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. ProMetic is also active in developing its own novel small molecule therapeutic products targeting unmet medical needs in the field of fibrosis, autoimmune disease/inflammation and cancer. 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 US and Canada, manufacturing facilities in the Isle of Man and Canada and commercial activities in the US, Europe, Russia, Asia and Australia.

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);
- NantPro BioSciences LLC ("**NantPro**") based in Delaware, USA; and
- ProMetic Plasma Resources Inc. ("**PPR**") based in Winnipeg, Manitoba, Canada.

ProMetic and its Protein Technologies segment is known for its world-class expertise in bioseparation, specifically for large-scale purification of biologics and the elimination of pathogens. These technologies are being used by several industry leaders. 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 in both established and emerging markets.

With all the necessary elements to accelerate the development of a strong product pipeline, ProMetic is becoming a vertically integrated specialty biopharmaceutical corporation. At the heart 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 as the Plasma Protein Purification System ("PPPS^{TM}").

PBP is our plasma purification facility where we transfer the purification methods developed at our PBT laboratories to a commercial-scale production facility and manufacture best-in-class plasma-derived therapeutics to be used in the Corporation's current and upcoming plasma derived products clinical trials. The Laval facility also serves as a blueprint for other partners' future plants, as a technological showroom and training center.

With the following proteins already scheduled for production at PBP, namely plasminogen, Intravenous Immunoglobulin ("IVIG"), alpha-1 antitrypsin, fibrinogen and C1 Esterase Inhibitor (C1-INH) and with several other plasma-derived therapeutics earmarked for further development such as Inter-Alpha 1, ProMetic is rapidly building a significant plasma-derived product pipeline of substantial value. Both the US Food and Drug Administration ("FDA") and European Commission have granted orphan drug designations status for ProMetic's human plasma derived plasminogen drug for the treatment of plasminogen deficiency. ProMetic's intravenous Plasminogen was the first PPPS^{TM} generated plasma-derived therapeutic to enter clinical trial stages. It was recently followed by IVIG and should be followed by additional plasma-derived therapeutics in 2016 and the coming years.

The **Small Molecule Therapeutics** segment is a small molecule drug discovery business. The principal entities are:

- ProMetic BioSciences Inc. ("**PBI**"), based in Laval, Quebec, Canada
- ProMetic Pharma SMT Ltd ("**PSMT**"), based in Cambridge, United Kindgom

The Small Molecule Therapeutics segment 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 have efficacy and high safety profiles confirmed in several in vivo experiments and enjoy strong proprietary positions. The unmet medical needs targeted are in the fields of fibrosis, inflammation, autoimmune diseases and cancer.

In December 2015, the Corporation completed an internal corporate reorganization of its Small Molecule Therapeutics segment, which involved the centralization of key development and commercialization activities as well as the Small Molecule Intellectual Property ("SMIP") in a newly created UK subsidiary of the Corporation, ProMetic Pharma SMT Limited. An intellectual property transfer agreement was entered into between PBI and PSMT whereby all of the SMIP (other than the Canadian SMIP) were transferred to PSMT.

This reorganization will enable the Small Molecule Therapeutics segment to execute its global drug development and commercialization strategy more effectively. The new structure will take advantage of the Corporation's existing operations in the UK which include R&D and executive management, while leveraging the business, financial, tax and accounting efficiencies therein.

The business model for this segment is to develop promising drug candidates and upon completion of proof of concept studies in humans, either pursue development and commercialization activities for orphan indications or partner medical indications requiring a more much more substantial commercial reach. While the Small Molecule Therapeutics segment has several of such promising drug candidates, Management has focused on working towards the Investigational New Drug ("IND") enabling activities for its anti-fibrosis lead drug candidate PBI-4050. As a result of positive data generated over the past years 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 December 2013. PBI-4050 successfully completed in June 2014 its Phase I clinical trial in 40 healthy volunteers where it was found to be safe and very well tolerated without any serious adverse events reported in any of the five cohorts tested. ProMetic held a successful Pre-Investigational New Drug ("Pre-IND) meeting with the US Food and Drug Administration regarding PBI-4050 in 2014. This Pre-IND meeting with the FDA focused on ProMetic's proposed phase II clinical program, for PBI-4050, in patients with Chronic Kidney Disease ("CKD"), other rare diseases as well as the manufacturing and pre-clinical package that ProMetic intended to include in the IND submission. As a result of these successful Pre-IND meetings with both the FDA and Health Canada, a series of Clinical Trial Applications ("CTA") and INDs were filed before the end of 2014 and cleared by Health Canada during the latter part of 2014 and early 2015, thereby authorizing ProMetic to commence clinical trials in patients suffering, from CKD, Idiopathic Pulmonary Fibrosis ("IPF") and the metabolic syndrome and its resulting type II diabetes ("MS T2D").

The phase Ib/II in CKD trial was successfully completed and confirmed that PBI-4050 was as well tolerated in patients with impaired renal function, and that the pharmacokinetics of the drug was not otherwise altered compared to healthy volunteers. This was an important achievement in that the treatment of such CKD patients would not require dose adjustment relative to their kidney function. The completion of this study will enable the Corporation to file an IND with the FDA during the first half of 2016 for the pivotal study in CKD patients in the USA. This pivotal trial will be a multi-center, 3-arm, double-blind, placebo-controlled design involving two different doses of PBI-4050. The trial will be performed at sites already identified across Canada and in the USA.

The Corporation announced in early December 2015 its decision to close enrollment of patients in the phase II open label study in patients with MS T2D and to transition to a pivotal placebo-controlled phase II study. This decision was based on the statistically and clinically significant decrease in HbA1C observed in the first 11 patients enrolled that have completed 12 weeks in the study. Ten of the 11 patients experienced improved blood glucose control as measured by HbA1C (average decrease of -0.6 p=0.03). In patients with HbA1c values greater than 8% at screening, this decrease in HbA1c exceeded 1%, a performance that compares very favorably to drugs already approved for the treatment of diabetes. These results clearly indicate that the drug's unique mode of action and related efficacy observed in diabetic animal models translate to humans. To date there have been no drug-related Serious Adverse Events and PBI-4050 has been very well tolerated by patients.

The Phase II open label trial in patients with IPF is also underway in six centers across Canada. While the original intent of this study was to provide proof of concept of efficacy in IPF patients, a recent pre-IND meeting with the FDA has provided the opportunity for the Corporation to change course. As per the FDA recommendation, ProMetic intends to pursue a pivotal study in IPF in the USA and Canada with a study design adding PBI-4050 to the current standard of care. The Corporation expects to file the IND in the second quarter of 2016 and for such clinical program to commence during the second half of 2016.

The Corporation also announced its plans to initiate a double-blind placebo controlled phase II clinical trial in patients suffering from cystic fibrosis (CF) and related diabetes and liver steatosis. CF is a condition which affects approximately 70,000 individuals in North America and compromises their pulmonary, pancreatic and hepatic functions. The CTA for the CF trial should be filed during the second quarter of 2016 with the clinical trial starting during the second half of 2016. The Corporation also disclosed that additional orphan indications were expected to be targeted.

The US FDA and the European Commission each granted an orphan drug designation to PBI-4050 drug for the treatment of Idiopathic Pulmonary Fibrosis for the US and for Europe respectively.

As in previous years, ProMetic presented some of its data generated at several of the most prestigious industry conferences in 2015, including the 2015 American Thoracic Society International Conference, the 2015 European Renal Association annual meeting and the 75th American Diabetes Association Scientific Sessions. ProMetic also anticipates continuing to present new and additional data at leading industry conferences going forward in 2016 and the coming years.

YEAR ENDED DECEMBER 31, 2015 IN SUMMARY

During 2015, the majority of efforts and corporate resources continued to be dedicated to the advancement of clinical assets and development programs. This has resulted in the advancement of a comprehensive product pipeline that has favorably positioned the Corporation to maximize its future commercial success potential in the coming years.

To this effect, ProMetic announced the approval for its orally active anti-fibrotic lead drug candidate, PBI-4050 to commence clinical trials in patients suffering from metabolic syndrome and resulting Type 2 diabetes and in patients suffering from IPF, following the CTA clearance by Health Canada for both indications. The Corporation also received an orphan drug designation status by the FDA for PBI-4050 for the treatment of IPF.

The Corporation also successfully completed its PBI-4050 Phase Ib multi-dose clinical trial in patients with chronic kidney disease. ProMetic's orally active lead drug candidate, PBI-4050, was found to be safe and well tolerated without any serious adverse events reported.

At the end of the first quarter, the Corporation and Structured Alpha LP ("Structured Alpha"), assignee of Thomvest Seed Capital Inc. and the holder of the long-term debt, modified the terms of the Original Issue

Discount ("OID") loans by extending the maturity dates of the loans to July 31, 2022 without changing the face values of the loans, modifying certain terms and conditions including affirmative and negative covenants, and including a right of repayment of the OID loans commencing on September 13, 2018.

The Corporation also announced at the end of March, its inclusion in the S&P/TSX Composite Index.

During the second quarter of 2015, the Corporation achieved a key objective in its journey towards becoming a vertically integrated biopharmaceutical company by securing additional production capacity and signing an agreement for the acquisition of a plasma collection center. The flexibility provided by the additional manufacturing capacity will allow the Corporation to accelerate its development capabilities, clinical/regulatory activities and will contribute to expected revenue growth.

To this effect, the Corporation entered into a 15 year manufacturing contract with Emergent Biosolutions ("Emergent") providing the ability to process up to 250,000 liters of plasma annually for a total commitment over the 15-year term of approximately $116 million. ProMetic also entered into an agreement with Emergent for the acquisition of their plasma collection center in Winnipeg which is conveniently located in close proximity to the existing Emergent Winnipeg based cGMP (current good manufacturing practices) manufacturing facility. This transaction was subsequently closed in August 2015 resulting in the transfer of ownership of the plasma collection center to ProMetic for an approximate purchase price of $0.8 million. In addition to providing the Corporation with readily accessible specialty plasma necessary to bring to market innovative plasma derived therapeutic solutions, the Corporation has the right to use the regulatory licenses of this center for the opening of additional plasma collection centers, as part of our strategy of integrating and de-risking our supply chain.

The Corporation completed with a syndicate of underwriters, a $57.6 million bought deal financing comprised of 22.1 million common shares, including over-allotment, in the capital of the Corporation at a price of $2.60 per share which closed in May 2015. Concurrently with the prospectus, ProMetic concluded a private placement with Structured Alpha. Using the rights conveyed under the loan agreement, Structured Alpha, elected to reduce the face value of a loan as consideration for the 1.7 million shares issued. As a result, the face value of the $15.7 million OID loan was reduced by $4.3 million to $11.3 million.

Also during the quarter, the shareholders approved at the annual general shareholders' meeting on May 13, 2015, the proposed modifications to the second warrants issued in the financing transaction with Structured Alpha, entered into on September 2013 (the "Second Warrants"). Pursuant to the modifications, the warrants have ceased to qualify as a derivative liability and now qualify as equity instruments. As a result, there was a reclassification of the warrant liability to equity. Going forward, the results will no longer be affected by the change in fair value of the Second Warrants from period to period since as equity instruments, the carrying value of Second Warrants does not subsequently change.

The Corporation announced the selection of C1 Esterase Inhibitor, as its next plasma-derived drug candidate to be developed. The C1-INH protein is most commonly used for the treatment of hereditary angioedema, a rare genetic disorder in which C1-INH is lacking.

The Corporation continued to successfully advance its plasminogen therapeutic development program and reported the successful completion of the first round of dosing of plasminogen deficient patients where ProMetic's intravenous plasminogen was found to be safe, very well tolerated and without drug-related adverse events. The Corporation also received an orphan drug designation for its human plasma derived plasminogen drug by the European Commission for the treatment of plasminogen deficiency.

The Corporation confirmed the safety and tolerability of its PBI-4050 in the first 12 metabolic syndrome with associated type 2 diabetes patients, following review of the safety data by the Data Safety Monitoring Board and started the enrollment of an additional 24 patients, as planned in the study protocol design.

In the fourth quarter, the Corporation was granted an orphan drug designation status for its lead drug candidate, PBI 4050, for the treatment of IPF, by the European Commission. The Corporation also received clearance by the FDA for its Investigational New Drug application for ProMetic's IVIG for the treatment of Primary Immunodeficiency Diseases.

The Corporation's clinical trial application for its anti-fibrotic lead drug candidate PBI-4050 in patients suffering from a condition associated with type 2 diabetes and severe multi-organ fibrosis was cleared by the Medicines and Healthcare Products Regulatory Agency in the United Kingdom.

The Corporation announced in November 2015, the appointment of Mr. Gregory Weaver, as its new Chief Financial Officer.

On November 4, 2015, ProMetic announced that its plasma-derived plasminogen replacement therapy had been successfully used to treat a plasminogen-deficient infant in critical condition in an intensive care unit at the Altona Children's Hospital in Hamburg, Germany.

On November 9th 2015, the Corporation entered into a license and a research and development agreement with Omnio AB. The agreement exclusively provides ProMetic with a unique and competitive intellectual property position as well as a comprehensive proprietary understanding of the use of plasminogen in the field of hard-to-treat wounds.

On November 17th 2015, the Corporation entered into strategic agreements with ProThera Biologics Inc. ("ProThera") to develop plasma-derived Inter-Alpha 1 for orphan diseases. The agreements provide ProMetic with global, exclusive intellectual property rights to commercialize products for two clinical indications and both companies have strategic interest in the other's IAIP-related therapeutic areas through a royalty-bearing cross-license agreement. Under the terms of the deal, ProMetic and ProThera each will perform development services in order to advance IAIP to the clinic by 2017. ProMetic has received an initial 11.25 % equity stake in ProThera and this equity position is to be increased to 22.5% following the achievement of an early-stage development milestone.

On December 1, 2015, ProMetic announced its decision to close patient enrollment in its phase II open label study in patients suffering from type 2 diabetes and metabolic syndrome and to transition to a pivotal placebo-controlled phase II study in patients suffering from type 2 diabetes. The decision was based on the statistically and clinically significant decrease in HbA1C observed in the first 11 patients enrolled that have completed 12 weeks in the study. Ten of the 11 patients experienced improved blood glucose control as measured by HbA1C (average decrease of -0.6 p=0.03), a decrease that compares favorably to other drugs already approved for the treatment of diabetes.

On December 7, 2015, ProMetic announced new data from its plasma-derived plasminogen replacement therapy Phase I clinical trial for the treatment of Congenital Plasminogen Deficiency. The results from the two cohorts of patients enrolled in the Phase I trial confirmed that ProMetic's plasminogen replacement therapy is safe, well tolerated and without any related serious adverse events. Dramatic and rapid improvements were observed in a severely affected patient, a 36 year-old woman with a plasminogen level of 4% with involvement of multiple organ systems, including the lungs, nasal passages, eyes, gums and urinary tract.

On December 14, 2015, ProMetic announced its plans to initiate a double-blind placebo controlled phase II clinical trial in patients suffering from cystic fibrosis (CF) and related diabetes and liver steatosis.

On the financial side, the revenues for the quarter ended December 31, 2015 were $14.1 million with cost of sales and R&D recharged totalling $5.2 million whereas total revenues for the year ended December 31, 2015 were $24.5 million with cost of sales and Research and Development ("R&D") expenses recharged totalling $9.1 million. Product sales which accounted for most of the revenues were higher for the year ended December 31, 2015 at $21.4 million compared to the comparative period of 2014 at $10.8 million.

Research and development expenses non-rechargeable were $17.7 million and $49.4 million and administration, selling and marketing were $5.3 million and $16.6 million for the quarter and the year ended December 31, 2015 respectively. ProMetic ended the year 2015 with a cash position of $29.3 million, a strong enough position to allow the Corporation to confidently continue the advancement of its various clinical programs related to PBI-4050 and new plasma-derived drugs. This should also facilitate the expansion of clinical uses and proprietary positions on some plasma-derived drugs, the manufacturing scale up of plasma-derived drug candidates and of promising follow-on drug candidates to PBI-4050, and the increase of the Corporation's manufacturing capacity. Furthermore, as ProMetic continues to advance its various programs, licensing deals and associated revenues are expected to materialize following the consummation of additional commercial partnerships.

Other 2015 significant developments

On February 12, 2015, ProMetic received an $11.4 million purchase order for the supply of affinity resin from an existing client, a global leader in the biotherapeutics industry.

On May 20, 2015, ProMetic presented new pre-clinical data at the American Thoracic Society 2015 International Conference held in Denver, USA, on PBI-4050, its orally active anti-fibrotic drug candidate in phase II clinical trials for the treatment of IPF.

On June 1, 2015, ProMetic presented new data at the European Renal Association (ERA) annual meeting in London, UK confirming that PBI-4050's anti-fibrotic effect demonstrated in the kidney in several different animal models had been successfully reproduced in human kidney cell lines during in vitro experiments.

On June 16, 2015, ProMetic provided an update regarding its strategic partnership with GENERIUM Pharmaceuticals ("GENERIUM") confirming that the construction of the facility is progressing rapidly and ahead of schedule. GENERIUM's facility is expected to be fully operational in 2018/2019.

On October 1, 2015, ProMetic announced it had a successful Pre-Investigational New Drug meeting with the FDA during which ProMetic was allowed to proceed with the filing of an IND for a pivotal study in which PBI-4050 will be added in combination to commercially available drugs.

On November 9, 2015, ProMetic disclosed that its lead drug candidate, PBI-4050 and follow-on analogues, were the object of 7 presentations during the American Society of Nephrology annual meeting in San Diego, California.

On December 4, 2015, ProMetic announced the renewal of its supply agreement with GlaxoSmithKline LLC. The renewed agreement follows the original supply agreement entered into between the parties in 2009.

Other developments after the year end

On February 29, 2016, the Corporation and Structured Alpha entered into an agreement whereby the Corporation received $30 million in cash in consideration for the issuance of 11,793,380 warrants with an exercise price of $4.70 per warrant and expiring July 31, 2022, and increasing the face value of one of the OID loans maturing on July 31, 2022, from $11.3 million to $61.7 million.

On March 15, 2016, the Corporation announced it was adding scleroderma to PBI-4050's target indications following evidence that even in mice genetically programmed to develop scleroderma, PBI-4050 prevented the over production of collagen and the formation of fibrotic scarring. There is no cure for scleroderma, a chronic disorder characterized by an overproduction of collagen and abnormal growth of connective tissue, which causes scarring (fibrosis) of the skin, and in the case of systemic scleroderma and also affects

internal organs such as the lungs, the kidneys and gastrointestinal system. Even though the cause of scleroderma is not fully understood, PBI-4050 addresses the underlying pathological process leading to the scarring of tissues and organs. The Corporation announced its intent to initiate a double-blind, placebo-controlled phase 2 clinical trial to investigate whether PBI-4050 can prevent or even reverse fibrosis in the skin and key target organs such as the lungs.

On March 22, 2016, the Corporation reported that the preliminary analysis of new pro-inflammatory biomarkers in blood and urine samples from the patients in the on-going, open label, Phase II, metabolic syndrome and Type 2 diabetes clinical trial provides additional evidence of PBI-4050's pharmacological and clinical activity in humans. Such analysis of novel biomarkers in all 11 patients that completed 12 weeks of treatment with PBI-4050 has revealed that elevated levels of specific biomarkers known to be associated with a higher risk of cardiovascular events were significantly reduced by PBI-4050. Blood levels of resistin and pentraxin-3, two biomarkers known to be associated with higher risk of cardiovascular complications in patients with metabolic syndrome, were significantly reduced by PBI-4050 ($p = 0.01$). Furthermore, IL-18, a biomarker known to be associated with renal as well as cardiovascular complications in patients with the metabolic syndrome, also showed a statistically significant reduction ($p = 0.05$).

FINANCIAL PERFORMANCE

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

Business combination

On August 10, 2015, the Corporation acquired the assets of a plasma collection center located in Winnipeg, Canada pursuant to an agreement entered into in May 2015 with Emergent Biosolutions for a cash consideration of $0.8 million. To account for the business combination, the Corporation performed a purchase price allocation which resulted in the recognition of the following assets and liabilities at their acquisition date fair values and a purchase gain on the business combination as follows:

Total consideration paid	$	841
Net identifiable assets acquired:		
Inventory	$	113
Capital assets		85
Donors list		225
License		1,043
Deferred tax liabilities		(213)
Net assets	$	1,253
Purchase gain on business combination	$	(412)

Results of operations

The condensed consolidated statement of operations for the quarter and the year ended December 31, 2015 compared to the same periods in 2014 are presented in the following table.

	Quarter ended December 31,		Year ended December 31,	
	2015	2014	2015	2014
Revenues	$ 14,066	$ 10,546	$ 24,534	$ 23,010
Expenses				
Cost of goods sold	4,877	2,356	8,219	7,015
Research and development expenses recharged	273	322	861	3,021
Research and development expenses non-rechargeable	17,658	12,658	49,389	32,939
Administration, selling and marketing expenses	5,330	3,845	16,575	12,145
Gain on foreign exchange	(366)	(112)	(2,078)	(102)
Finance costs	951	935	2,854	2,760
Fair value variation of warrant liability	-	2,933	1,458	15,365
Loss on extinguishment of liabilities	-	-	9,592	-
Gain on revaluation of equity investment	-	(10,118)	-	(34,376)
Purchase gain on business combination	(412)	(6,747)	(412)	(14,812)
Gain on settlement of litigation	-	(465)	-	(465)
Net profit (loss) before income taxes	(14,245)	4,939	(61,924)	(480)
Income tax expense (recovery) :				
Current	-	(285)	2	215
Deferred	(1,983)	(3,271)	(5,141)	(3,271)
	(1,983)	(3,556)	(5,139)	(3,056)
Net profit (loss)	$ (12,262)	$ 8,495	$ (56,785)	$ 2,576
Net profit (loss) attributable to:				
Owners of the parent	(10,673)	9,222	(50,961)	5,939
Non-controlling interests	(1,589)	(727)	(5,824)	(3,363)
	$ (12,262)	$ 8,495	$ (56,785)	$ 2,576
Earnings (loss) per share				
Attributable to the owners of the parent				
Basic	$ (0.02)	$ 0.02	$ (0.09)	$ 0.01
Diluted	$ (0.02)	$ 0.02	$ (0.09)	$ 0.01

Revenues

Total revenues for the year ended December 31, 2015 were $24.5 million compared to $23.0 million during the year ended December 31, 2014, representing an increase of $1.5 million. Total revenues for the quarter ended December 31, 2015 were $14.1 million compared to $10.5 million in 2014 representing an increase of $3.5 million.

Revenues for the years ended December 31, 2015 and 2014 were derived from product sales, development service revenues as well as milestone and licensing revenues. Revenues from each source may vary significantly from period to period.

The following table provides the breakdown of total revenues by source for the quarter and the year ended December 31, 2015 compared to the corresponding periods in 2014.

	Quarter ended December 31,		Year ended December 31,	
	2015	2014	2015	2014
Revenues from the sale of goods	$ 12,238	$ 3,485	$ 21,424	$ 10,815
Revenues from the rendering of services	489	205	1,771	4,788
Milestone and Licensing revenues	1,339	6,856	1,339	7,407
	$ 14,066	$ 10,546	$ 24,534	$ 23,010

Revenues from the sale of goods were $21.4 million for the year ended December 31, 2015 compared to $10.8 million during the year ended December 31, 2014, representing an increase of $10.6 million. The increase is attributable to an important increase in the volume of product being sold combined with the increase in the foreign currency exchange rates for many currencies including the GBP, Euro and USD compared to the Canadian dollar over the course of the year. Revenues from the sale of goods were stronger during the fourth quarter of 2015 compared to the previous quarters. Sales were $12.2 million during the fourth quarter of 2015 compared to $3.5 million for the corresponding period in 2014, representing an increase of $8.8 million. The increase is mainly due to an increase in volume of product being sold but the increase in the foreign currency exchange rates also contributed to the higher sales in Canadian dollars.

Service revenues were $1.8 million for the year ended December 31, 2015 compared to $4.8 million during the corresponding period of 2014, representing a decrease of $3.0 million. Service revenues at the beginning of 2014 mainly were derived from the services rendered to NantPro when it was treated as an associate. The decrease in revenues for the year ended December 31, 2015 over the same periods in 2014 is mainly due to the fact that services revenues earned by PBT Inc. on providing services to NantPro since May 8, 2014 are no longer being reflected in consolidated revenues. Service revenues were $0.4 million for the fourth quarter of 2015 compared to $0.2 million during the corresponding period of 2014, representing a slight increase of $0.2 million.

Milestone and licensing revenues were $1.3 million during the year ended December 31, 2015 compared to $7.4 million during the year ended December 31, 2014, representing a decrease of $6.1 million. These revenues were mainly earned in the fourth quarter of both years. The decrease in revenues for the quarter and the year ended December 31, 2015 over the same periods in 2014 is mainly due to the fact that in December 2014, the Corporation signed an agreement with GENERIUM which triggered revenues of $6.9 million (US$6,000,000). In the fourth quarter ended December 31, 2015, a milestone was attained under the Hematech licensing agreement generating revenues of $ 1.3 million (US$1,000,000).

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

Cost of goods sold

Cost of goods sold were $8.2 million during the year ended December 31, 2015 compared to 7.0 million during the year ended December 31, 2014, representing an increase of $1.2 million due mainly to the increase in the GBP to CAD exchange rate. Cost of goods sold were $4.9 million during the fourth quarter of 2015 compared to $2.4 million for the corresponding period in 2014, representing an increase of $2.5 million due to the increase in sales volume compared to the previous period and the increase in the GBP to CAD exchange rate.

Research and development expenses recharged

Research and development (“R&D”) expenses recharged were $0.9 million for the year ended December 31, 2015 compared to $3.0 million for the corresponding period in 2014, representing a decrease of $2.2 million. Similarly to the service revenues, the expenses under R&D recharged no longer includes the expenses incurred in performing services to NantPro since it is now being consolidated and

the costs are fully borne by the Corporation. This is the main reason for the decrease compared to the 2014 periods. Consequently, the expenses incurred in developing the IVIG protein for NantPro are grouped in the R&D non-rechargeable line in the consolidated financial statements.

Research and development expenses – non-rechargeable

Non-rechargeable research and development expenses were $49.4 million for the year ended December 31, 2015 compared to $32.9 million for the year ended December 31, 2014, representing an increase of $16.5 million. Non-rechargeable research and development expenses were $17.7 million during the fourth quarter of 2015 compared to $12.7 million for the corresponding period in 2014, representing an increase of $5.0 million. The increase is mainly due to the overall increase in the other development activities the Corporation is pursuing compared to 2014, including several clinical trials for PBI-4050, plasminogen and IVIG. The increase is also due to an increase in the headcount and the related salaries and benefits expense, the leasing expense for laboratory space, the manufacturing cost of therapeutics to be used in the clinical trials, the cost of fractionating other proteins in development, the expenses pertaining to the CMO contract with Emergent as well as an increase in consulting fees including fees paid to Contract Research Organizations ("CRO") who are coordinating the clinical trials. Finally, the effect of the change in the foreign currency exchange rate of the GBP, Euro and the USD to the Canadian dollar over the year resulted in an increase in R&D expenditures. These increases were partially offset by a decrease in share-based payment expenses in 2015 compared to 2014.

Administration, selling and marketing expenses

Administration, selling and marketing expenses were $16.6 million during the year ended December 31, 2015 compared to $12.1 million for the year ended December 31, 2014, representing an increase of $4.4 million. Administrative, selling and marketing expenses were $5.3 million during the fourth quarter of 2015 compared to $3.8 million for the corresponding period in 2014, 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 consulting expenses.

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, selling and marketing expenses as indicated in the following table:

	Quarter ended December 31,		Year ended December 31,	
	2015	2014	2015	2014
Cost of goods sold	$ 14	$ 67	$ 40	$ 123
R&D expenses recharged	-	55	-	89
R&D expenses non-rechargeable	528	1,922	1,244	3,032
Administration, selling and marketing expenses	545	473	1,688	1,892
	$ 1,087	$ 2,517	$ 2,972	$ 5,136

Share-based payments were $3.0 million during the year ended December 31, 2015 compared to $5.1 million for the year ended December 31, 2014, representing a decrease of $2.2 million. Share-based payments were $1.1 million during the fourth quarter of 2015 compared to $2.5 million for the corresponding quarter in 2014, representing a decrease of $1.4 million. The decrease is due to a lower RSU expense of $2.9 million recognized during the current year compared to the previous year which is mainly due to timing of the grants issuances, when milestones are realized and the number of shares underlying the different milestones. This was partially offset by the increase in the expense recognized on the stock options in 2015 of $0.7 million compared to 2014 as a result of the general increase in the grant date values of the underlying share over the years as well as an increase in the number of participants.

Fair value variation of warrant liability
On May 13, 2015, following the approval by the shareholders of the proposed modifications to the warrants issued in the financing transaction with Structured Alpha, entered into September 2013 (the "Second Warrants"), the Second Warrants became equity instruments for accounting purposes (see note 14 of the consolidated financial statements for the year ended December 31, 2015).

Up to May 13, 2015, the Second Warrants continued to be measured at fair value. The fair value of the warrant liability on that date was estimated at $26.1 million ($24.7 million at December 31, 2014). This resulted in a loss on revaluation of the warrant liability of $1.5 million for the year ended December 31, 2015 (a loss of $2.9 million for the quarter ended December 31, 2014 and a loss of $15.4 million for the year ended December 31, 2014). After May 13, 2015, as a result of the change in accounting, there has been no further recognition of changes in fair value of the Second Warrants in the consolidated statement of operation.

Gain on revaluation of equity investment
As a result of the NantPro business combination, the Corporation recognized a gain on revaluation of the equity investment of $34.4 million during the year ended December 31, 2014 representing the difference between the fair value and the carrying amount ($Nil) of ProMetic's equity interest in NantPro just before the acquisition. The gain was recognized initially at $24.3 during the second quarter of 2014 based on a preliminary business valuation and was increased by $10.1 million in the fourth quarter in order to reflect the outcome of the final business valuation.

Purchase gains on business combinations
On August 10, 2015, the Corporation acquired the assets of a plasma collection center located in Winnipeg, Canada pursuant to an agreement entered into in May 2015 with Emergent for a cash consideration of $0.8 million. During the fourth quarter of 2015, as the Corporation completed the purchase price allocation, it was determined that the total value of the identifiable net assets acquired was higher than the consideration paid resulting in a purchase gain on business combination of $0.4 million being recognised in the consolidated statement of operations during the quarter and the year ended December 31, 2015.

During the year ended December 31, 2014, the Corporation's share in the net assets recognized in the consolidated statement of financial position as a result of the NantPro acquisition exceeded the total consideration paid by the Corporation for its share in NantPro, giving rise to a purchase gain of $14.8 million. The consideration paid for the Corporation's share in NantPro at the acquisition date of $41.0 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 recognized net of the non-controlling interest's share in the intangible assets and the deferred tax liability.

The purchase gain was recognized initially at $8.1 million during the second quarter of 2014 based on a preliminary business valuation and was adjusted by $6.7 million in the fourth quarter to reflect the outcome of the final business valuation.

Loss on extinguishment of liabilities
The following table provides the breakdown of the loss on extinguishment of liabilities by type of transaction for the year ended December 31, 2015:

		Year ended December 31, 2015
Loss on extinguishments of debt	$	7,725
Loss on reclassification of warrant liability to equity		1,867
	$	9,592

The aggregate loss on extinguishments of debt is made up of two transactions. The first one, the modification of the two OID loans, occurred during the first quarter of 2015. On March 31, 2015, the Corporation and Structured Alpha, the holder of the long-term debt, amended the terms by; extending the maturity dates of the loans to July 31, 2022 without changing their face values, modifying certain terms and conditions, including affirmative and negative covenants, and including a right of repayment of the OID loans starting from September 13, 2018. In consideration of the above modifications, ProMetic issued seven million warrants to purchase common shares of the Corporation at an exercise price of $3.00 per common share.

This modification was accounted for as an extinguishment of the previous loans and the recognition of new loans at their fair value at the date of the transaction. The required adjustment to the debt on the consolidated statement of financial position and the cost associated with this transaction representing mainly legal fees and the fair value of the warrants issued have been recognised as a loss on extinguishment of debt in the amount of $6.1 million in the consolidated statements of operations.

In the second transaction which occurred during the second quarter of 2015, the holder of the long term debt used the set off of principal right under the loan agreements, to settle the amounts due to the Corporation following its participation in a private placement which occurred concurrently with the closing of a public offering of common shares and subsequent exercise of the over-allotment right, on May 6, 2015 and on May 28, 2015 respectively.

As a result, the face value of the $15.7 million OID loan was reduced by $4.3 to $11.3 million. This reduction of $4.3 million is equivalent to the value of the shares (1,662,526 common shares) issued at the agreed price of $2.60 concluded in connection with the private placement. This transaction was accounted for as an extinguishment of a portion of the OID loan and the difference between the adjustment to the carrying value of the loan of $2.1 million and the amount recorded for the shares issued of $3.8 million was recorded as a loss on extinguishment of a loan of $1.7 million.

As for the loss on reclassification of the warrant liability to equity, it resulted from the modifications to the Second Warrants discussed above. Effectively, once the warrant liability was measured for the last time at its estimated fair value it was derecognised and the modified warrants were recorded in equity (“reclassification of warrant liability to equity”) at their fair value on the date of the modification estimated at $28.0 million. The modification resulted in a loss of $1.9 million being recognized during the year ended December 31, 2015.

Income taxes

The Corporation recorded an income tax recovery of $5.1 million during the year ended December 31, 2015 compared to an income tax recovery of $3.1 million for the year ending December 31, 2014, $2.0 million during the quarter ended December 31, 2015 compared to $3.6 million for the corresponding period in 2014. The main reason for these income tax recoveries is due to the recognition of deferred tax assets pertaining to the unused tax losses attributable to ProMetic as a partner in NantPro.

Net profit (loss)

The Corporation incurred a net loss of ($56.8) million for the year ended December 31, 2015 compared to a net profit was $2.6 million during the year ended December 31, 2014 while the net loss for the quarter ended December 31, 2015 was ($12.3) million compared to a net profit of $8.5 million for the quarter ended December 31, 2014. There are four main reasons for this variation. The most important pertains to the fact that the comparative figures include the gain on revaluation of equity investment and the purchase gain on business combination totalling $49.2 million recognized in relation to the NantPro acquisition which occurred over the second and the fourth quarters of 2014 whereas in 2015, a purchase gain of $0.4 million was recognized during the fourth quarter on the acquisition of the plasma collection center. Secondly, the overall increase in R&D and administrative expenses in 2015 compared to 2014, as discussed above, contributed to the increase in net loss. The increase in loss is also due to the loss on extinguishment of liabilities of $9.6 million recorded during the year ended December 31, 2015 when no similar losses were

recognized in the prior year. Finally, these impacts were partially offset by the reduction in the loss on the fair value variation of warrant liability by $13.9 million.

EBITDA analysis

The Adjusted EBITDA for the Corporation for the quarter and the year ended December 31, 2015 and 2014 are presented in the following tables:

	Quarter ended December 31,		Year ended December 31,	
	2015	2014	2015	2014
Revenues	$ 14,066	$ 10,546	$ 24,534	$ 23,010
Expenses				
Cost of goods sold	4,877	2,356	8,219	7,015
Research and development expenses recharged	273	322	861	3,021
Research and development expenses non-rechargeable	17,658	12,658	49,389	32,939
Administration, selling and marketing expenses	5,330	3,845	16,575	12,145
Gain on settlement of litigation	-	(465)	-	(465)
Total	$ (14,072)	$ (8,170)	$ (50,510)	$ (31,645)
Adjustments to obtain Adjusted EBITDA				
Share-based compensation	1,087	2,537	2,972	5,136
Depreciation	715	506	2,437	1,694
Adjusted EBITDA	$ (12,270)	$ (5,127)	$ (45,101)	$ (24,815)

Adjusted EBITDA is a non-GAAP measure that is not defined or standardized under IFRS and it is unlikely to be comparable to similar measures presented by other companies. The Corporation believes that Adjusted EBITDA provides an additional insight in regards to the cash used in operating activities on an on-going basis. It also reflects how management analyzes the Corporation's performance and compares that performance against other companies. In addition, we believe that Adjusted EBITDA is a useful measure as some investors and analysts use EBITDA and similar measures to compare the Corporation against other companies.

Total Adjusted EBITDA for the Corporation was $(45.1) million for the year ended December 31, 2015 compared to $(24.8) million for the comparative period of 2014, representing a decrease of $20.3 million. The increase in R&D and administration, selling and marketing expenses during the year ended December 31, 2015 compared to the year ended December 31, 2014, are the main factors explaining the decrease in Adjusted EBITDA.

Total Adjusted EBITDA was $(12.3) million for the quarter ended December 31, 2015 compared to $(5.1) million for the comparative period of 2014, representing a decrease of $7.1 million. The increase in R&D and administration, selling and marketing expenses for quarter ended December 31, 2015 compared to the quarter ended December 31, 2014, the main reasons explaining the decrease in Adjusted EBITDA, were partially offset by the higher earnings contribution resulting from the sales of goods.

Segmented information analysis

For the years ended December 31, 2015 and 2014

The net profit (loss) before income taxes for each segment and for the total Corporation for the years ended December 31, 2015 and 2014 are presented in the following tables.

Year ended December 31, 2015	Small Molecule Therapeutics	Protein Technologies	Corporate	Total
Revenues	$ -	$ 24,534	$ -	$ 24,534
Costs of goods sold	-	8,219	-	8,219
R&D expenses recharged	-	861	-	861
R&D expenses non-rechargeable	9,275	40,114	-	49,389
Administration, selling and marketing	1,646	6,336	8,593	16,575
Loss (gain) on foreign exchange	7	7,034	(9,119)	(2,078)
Finance costs	591	1,972	291	2,854
Fair value variation of warrant liability	-	-	1,458	1,458
Loss on extinguishment of liabilities	-	-	9,592	9,592
Purchase gain on business combination	-	(412)	-	(412)
Net loss before income taxes	$ (11,519)	$ (39,590)	$ (10,815)	$ (61,924)

Year ended December 31, 2014	Small Molecule Therapeutics	Protein Technologies	Corporate	Total
Revenues	$ 13	$ 22,997	$ -	$ 23,010
Costs of goods sold	-	7,015	-	7,015
R&D expenses recharged	-	3,021	-	3,021
R&D expenses non-rechargeable	7,523	25,416	-	32,939
Administration, selling and marketing	279	3,610	8,256	12,145
Loss (gain) on foreign exchange	(3)	2,518	(2,617)	(102)
Finance costs	519	1,368	873	2,760
Fair value variation of warrant liability	-	-	15,365	15,365
Gain on revaluation of equity investment	-	(34,376)	-	(34,376)
Purchase gain on business combination	-	(14,812)	-	(14,812)
Gain on settlement of litigation	-	(465)	-	(465)
Net profit (loss) before income taxes	$ (8,305)	$ 29,702	$ (21,877)	$ (480)

Net loss before income taxes for Small Molecule Therapeutics increase by $3.2 million during the year ended December 31, 2015 compared to the corresponding period in 2014. The increase is mainly due to the higher level of research activities, particularly in regards to the PBI 4050 clinical program currently underway followed by higher Administration expenses. During the current year, the Corporation has been running three clinical trials and preparing for the design of three other trials in relation to its PBI-4050 drug. The Corporation also continued advancing the filing of additional IND for new indications. The increase reflects an increase in compensation expense as a result of the additional employees hired to manage the trials, in CRO expense as well as the cost to manufacture the materials for the trials.

Net profit before income taxes for the Protein technologies segment decreased by $69.3 million for the year ended December 31, 2015 compared to the corresponding period in 2014. The main reason for the decrease pertains to the fact that the comparative figures included a non-recurring gain on revaluation of equity investment and purchase gain on business combination totalling $49.2 million recognized in relation to the NantPro acquisition which occurred in 2014. The decrease is also due to the significant increase in non-rechargeable research and development expenditures over the year resulting from the heightened level of activities in 2015, including the Phase I clinical trial in the US in 12 patients with plasminogen deficiency and the preparation of the IVIG clinical trial. The increase is also due to an increase in the headcount and the manufacturing cost of product to be used in the IVIG trials, the expenses pertaining to the CMO contract with Emergent as well as an increase in consulting fees including fees paid to Contract

Research Organizations (“CRO”) who are coordinating the clinical trials. The Corporation continues to work on the development of subsequent proteins it wishes to eventually bring to market.

For the quarters ended December 31, 2015 and December 31, 2014

The net loss before income taxes and the adjusted EBITDA for each segment and for the total Corporation for the quarters ended December 31, 2015 and 2014 are presented in the following tables.

Quarter ended December 31, 2015	Small Molecule Therapeutics	Protein Technologies	Corporate	Total
Revenues	$ -	$ 14,066	$ -	$ 14,066
Costs of goods sold	-	4,877	-	4,877
R&D expenses recharged	-	273	-	273
R&D expenses non-rechargeable	3,078	14,580	-	17,658
Administration, selling and marketing	1,048	2,387	1,895	5,330
Loss (gain) on foreign exchange	(8)	(3,829)	3,471	(366)
Finance costs	136	444	371	951
Purchase gain on business combination	-	(412)	-	(412)
Net loss before income taxes	$ (4,254)	$ (4,254)	$ (5,737)	$ (14,245)

Quarter ended December 31, 2014	Small Molecule Therapeutics	Protein Technologies	Corporate	Total
Revenues	$ 2	$ 10,544	$ -	$ 10,546
Costs of goods sold	-	2,356	-	2,356
R&D expenses recharged	-	322	-	322
R&D expenses non-rechargeable	3,234	9,424	-	12,658
Administration, selling and marketing	(126)	580	3,391	3,845
Loss (gain) on foreign exchange	1	2,170	(2,283)	(112)
Finance costs	149	434	352	935
Fair value variation of warrant liability	-	-	2,933	2,933
Gain on revaluation of equity investment	-	(10,118)	-	(10,118)
Purchase gain on business combination	-	(6,747)	-	(6,747)
Gain on settlement of litigation	-	(465)	-	(465)
Net profit (loss) before income taxes	$ (3,256)	$ 12,588	$ (4,393)	$ 4,939

Net loss before income taxes for Small Molecule Therapeutics increased by $1.0 million during the quarter ended December 31, 2015 compared to the corresponding period in 2014. The increase is mainly due to the higher level of research activities relating to the clinical trials underway.

Net profit before income taxes for Protein Technologies decreased by $16.8 million for the quarter ended December 31, 2015 compared to the corresponding period in 2014 culminating in a net loss of $(4.3) million. The main reason for the decrease pertains to the fact that the comparative figures included a non-recurring gain on revaluation of equity investment and purchase gain on business combination totalling $16.9 million recognized upon finalisation of the purchase price allocation in relation to the NantPro acquisition during the fourth quarter of 2014.

Financial condition

The condensed consolidated statements of financial position at December 31, 2015 and December 31, 2014 are presented in the following table.

		2015		2014
Total current assets	$	45,139	$	43,320
Other long-term assets		2,444		176
Deferred tax assets		325		-
Capital assets		19,041		13,784
Intangible assets		148,339		146,163
Total assets	$	215,288	$	203,443
Total cash disbursing current liabilities	$	11,468	$	12,293
Non-cash disbursing current liabilities				
Deferred revenues		2,348		1,041
Warrant liability		-		24,676
Deferred income tax liability		31,483		37,198
Long-term liabilities		24,662		23,804
Total liabilities	$	69,961	$	99,012
Share capital		365,540		294,870
Contributed Surplus		7,367		10,923
Warrants and future investment rights		53,717		19,803
Accumulated other comprehensive income		262		226
Deficit		(313,533)		(255,856)
Equity attributable to owners of the parent		113,353		69,966
Non-controlling interests		31,974		34,465
Total equity		145,327		104,431
Total liabilities and equity	$	215,288	$	203,443

Current assets

Current assets remained stable year over year, increasing slightly by $1.8 million at December 31, 2015 compared to December 31, 2014. The increase is mainly due to an increase in cash of $2.2 million and an increase in inventory of $2.9 million which was partially offset by a decrease in accounts receivable of $3.4 million. The decrease in receivables is mainly due to the receipt of the license revenues generated from the GENERIUM agreement in the comparative period. The increase in inventory is in preparation to meet a higher sales orders for Q1, 2016 compared to Q1, 2015.

Capital assets

Capital assets increased by $5.3 million during the year ended December 31, 2015 compared to December 31, 2014 mainly due to the construction underway at PBL's production facility in order to increase capacity of the plant. Additions of asset under construction at the PBL's production facility for the year-ended December 31, 2015 represent $2.4 million and $1.7 million respectively of production equipment and leasehold improvements, net of government grants.

Intangible assets

Intangible assets increased by $2.2 million during the year ended December 31, 2015 compared to December 31, 2014 mainly due the continued investment by the Corporation in expanding its patent portfolio and the acquisition of intangible assets as a result of the acquisition of the plasma collection center in Winnipeg that occurred in the third quarter of 2015.

Total cash disbursing current liabilities

The total cash disbursing current liabilities decreased slightly by $0.8 million during the year ended December 31, 2015 compared to December 31, 2014. The decrease is mainly due to the reclassification of a portion of the advance on revenues from a supply agreement as a long-term liability following the

amendment to the terms of the loan agreement further extending the maturity date to April 30, 2018. This was partially offset by an increase in accounts payables and accrued liabilities.

Warrant liability
The warrant liability decreased by $24.7 million at December 31, 2015 compared to December 31, 2014. Following the reclassification of the warrant liability to equity discussed above which resulted from the modifications to the Second Warrants approved at the annual general shareholders meeting on May 13, 2015, there is no longer a warrant liability to recognise.

Deferred income taxes
The deferred income tax liability decreased by $5.7 million mainly due to the recognition of a deferred tax asset of $5.1 million resulting from the recognition of the portion of the loss incurred in NantPro that is attributable to ProMetic during the year ended December 31, 2015 against the deferred tax liability recorded from the business combination of NantPro. The Corporation also recognized on its statement of financial position, $0.3 million in deferred tax assets reflecting the recognition, by certain entities in the group, of a portion of previous years' losses as the likelihood of recovering those losses improved.

Long-term liabilities
Long-term liabilities increased by $0.9 million at December 31, 2015 compared to December 31, 2014. The long-term debt increased due to the interest accretion on these loans during the year ended December 31, 2015 of $2.6 million and the reclassification of a portion of the advance on revenues from a supply agreement as a long-term liability. These increases were partially offset by two transactions. A first reduction was due to the Corporation and the holder of the long-term debt amending the terms of the OID loans on March 31, 2015. The modification was accounted for as an extinguishment of the previous loans and the recognition of new loans at their fair value at the date of the transaction. The impact of this transaction on the OID loans was a decrease of $1.8 million.

Secondly in a subsequent transaction, the holder of the long-term debt used the set off of principal right under the loan agreements, to settle the amounts due to the Corporation following its participation in a private placement which occurred concurrently with the closing of a public offering of common shares and subsequent exercise of the overallotment right, on May 6, 2015 and on May 28, 2015 respectively. As a result, the face value of the $15.7 million OID loan was reduced by $4.3 million to $11.3 million. This transaction was accounted for as an extinguishment of a portion of the OID loan resulting in a decrease of $2.1 million of the carrying value of the loan**.**

Share capital
Share capital increased by $70.7 million at December 31, 2015 compared to December 31, 2014 mainly due to the Corporation entering into an agreement with a syndicate of underwriters under which the Underwriters bought, 22,137,500 common shares, including the overallotment, in the capital of the Corporation at a price of $2.60 per share for gross proceeds of $57.6 million. Concurrently with the prospectus, ProMetic concluded a private placement with Structured Alpha. Using the rights conveyed under the loan agreement, Structured Alpha, elected to reduce the face value of an OID loan as consideration for the 1,662,526 common shares issued. The amount used to record the shares, the fair value of the shares, was determined using the closing price on the date of issue of the common shares. The 1,445,675 shares issued on May 6, 2015 were recorded using the closing price of $2.24 and the 216,851 shares issued on May 28, 2015 were recorded using the closing price of $2.41, resulting in an overall value of the shares issued of $3.8 million.

During the year, the Corporation issued 6,098,922 shares pursuant to the restricted share unit plan, resulting in an increase in share capital of $6.2 million. The remainder of the increase is mainly due the exercise of warrants and stock options.

Warrants and future investment rights
Warrants and future investment rights increased by $33.9 million at December 31, 2015 compared to December 31, 2014 mainly due to the reclassification of the warrant liability to equity resulting in an increase in Warrants and future investment rights of $28.0 million. The variation is also due to the issuance of 7,000,000 warrants, having a fair value of $7.5 million, in connection modifications of the OID loans on March 31, 2015. These increases were partially offset due to the reclassification of the value recorded in regards to warrants exercised into share capital of $1.6 million.

Contributed surplus
Contributed surplus decreased by $3.6 million at December 31, 2015 compared to December 31, 2014 due to the reclassification of the value recorded in contributed surplus in regards to the RSU released and options exercised to share capital of $6.5 million. The decrease was partially offset by the recognition of share-based payment expense of $3.0 million.

Non-controlling interest ("NCI")
The non-controlling interests decreased by $2.5 million during the year ended December 31, 2015 compared to the year ended December 31, 2014 due to non-controlling interests share in the net losses of two subsidiaries, PBP and PRDT. The non-controlling interest in NantPro remained unchanged as the NCI's share in NantPro's losses was offset by the NCI's share in ProMetic's funding of that entity's activities.

The variation in the NCI between December 31, 2015 and December 31, 2014 is shown below:

NCI balance at December 31, 2014	$	34,465
NCI share in losses		(5,824)
NCI share in ProMetic's funding of NantPro		3,333
NCI balance at December 31, 2015	$	31,974

Cash flow analysis

The condensed consolidated statements of cash flows from the year ended December 31, 2015 and the comparative period in 2014 are presented below.

	Year ended December 31,		
	2015		2014
Cash used in operating activities	(45,647)	$	(25,954)
Cash from financing activities	54,802		44,348
Cash flows used in investing activities	(7,429)		(8,749)
Net increase in cash	1,726		9,645
Net effect of currency exchange rate on cash	457		61
Cash, beginning of the year	27,102		17,396
Cash, end of the year	29,285	$	27,102

Cash flows used in operating activities increased by $19.7 million during the year ended December 31, 2015 compared to the same period in 2014 due to the reduction in the Adjusted EBITDA for the Corporation in 2015. These increases reflect the higher level of activity across all functions and segments of ProMetic.

Cash flows from financing activities increased by $10.5 million during the year ended December 31, 2015 compared to the same period in 2015 mainly due to the higher level of shares issued during 2015 which was partially offset by lower proceeds from debt issuances. There were also no repayment of debt in 2015 compared to $3.6 million in repayments in 2014.

Cash flows used in investing activities decreased by $1.3 million during the year ended December 31, 2015 compared to the same period in 2014. This is mainly due to lower disbursements on capital asset

expenditures in 2015 by $2.2 million which were partially offset by the cash used for the acquisition of the assets of the plasma collection center.

USE OF PROCEEDS

In December 2014 and in May 2015, the Corporation issued common shares following two offerings by way of prospectus. The following table presents the actual disbursements per activity made since December 9, 2014, the closing date for the first prospectus up to December 31, 2015 compared to the combined estimates provided by the Corporation at the time of each prospectus.

	Total disbursements at December 31, 2015	Expenditure estimate provided in Prospectuses
Advancement of clinical programs relating to the Corporation's orally active anti-fibrotic drug PBI-4050 and new plasma-derived drugs	$ 31,886	$ 27,000
Expansion of the clinical uses and proprietary position on some of the plasma-derived drugs	1,018	12,000
Scaling up the manufacturing process of plasma-derived drug candidates and of follow-on drug candidates to PBI-4050	7,489	15,000
Increasing the Corporation's manufacturing capacity for plasma-derived therapeutics as well as its proprietary affinity resins	9,001	16,000
	$ 49,394	$ 70,000

LIQUIDITY AND CONTRACTUAL OBLIGATIONS

At December 31, 2015, the Corporation's position in regards to total cash generating current assets, including cash, net of total cash disbursing current liabilities is a surplus of $31.7 million. Since year end, the Corporation completed, on February 29, 2016, a financing transaction whereby it issued additional long-term debt and warrants for $30.0 million in cash (see note 34 Subsequent event in the 2015 consolidated financial statements for further details). Considering its planned activities for 2016, its financial position at December 31, 2015 and the February 2016 financing, The Corporation expects that it will be able to meet its contractual obligations 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 December 31, 2015 are presented in the table below:

		Contractual Cash flows			
At December 31, 2015	**Carrying amount**	**Payable within 1 year**	**2 - 3 years**	**More than 5 years**	**Total**
Trade and other payables	$ 11,044	$ 11,044	$ -	$ -	$ 11,044
Advance on revenues from a supply agreement	2,585	424	2,320	-	2,744
Long-term debt *	21,998	-	-	42,637	42,637
	$ 35,627	$ 11,468	$ 2,320	$ 42,637	$ 56,425

* Under the terms of the long-term debt, the holder of Second and Third Warrants may decide to cancel a portion of the face values of the OID loans as payment on the exercise of these warrants. The maximum repayment due on these loans has been included in the above table.

Commitments

CMO lease

In May 2015, the Corporation signed a long-term manufacturing contract with Emergent which provides the Corporation with additional manufacturing capacity ("the CMO contract"). Under the contract, the Corporation will have the right of access to the facility and production equipment as well as access to the production and support staff. The payments under the contract cover the use of the production facility, a specified number of direct and indirect labour hours and the related overhead expense during a minimum of 20 weeks per year, over a 15 year term.

The following table represents the future minimum operating lease payment under the CMO contract as of December 31, 2015:

	within 1 year	2 - 5 years	Later than 5 years	Total
Future minimum operating lease payment	$ 3,269	$ 14,087	$ 39,984	$ 57,340

Royalties

In April 2006, the Corporation entered into an agreement with the American Red Cross for an exclusive license to use intellectual property rights relating to the Plasma Protein Purification System ("PPPS"). As per the agreement, ProMetic could pay a royalty to the American Red Cross in addition to an annual minimum royalty of US$30,000 to maintain the license.

A company owned by an officer of the Corporation is entitled to receive a royalty of 0.5% on net sales and 3% of license revenues in regards to certain small-molecule therapeutics commercialized by the Corporation. To date, no royalties have been accrued or paid.

In the normal course of business, the Corporation enters into license agreements for the market launching or commercialization of products. Under these licenses, including the one mentioned above, the Corporation has committed to pay royalties ranging generally between 0.5% and 15.5% of net sales from products it commercializes.

Other commitments

In connection with the CMO contract, the Corporation has committed to spending between $4.2 million and $9.0 million each year from 2016 to 2030 (the end of the initial term). As of December 31, 2015, the remaining payment commitment under the CMO contract was $113 million or $56 million after deduction of the minimum lease payments under the CMO contract disclosed above.

The Corporation has total commitments in the amount of $27.6 million under various operating leases for the rental of offices, production plant, laboratory space and office equipment. In addition, at December 31, 2015, it had placed orders for $3.8 million in equipment for the fractionation and purification of proteins derived from human plasma that will be located at the site of the CMO in Winnipeg. In order to secure a portion of its future needs for human plasma, the Corporation has entered into a plasma purchase agreement whereby it has committed to purchase varying volumes of plasma between January 1, 2016 and December 31, 2020. As at December 31, 2015, this represented a commitment of $56.9 million in aggregate.

The Corporation may be required under a license agreement to make future payments depending on the achievement of the multiple milestones for a total amount of US$4.25 million. In addition, the Corporation has committed to make payments of USD 250,000 per quarter, under a research service agreement, until November 2018 for a total of US$2.8 million in future payments as at December 31, 2015.

SELECTED ANNUAL INFORMATION

The following table presents selected audited annual information for the years ended December 31, 2015, 2014 and 2013.

	2015	2014	2013
Revenues	$ 24,534	$ 23,010	$ 20,644
Net profit (loss) attributable to owners of the parent	(50,961)	5,939	(16,489)
Net profit (loss) per share attributable to owners of the parent (basic and diluted)	(0.09)	0.01	(0.03)
Total assets	215,288	203,443	49,872
Total non-current financial liabilities	$ 24,159	$ 23,244	$ 6,217

The mix and the amounts generated from the three main sources of revenues of the Corporation, namely revenues from the sale of goods, revenues from rendering services and milestone and license revenues has shown a lot of variability over the last three years. Revenues from the sales of goods increased by $1.3 million in 2014 compared to 2013 whereas they have increased by another $10.6 million during the last year. Service revenues declined significantly from $8.5 million in 2013 to $4.8 million in 2014 to then decrease to $1.8 million in 2015. The changes over the three years reflect the change in the level of revenues earned from NantPro that get reflected in the consolidated financial statements. Finally, milestone and licensing revenues increased from $2.6 million in 2013 to $7.4 million in 2014 as the ProMetic signed an important licensing agreement with GENERIUM that had a significant up-front payment. In 2015, milestone and licensing revenues represented only $1.3 million of the total revenues.

The net loss attributable to the owners of the parent increased significantly in 2015 from 2014 due to several factors including an increase of $14.3 million in the total research and development expenses as the Corporation continues to expand the number of proteins under development and indications being pursued with PBI-4050 and progresses with the ongoing clinical trials. This increase continues the ongoing trend for several years, as the Corporation's R&D activities keep growing. In addition, administration, selling and marketing expenses increased from $8.3 million in 2013 to $12.1 million in 2014 and $16.6 million in 2015. The Corporation incurred a loss on extinguishment of liabilities in 2015 of $9.6 million which also contributed to the higher loss. During 2014, the Corporation reported a net profit attributable to the owners of the parent of $5.9 million. The increase in profit was due principally to the gains recognized as a result of the Nantpro business combination which included the gain on revaluation of equity investment and the purchase gain on business combination amounting in aggregate to $49.2 million. These gains were partially offset by the loss recorded on the fair value variation of the warrant liability in the amount of $15.4 million and that the Corporation had started picking up the majority of the cost of developing IVIG following the NantPro acquisition. In 2013, the net loss attributable to the owners of the parent were lower reflecting the reduced number of initiatives compared to those currently underway. The Corporation was however only recording a limited portion of the IVIG development via its equity pick up of NantPro losses and was generating revenues on the development services provided. Finally in 2013, the Corporation recorded a gain of $3.0 million on the recognition of a loan receivable which reduced the overall loss.

The net loss per share on a basic and diluted basis varied consistently with the net profit or loss and also reflects the increasing number of shares outstanding.

The total assets increased from year to year as the Corporation's financial situation has improved. The Corporation has continued investing in capital assets to increase its production capacity and intangible assets such as the expansion of its patent portfolio but has also invested to broaden its activities as demonstrated with the acquisition of the plasma collection center in 2015. In 2014, as a result of the NantPro business combination, the Corporation recorded the intangible assets acquired in the transaction valued at $141 million which explains the significant increase in total assets over 2013.

Non-current financial liabilities remained at similar levels in 2014 and 2015 whereas they increased by $17.0 million between 2013 and 2014 mainly due to the issuance of additional long-term debt in 2014.

SUMMARY OF QUARTERLY RESULTS

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

		Net earnings (loss) attributable to the owners of the parent		
Quarter ended	Revenues	Total	Per share Basic	Per share Diluted
December 31, 2015	$ 14,066	$ (10,673)	$ (0.02)	$ (0.02)
September 30, 2015	5,661	(9,227)	(0.02)	(0.02)
June 30, 2015	2,898	(12,281)	(0.02)	(0.02)
March 31, 2015	1,909	(18,780)	(0.03)	(0.03)
December 31, 2014	10,546	9,222	0.02	0.02
September 30, 2014	2,315	(19,279)	(0.04)	(0.04)
June 30, 2014	4,411	23,959	0.05	0.04
March 31, 2014	5,738	(7,963)	(0.02)	(0.02)

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, the conclusion of licensing arrangements and depend on the timing and the level of service agreements. 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.

During the quarter ended March 31, 2014, the Corporation recognized 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 advanced 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 million 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.

Research and development expenses during the quarter ended September 30, 2014 were high in comparison to previous quarters due to an increase in activities as the Corporation advanced the filings of IND for several products. Administration and marketing expenses increased as the general level of activities increased and due to higher share-based payment expenses. Finally the loss was significantly impacted by the loss of $10.4 million recorded on the warrant liability reflecting the increase in the Corporation's share price during the quarter.

During the quarter ended December 31, 2014, the Corporation recorded an adjustment of the gain on revaluation of the interest held in NantPro prior to the business combination as well as an adjustment on the purchase gain of $10.1 million and $6.7 million respectively in the fourth quarter to reflect the outcome of the final business valuation. The Corporation's revenues were strong during the period, mainly due to the recognition of significant milestone and licensing revenues. Overall R&D and administration, selling and marketing expenditures increased reflecting the high level of activities with two INDs being filed during the quarter.

Revenues were much lower during the quarter ended March 31, 2015 reflecting lower product sales and the fact that no milestone or licensing revenues were earned. R&D expenses were lower than in the previous quarter as the cost of preparation of IND filings were lower, but still remained high. The share-based payment expense at $0.8 million were at a more normal level than the $2.5 million recognized in the previous quarter. The warrant liability continued to increase as the share price increased negatively impacting results by $3.4 million. Also during the quarter the Corporation recognized a loss on extinguishment of debt of $6.1 million as a result of the modifications to its long-term debt.

Despite revenues being slightly higher during the quarter ended June 30, 2015 compared to the previous quarter, revenues remained low at $2.9 million. Total R&D expenses and administration, selling and marketing expenses were slightly higher than those of the first quarter of 2015 by $0.9 million and $0.4 million respectively. The warrant liability decreased prior to de-recognition reflecting the decrease in the share price between March 31, 2015 and May 13, 2015, creating a gain of $2.0 million. The Corporation also recognized a loss on extinguishment of the warrants liability and part of an OID loan for a total of $3.5 million.

Revenues increased during the quarter ended September 30, 2015 compared to the previous quarters in the current year to reach $5.7 million reflecting higher affinity resin sales. Total R&D expenses and administration, selling and marketing expenses continued their trend since the beginning of the 2015 and were higher than the previous quarters of 2015. The Corporation started incurring expenses in regards to the CMO facility has operations commenced in July 2015.

Revenues, mainly from sales of goods, reach their highest level for a given quarter during the last two year during quarter ended December 31, 2015, for a total of $14.1 million while the same could be said for total R&D expenses and administrative, selling and marketing expenses. There were several on-going clinical trials during the quarter in relation to plasminogen, IVIG and PBI-4050 and preparatory work for forthcoming clinical programs.

OUTSTANDING SHARE DATA

The Corporation is authorized to issue an unlimited number of common shares. At March 23, 2016, 582,039,643 common shares, 13,404,961 options to purchase common shares, 7,869,117 restricted share units and 82,791,890 warrants and rights to purchase common shares were issued and outstanding.

TRANSACTIONS BETWEEN RELATED PARTIES

Balances and transactions between the Corporation and its subsidiaries, which are related parties of the Corporation, have been eliminated on consolidation. Details of transactions between the Corporation and other related parties are disclosed below.

The share purchase loan to the CEO in the amount of $450,000 dollars at December 31, 2015, bears interest at prime plus 1%, and had a maturity date of March 31, 2016. In February 2016, $50,000 dollars of the principal amount of the loan was repaid reducing the principal amount of the loan to $400,000 dollars. In March 2016, the maturity date of the loan was amended and to the earlier of (i) March 31, 2018 or (ii) 60 days preceding a targeted NASDAQ or NYSE listing date of ProMetic's shares. During the year ended December 31, 2015, interest revenues in the amount of $18,000 dollars ($19,000 dollars for the year ended December 31, 2014) were recorded on the share purchase loan to an officer and included in the advance to an officer.

SIGNIFICANT JUDGEMENTS 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 as follows:

Significant judgments

Revenue recognition – The Corporation does at times enter into revenue agreements which provide, among other payments, for up-front payments in exchange for licenses and other access to intellectual property. Management applies its judgment to assess whether these payments were received in exchange for the provision of goods or services which have stand-alone value to the customer.

Determining the level of influence the Corporation has over an investment in an entity – In determining the level of influence the Corporation has over an investment in an entity, regarded as either having control, significant influence or no influence over the investment, consideration is given to, amongst others, the voting power the Corporation has, the composition of the entity's board of directors and the manner in which key operating and financing decisions are made. A conclusion that the Corporation controls an investee leads to the consolidation of the assets and liabilities and results of operations of the investment with those of the Corporation, along with the elimination of all inter-company transactions. When it is determined that the Corporation has significant influence over an investee, this will result in the investment being accounted for as an associate. Finally, a conclusion that the Corporation has no significant influence over an investee will lead to the investment being accounted for as a financial instrument in accordance with the Corporation's accounting policies.

Functional currency – The functional currency of foreign subsidiaries is reviewed on an ongoing basis to assess if changes in the underlying transactions, events and conditions have resulted in a change. This assessment is also performed for new subsidiaries. When assessing the functional currency of a foreign subsidiary, management's judgment is applied in order to determine amongst other things the primary economic environment in which an entity operates, the currency in which the activities are funded and the degree of autonomy of the foreign subsidiary from the reporting entity in its operations and financially. Judgment is also applied in determining whether the inter-company loans denominated in foreign currencies form part of the parent Corporation's net investment in the foreign subsidiary. Considering such loans as part of the net investment in the foreign subsidiary results in foreign currency translation gains or losses resulting from the translation of these loans being recorded in other comprehensive loss instead of the statement of operations.

Estimates and assumptions

Assessing the recoverable amount of intangibles not yet available for use – In determining the value in use as part of the annual impairment test on intangible assets not yet available for use, the estimated future cash flows are discounted to their net present value. The future cash flows are estimated using a five-year projection of cash flows before taxes which are based on the most recent budgets and forecasts available to the Corporation. The fifth year was then extrapolated, including a 2% annual growth rate. The Corporation determined its value in use by applying a pre-tax discount rate of 13.53 % (14.19 % at November 30, 2014). The values of the Canadian to US dollar exchange rates used over the forecasting period ranged from 1.10 to 1.35 CAD/USD rate and were based on the spot rate on November 30, 2015 together with forward rates and economic forecasts.

Expense recognition of restricted share units – The expense recognized in regards to the RSU for which the performance conditions have not been met is based on an estimation of the probability of the successful achievement of the performance conditions, as well as the timing of their achievement. The final expense is only determinable when the individual outcomes are known.

During the quarter ended September 30, 2015, the Corporation reviewed its methodology for estimating the number of RSU that will vest following the issuance of a new grant of RSU. In view of the important number of milestones underlying the vesting of the RSU, many of which depend on research, regulatory process and business development outcomes which are difficult to predict, combined with the fact that the milestones must be achieved prior to the expiry of the RSU, the Corporation developed additional guidelines for determining the most likely outcome for the different milestones. These guidelines are qualitative and quantitative in nature.

Accounting for loan modifications – When the terms of a loan are modified, management must evaluate whether the modification should be accounted for as a derecognition of the carrying value of the pre-modified loan and the recognition of a new loan at the then fair value or as a modification with no accounting impact. When the determination of the fair value of the new loan is required, the Corporation uses discounted cash flow techniques which includes inputs that are not based on observable market data and inputs that are derived from observable market data. When determining the appropriate discount rates to use, the Corporation seeks comparable interest rates where available. If unavailable, it uses those considered appropriate for the risk profile of a corporation in the industry.

Fair value of financial instruments – The individual fair values attributed to the different components of a financing transaction, notably warrants and debt issued concurrently, are determined using valuation techniques. The Corporation uses judgment to select the methods used to make certain assumptions and in performing the fair value calculations in order to determine 1) the values attributed to each component of a transaction at the time of their issuance, 2) the fair value measurements for certain instruments that require subsequent measurement at fair value on a recurring basis and 3) for disclosing the fair value of financial instruments subsequently carried at amortized cost. The fair value estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of these instruments that are not quoted in an active market.

Valuation of deferred income tax assets – To determine the extent to which deferred income tax assets can be recognized, management estimates the amount of probable future taxable profits that will be available against which deductible temporary differences and unused tax losses can be utilized. Management exercises judgment to determine the extent to which realization of future taxable benefits is probable, considering the history of taxable profits, budgets and forecasts and availability of tax strategies.

CHANGES IN ACCOUNTING POLICIES

The Corporation did not adopt or make a change to its accounting policies during the year ended December 31, 2015.

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 16, Lease

In January 2016, the IASB issued IFRS 16, Leases ("IFRS 16"), a new standard that replaces IAS 17, Leases. IFRS 16 is a major revision of the way in which companies account for leases and will no longer permit off balance sheet lease. Adoption of IFRS 16 is mandatory and will be effective for the Corporation's fiscal year beginning on January 1, 2019. Early application is permitted for companies that also apply IFRS 15, Revenue from contracts with customers.

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 year beginning on January 1, 2018, with earlier adoption permitted.

IFRS 9, Financial Instruments – Recognition and Measurement

In July 2014, the IASB issued the final version of IFRS 9, Financial Instruments with a mandatory effective date of January 1, 2018. The new standard brings together the classification and measurements, impairment and hedge accounting phases of the IASB's project to replace IAS 39, Financial Instruments: Recognition and Measurement. In addition to the new requirements for classification and measurement of financial assets, a new general hedge accounting model and other amendments issued in previous versions of IFRS 9, the standard also introduces new impairment requirements that are based on a forward-looking expected credit loss model.

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 following table presents the carrying amounts of the Corporation's financial instruments at December 31, 2015 and 2014.

	2015	2014
Financial assets		
Cash	$ 29,285	$ 27,102
Restricted cash	180	151
Trade receivables, loan to a Corporation, advance and interest receivable from an officer and other	8,438	11,850
Share purchase loan to an officer	450	450
Available-for-sale financial assets	1,233	25
Financial liabilities		
Accounts payable and accrued liabilities	11,044	9,102
Advance on revenues from a supply agreement	2,585	3,191
Warrant liability	-	24,676
Long-term debt	21,998	23,244

Impact of financial instruments in the consolidated statements of operations
The following line items in the consolidated statement of operations for the year ended December 31, 2015 include income, expense, gains and losses relating to financial instruments:

- finance costs;
- fair value variation of warrant liability;
- Loss on extinguishment of liabilities; and
- foreign exchange gains.

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, investments, 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.

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 of interest rate risk.

b) Foreign exchange risk:
The Corporation is exposed to the financial risk related to the fluctuation of foreign currencies to the Canadian dollar. The Corporation operates in the United Kingdom and in the United States and a portion of its expenses incurred are in Great British Pounds ("GBP") and in US dollars. The majority of the Corporation's revenues are in GBP and in US dollars which serve to mitigate a portion of the foreign exchange risk relating to the expenditures. Financial instruments potentially exposing the Corporation to foreign exchange risk consist principally of cash, receivables, trade and other payables, 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.

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

Disclosure Controls and Procedures

The Corporation maintains disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed in its reports filed under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

The Corporation's Chief Executive Officer (CEO) and Chief Financial Officer (CFO) have evaluated, or caused the evaluation of, under their supervision, the design and operating effectiveness of the Corporation's disclosure controls and procedures. Based upon the evaluation, the CEO and CFO have concluded that the Corporation's disclosure controls and procedures were effective as of December 31, 2015.

Internal control over Financial Reporting

Internal controls over financial reporting (ICFR) are designed to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Due to its inherent limitation, there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

The Corporation's CEO and CFO are responsible for establishing and maintaining adequate ICFR. They have evaluated, or caused the evaluation of, under their supervision, the design and operating effectiveness of the Corporation's ICFR as of December 31, 2015 based on the framework established in Internal Control – Integrated Framework (2013) by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, the CEO and CFO concluded that the Corporation's ICFR were effective as of December 31, 2015.

Change in Internal Controls over Financial Reporting

In accordance with the National Instrument 52-109, the Corporation has filed certificates signed by the CEO and CFO that, among other things, report on the design of disclosure controls and procedures and the design of ICFR as at December 31, 2015.

There have been no changes in the Corporation's ICFR that occurred during the quarter ended December 31, 2015 that have materially affected, or are reasonably likely to materially affect its ICFR.

INDEPENDENT AUDITORS' REPORT

To the shareholders of ProMetic Life Sciences Inc.

We have audited the accompanying consolidated financial statements of **ProMetic Life Sciences Inc.** (the "Corporation"), which comprise the consolidated statements of financial position as at December 31, 2015 and 2014, and the consolidated statements of operations, comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of **ProMetic Life Sciences Inc.** as at December 31, 2015 and 2014, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Ernst & Young LLP[1]

Montreal, Canada
March 23, 2016
[1] CPA auditor, CA public accountancy permit no. A120254

PROMETIC LIFE SCIENCES INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(In thousands of Canadian dollars)

At December 31		**2015**		2014
ASSETS				
Current assets				
Cash	**$**	**29,285**	$	27,102
Accounts receivable (note 7)		**8,438**		11,850
Income tax receivable		**-**		901
Inventories (note 8)		**5,492**		2,586
Total cash generating current assets		**43,215**		42,439
Prepaids		**1,924**		881
Total current assets		**45,139**		43,320
Other non-current assets (note 9)		**1,413**		176
Deferred tax assets (note 25)		**325**		-
Non-current income tax receivable		**1,031**		-
Capital assets (note 11)		**19,041**		13,784
Intangible assets (note 12)		**148,339**		146,163
Total assets	**$**	**215,288**	$	203,443
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	**$**	**11,044**	$	9,102
Advance on revenues from a supply agreement (note 13)		**424**		3,191
Total cash disbursing current liabilities		**11,468**		12,293
Deferred revenues		**2,348**		1,041
Warrant liability (note 14)		**-**		24,676
Total current liabilities		**13,816**		38,010
Long-term portion of advance on revenues from a supply agreement (note 13)		**2,161**		-
Deferred tax liabilities (note 25)		**31,483**		37,198
Long-term portion of lease inducements and obligations		**503**		560
Long-term debt (note 15)		**21,998**		23,244
Total liabilities	**$**	**69,961**	$	99,012
EQUITY				
Share capital (note 16a)	**$**	**365,540**	$	294,870
Contributed surplus (note 16c)		**7,367**		10,923
Warrants and future investment rights (note 16b)		**53,717**		19,803
Accumulated other comprehensive income		**262**		226
Deficit		**(313,533)**		(255,856)
Equity attributable to owners of the parent		**113,353**		69,966
Non-controlling interests (note 17)		**31,974**		34,465
Total equity		**145,327**		104,431
Total liabilities and equity	**$**	**215,288**	$	203,443

Contingencies (note 30) and Commitments (note 31)
Subsequent event (note 34)

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

	(s) *Paul Mesburis*	(s) *Simon Best*
On behalf of the Board	Director	Director

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

Years ended December 31		2015		2014
Revenues (note 19)	**$**	**24,534**	$	23,010
Expenses				
Cost of goods sold		**8,219**		7,015
Research and development expenses recharged (note 21a)		**861**		3,021
Research and development expenses non-rechargeable (note 21a)		**49,389**		32,939
Administration, selling and marketing expenses		**16,575**		12,145
Gain on foreign exchange		**(2,078)**		(102)
Finance costs (note 21b)		**2,854**		2,760
Fair value variation of warrant liability (note 14)		**1,458**		15,365
Loss on extinguishment of liabilities (note 20)		**9,592**		-
Gain on revaluation of equity investment (note 10)		**-**		(34,376)
Purchase gains on business combinations (note 6)		**(412)**		(14,812)
Gain on settlement of litigation (note 24)		**-**		(465)
Net loss before income taxes		**(61,924)**		(480)
Income tax recovery (note 25)		**(5,139)**		(3,056)
Net profit (loss)	**$**	**(56,785)**	$	2,576
Net profit (loss) attributable to:				
Owners of the parent		**(50,961)**		5,939
Non-controlling interests (note 17)		**(5,824)**		(3,363)
	$	**(56,785)**	$	2,576
Earnings (loss) per share (note 26)				
Attributable to the owners of the parent				
Basic	**$**	**(0.09)**	$	0.01
Diluted		**(0.09)**		0.01

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

PROMETIC LIFE SCIENCES INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(In thousands of Canadian dollars)

Years ended December 31		**2015**		2014
Net profit (loss)	**$**	**(56,785)**	$	2,576
Other comprehensive income				
Items that may be subsequently reclassified to profit and loss:				
Change in unrealized foreign exchange differences on translation of financial statements of foreign subsidiaries		**36**		104
Total comprehensive income (loss)	**$**	**(56,749)**	$	2,680
Total comprehensive income (loss) attributable to:				
Owners of the parent		**(50,925)**		6,043
Non-controlling interests		**(5,824)**		(3,363)
	$	**(56,749)**	$	2,680

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

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

	Equity attributable to owners of the parent							
	Share capital $	Contributed surplus $	Warrants and future investment rights $	Foreign currency translation reserve $	Deficit $	Total $	Non-Controlling interests $	Total equity $
Balance at January 1, 2014	263,320	6,319	15,429	122	(264,858)	20,332	(1,694)	18,638
Net profit (loss)	-	-	-	-	5,939	5,939	(3,363)	2,576
Foreign currency translation reserve	-	-	-	104	-	104	-	104
Non-controlling interest arising from a business combination (note 6)	-	-	-	-	-	-	49,055	49,055
Effect of changes in the ownership of a subsidiary and funding arrangements on non-controlling interest (note 17)	-	-	-	-	5,213	5,213	(9,533)	(4,320)
Share and warrant issue expenses (note 16a)	-	-	-	-	(2,150)	(2,150)	-	(2,150)
Share-based payments (note 16c)	-	5,136	-	-	-	5,136	-	5,136
Exercise of options (note 16c)	933	(314)	-	-	-	619	-	619
Shares issued pursuant to restricted share unit plan (note 16c)	218	(218)	-	-	-	-	-	-
Exercise of warrants (note 16b)	1,557	-	(805)	-	-	752	-	752
Issuance of shares (note 16a)	28,842	-	-	-	-	28,842	-	28,842
Issuance of warrants (note 16b)	-	-	5,179	-	-	5,179	-	5,179
Balance at December 31, 2014	**294,870**	**10,923**	**19,803**	**226**	**(255,856)**	**69,966**	**34,465**	**104,431**
Net loss	**-**	**-**	**-**	**-**	**(50,961)**	**(50,961)**	**(5,824)**	**(56,785)**
Foreign currency translation reserve	**-**	**-**	**-**	**36**	**-**	**36**	**-**	**36**
Effect of funding arrangements on non-controlling interest (note 17)	**-**	**-**	**-**	**-**	**(3,333)**	**(3,333)**	**3,333**	**-**
Share-based payments (note 16c)	**-**	**2,972**	**-**	**-**	**-**	**2,972**	**-**	**2,972**
Exercise of stock options (note 16c)	**817**	**(320)**	**-**	**-**	**-**	**497**	**-**	**497**
Shares issued pursuant to restricted share unit plan (note 16c)	**6,208**	**(6,208)**	**-**	**-**	**-**	**-**	**-**	**-**
Exercise of warrants (note 16b)	**2,326**	**-**	**(1,626)**	**-**	**-**	**700**	**-**	**700**
Issuance of warrants (note 16b)	**-**	**-**	**7,539**	**-**	**-**	**7,539**	**-**	**7,539**
Reclass of warrant liability to equity (note 16b)	**-**	**-**	**28,001**	**-**	**-**	**28,001**	**-**	**28,001**
Issuance of shares (note 16a)	**61,319**	**-**	**-**	**-**	**-**	**61,319**	**-**	**61,319**
Share and warrant issue expenses (note 16a)	**-**	**-**	**-**	**-**	**(3,383)**	**(3,383)**	**-**	**(3,383)**
Balance at December 31, 2015	**365,540**	**7,367**	**53,717**	**262**	**(313,533)**	**113,353**	**31,974**	**145,327**

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

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

Years ended December 31		**2015**		2014
Cash flows used in operating activities				
Net profit (loss) for the year	**$**	**(56,785)**	$	2,576
Adjustments to reconcile net profit (loss) to cash flows used in operating activities :				
Finance costs		**657**		2,569
Change in lease inducements		**464**		298
Carrying value of capital and intangible assets disposed		**80**		112
Fair value variation of warrant liability (note 14)		**1,458**		15,365
Gain on revaluation of equity investment (note 10)		**-**		(34,376)
Purchase gains on business combinations (note 6)		**(412)**		(14,812)
Loss on extinguishment of liabilities (note 20)		**9,592**		-
Deferred tax recovery (note 25)		**(5,141)**		(3,271)
Share-based payments (note 16c)		**2,972**		5,136
Depreciation of capital assets (note 11)		**1,832**		1,205
Amortization of intangible assets (note 12)		**605**		489
		(44,678)		(24,709)
Change in non-cash working capital items		**(969)**		(1,245)
	$	**(45,647)**	$	(25,954)
Cash flows from financing activities				
Proceeds from share issuances (note 16a)		**57,558**		28,842
Proceeds from debt and warrant issuances (note 16b)		**-**		20,010
Exercise of options		**497**		619
Exercise of warrants		**700**		752
Debt, share and warrant transaction costs		**(3,953)**		(2,243)
Repayment of debt provided by shareholders and other debt		**-**		(3,564)
Interest paid		**-**		(68)
	$	**54,802**	$	44,348
Cash flows used in investing activities				
Additions to capital assets		**(5,725)**		(7,964)
Additions to intangible assets		**(1,200)**		(1,059)
Business combination (note 6)		**(841)**		-
Interest received		**337**		274
	$	**(7,429)**	$	(8,749)
Net change in cash during the year		**1,726**		9,645
Net effect of currency exchange rate on cash		**457**		61
Cash, beginning of year		**27,102**		17,396
Cash, end of the year	**$**	**29,285**	$	27,102

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

(In thousands of Canadian dollars)

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, autoimmune disease/inflammation and cancer.

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 Isle of Man and Canada and business development activities in the U.S., Europe and Asia.

2. Significant Accounting Policies

a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and were authorized for issue by the Board of Directors on March 23, 2016.

b) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, except for cash, restricted cash and the warrant liability which have been measured at fair value.

c) Functional and presentation currency

The consolidated financial statements are presented in Canadian dollars, which is also the parent corporation's functional currency.

d) Basis of consolidation

The consolidated financial statements include the accounts of ProMetic Life Sciences Inc., and those of its subsidiaries. The Group's material subsidiaries at December 31, 2015 and 2014 are as follows:

Name of subsidiary	Segment activity	Place of incorporation and operation	Proportion of ownership interest held by the group	
			2015	2014
ProMetic BioSciences Inc.	Small Molecule Therapeutics	Quebec, Canada	**100%**	100%
ProMetic BioProduction Inc.	Protein Technology	Quebec, Canada	**87%**	87%
ProMetic BioSciences Ltd	Protein Technology	Isle of Man, United Kingdom	**100%**	100%
ProMetic BioTherapeutics Inc.	Protein Technology	Delaware, U.S.A	**100%**	100%
ProMetic BioTherapeutics Ltd	Protein Technology	Cambridge, United Kingdom	**100%**	100%
Pathogen Removal and Diagnostic Technologies Inc.	Protein Technology	Delaware, U.S.A	**77%**	77%
NantPro BioSciences, LLC	Protein Technology	Delaware, U.S.A	**73%**	73%
ProMetic Plasma Resources Inc.	Protein Technology	Winnipeg, Canada	**100%**	N/A
ProMetic Pharma SMT Ltd	Small Molecule Therapeutics	Cambridge, United Kingdom	**100%**	N/A

The Corporation consolidates investees when, based on the evaluation of the substance of the relationship with the Corporation, it concludes that it controls the investees. The Corporation controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of the subsidiaries are prepared for the same reporting period as the parent corporation, using consistent accounting policies. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

When a subsidiary is not owned at 100% the Corporation recognizes the non-controlling interests' share of the net assets and results of operations in the subsidiary. When the proportion of the equity held by non-controlling interests' changes without resulting in a change of control, 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. Similarly, after picking up its share of the operating losses, the non-controlling interest is adjusted for its share of the equity contribution made by ProMetic that does not modify the interest held by either party. The offset to this adjustment is recorded in the deficit. The effect of these transactions are presented in the statement of changes in equity.

e) Investment in an associate

Investments in associates are accounted for using the equity method. An associate is an entity over which the Corporation has significant influence. Under the equity method, the investment in the associate is carried on the consolidated statement of financial position at cost plus post acquisition changes in the Corporation's share of net assets of the associate.

The consolidated statement of operations reflect the Corporation's share of the results of operations of the associate. When there has been a change recognised directly in the equity of the associate, the Corporation recognises its share of any change. Profits and losses resulting from transactions between the Corporation and the associate are recognized in the Corporation's consolidated financial statements only to the extent of the unrelated investors' interests in the associate.

When the level of influence over an associate changes either following a loss of significant influence over the associate or the obtaining of control over the associate, the Corporation measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the associate at the time of the change in influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

f) Financial instruments

Financial instruments are initially measured at fair value. They are subsequently measured in accordance to their classification as described below:

Financial assets and financial liabilities at fair value through profit and loss
Cash, restricted cash and the warrant liability are respectively classified as fair value through profit and loss. They are measured at fair value and changes in fair value are recognized in the consolidated statements of operations. Directly related transaction costs are recognized in the consolidated statements of operations. Cash consists of cash balances with banks.

Loans and receivables
Trade receivables, advance to an officer, interest receivable on the loan to an officer and other receivables are classified as loans and receivables. They are initially recognized at fair value and subsequently carried at amortized cost using the effective interest method.

Available-for-sale financial assets
Investments in common or preferred shares of private corporations are classified as available-for-sale and are measured at cost since their fair value cannot be measured reliably.

Financial liabilities
Accounts payable and accrued liabilities, advance on revenues from a supply agreement and long-term debt are classified as

other financial liabilities. They are measured at amortized cost using the effective interest method.

Impairment of investments

When, in management's opinion, there has been a significant or prolonged decline in the value of an investment, the investment is written down to recognize the loss. In determining the estimated realizable value of its investment, management relies on its judgment and knowledge of each investment as well as on assumptions about general business and economic conditions that prevail or are expected to prevail.

g) Inventories

Inventories of raw materials, work in progress and finished goods are valued at the lower of cost and net realizable value. Cost is determined on a first in, first out basis.

h) Capital assets

Capital assets are recorded at cost less any government assistance, accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as described below.

Capital asset	Period
Leasehold improvements	The lower of the lease term and the useful life
Equipment and tools	5 - 15 years
Office equipment and furniture	5 - 10 years
Computer equipment	3 - 5 years

The estimated useful lives, residual values and depreciation method are reviewed annually with the effect of any changes in estimates accounted for on a prospective basis. The gain or loss arising on the disposal or retirement of a capital asset is determined as the difference between the sales proceeds and its carrying amount and is recognized in profit or loss.

i) Government assistance

Government assistance programs, including investment tax credits on research and development expenses, are reflected as reductions to the cost of the assets or to the expenses to which they relate and are recognized when there is reasonable assurance that the assistance will be received and all attached conditions are complied with.

j) Intangible Assets

Intangible assets include acquired rights such as licenses for product manufacturing and commercialization, donor lists, external patent costs and software costs. They are carried at cost less accumulated amortization. Amortization is calculated over the estimated useful lives of the intangible assets acquired using the straight-line method over a period not exceeding 30 years for licenses, 10 years for donor lists, 20 years for patents and 5 years for software costs and amortization commences when the intangible asset is available for use. The estimated useful lives and amortization method are reviewed annually, with the effect of any changes in estimates being accounted for on a prospective basis. The amortization expense is recognized in the consolidated statements of operations in the expense category consistent with the function of the intangible assets.

Expenditure on research activities is recognized as an expense in the period during which it is incurred.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;

- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

To date, the Corporation has not capitalized any development costs.

k) Impairment of tangible and intangible assets

At the end of each reporting period, the Corporation reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If impairment indicators exist, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. For intangible assets not yet available for use, an impairment test is performed annually at November 30, until amortization commences, whether or not there are impairment indicators. When it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash-generating unit (CGU) which represents the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets, groups of assets or CGUs to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, the corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

An impairment loss is recognized when the carrying amount of an asset or a CGU exceeds its recoverable amount by the amount of this excess. An impairment loss is recognized immediately in profit or loss in the period during which the loss is incurred. Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount; on reversal of an impairment loss, the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior periods. A reversal of an impairment loss is recognized immediately in profit or loss.

l) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns and other similar allowances.

The Corporation earns revenues from research and development services, license and milestone fees and sale of goods, which may include multiple elements. The individual elements of each agreement are divided into separate units of accounting, if certain criteria are met. The applicable revenue recognition method is then applied to each unit. Otherwise, the applicable revenue recognition criteria are applied to combined elements as a single unit of accounting.

Rendering of services

Revenues from research and development services are recognized using the proportional performance method. Under this method, revenues are recognized proportionally with the degree of completion of the services under the contract when it is probable that the economic benefits will flow to the Corporation and revenue and costs associated with the transaction can be measured reliably.

Licensing fees and milestone payments

Certain license fees are comprised of up-front fees and milestone payments. Up-front fees are recognized over the estimated term during which the Corporation maintains substantive obligations. Milestone payments are recognized as revenue when the milestone is achieved, customer acceptance is obtained and the customer is obligated to make performance payments. Certain license arrangements require no continuing involvement by the Corporation. Non-refundable license fees are recognized as

revenue when the Corporation has no further involvement or obligation to perform under the arrangement, the fee is fixed or determinable and collection of the amount is reasonably assured.

Sale of goods

Revenue from the sale of goods is recognized when all the following conditions are satisfied:

- the Corporation has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Corporation retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Amounts received in advance of meeting the revenue recognition criteria are recorded as deferred revenue on the consolidated statements of financial position.

m) Foreign currency translation

i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Corporation and its entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the reporting date. All differences are taken to the consolidated statements of operations. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates when the initial transactions took place.

ii) Group companies

The assets and liabilities of foreign operations are translated into Canadian dollars at the rate of exchange prevailing at the reporting date and their statements of operations are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on the translation are recognised in other comprehensive loss. On disposal of a foreign operation, the component of other comprehensive loss relating to that particular foreign operation is recognised in the consolidated statement of operations and comprehensive loss.

n) Income taxes

The Corporation uses the liability method of accounting for income taxes. Deferred income tax assets and liabilities are recognized in the consolidated statement of financial position for the future tax consequences attributable to differences between the consolidated financial statements carrying values of existing assets and liabilities and their respective income tax bases. Deferred income tax assets and liabilities are measured using income tax rates expected to apply when the assets are realized or the liabilities are settled. The effect of a change in income tax rates is recognized in the year during which these rates change. Deferred income tax assets are recognized to the extent that it is probable that future tax profits will allow the deferred tax assets to be recovered.

o) Share-based payments

The Corporation has a stock option plan and a restricted share unit plan. The fair value of stock options granted is determined at the grant date using the Black-Scholes option pricing model, and is expensed over the vesting period of the options. Awards with graded vesting are considered to be multiple awards for fair value measurement. The fair value of Restricted Share Units ("RSU") is determined using the market value of the Corporation's shares on the grant date. In determining the expense to recognize over the vesting period, the Corporation will, in the case of RSU and stock options for which vesting is dependent on meeting performance targets, estimate the outcome of the performance targets and revise those estimates until the final outcome

is determined. An estimate of the number of awards that are expected to be forfeited is also made at the time of grant and revised periodically if actual forfeitures differ from those estimates.

In regards to RSU where the underlying objectives are considered probable of being achieved, the Corporation will recognize, over the expected period of accomplishment, the probability weighted expense. On this basis, if the likelihood of a milestone being met increases over time, a higher portion of the expense would be recognized, and the opposite, if the probability decreases.

The Corporation's policy is to issue new shares upon the exercise of stock options and the release of RSU which conditions have been met.

p) Earnings per share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Corporation by the weighted average number of common shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for the effects of all dilutive potential common shares, which comprise warrants, future investment rights, stock options and restricted share units.

q) Share and warrant issue expenses

The Corporation records share and warrant issue expenses as an increase to the deficit.

r) Statement of financial position presentation

Following the issuance by the Corporation of a warrant liability that did not entail future cash disbursement by the Corporation and was presented as a current liability, the Corporation decided that it was relevant to the understanding of the entity's financial position to present sub-totals within current assets and current liabilities, representing the carrying value of those items that will generate or require future cash flows. Management uses these measures, amongst others, in assessing its short-term liquidity needs.

3. Significant accounting judgments and estimation uncertainty

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.

Significant judgments

Revenue recognition – The Corporation does at times enter into revenue agreements which provide, among other payments, for up-front payments in exchange for licenses and other access to intellectual property. Management applies its judgment to assess whether these payments were received in exchange for the provision of goods or services which have stand-alone value to the customer.

Determining the level of influence the Corporation has over an investment in an entity – In determining the level of influence the Corporation has over an investment in an entity, regarded as either having control, significant influence or no influence over the investment, consideration is given to, amongst others, the voting power the Corporation has, the composition of the entity's board of directors and the manner in which key operating and financing decisions are made. A conclusion that the Corporation controls an investee leads to the consolidation of the assets and liabilities and results of operations of the investment with those of the Corporation, along with the elimination of all inter-company transactions. When it is determined that the Corporation has significant influence over an investee, this will result in the investment being accounted for as an associate.

Finally, a conclusion that the Corporation has no significant influence over an investee will lead to the investment being accounted for as a financial instrument in accordance with the Corporation's accounting policies.

Functional currency – The functional currency of foreign subsidiaries is reviewed on an ongoing basis to assess if changes in the underlying transactions, events and conditions have resulted in a change. During the years ended December 31, 2015 and 2014 no changes were deemed necessary. This assessment is also performed for new subsidiaries. When assessing the functional currency of a foreign subsidiary, management's judgment is applied in order to determine, amongst other things, the primary economic environment in which an entity operates, the currency in which the activities are funded and the degree of autonomy of the foreign subsidiary from the reporting entity in its operations and financially. Judgment is also applied in determining whether the inter-company loans denominated in foreign currencies form part of the parent Corporation's net investment in the foreign subsidiary. Considering such loans as part of the net investment in the foreign subsidiary results in foreign currency translation gains or losses resulting from the translation of these loans being recorded in other comprehensive loss instead of the statement of operations.

Determining whether assets acquired constitute a business – In determining whether the acquisition of an additional equity interest in NantPro BioSciences, LLC ("NantPro") (see note 6) 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. In making this evaluation, management considered whether NantPro had inputs, processes and other elements making it a business. Although businesses usually have outputs, outputs are not required for an integrated set to qualify as a business. The key elements taken into consideration include the fact that NantPro has licences to use ProMetic's technology and intellectual property, to develop and manufacture the intravenous immunoglobulin or IVIG, and the exclusive right to market, sell and distribute the licensed product in the United States. In addition NantPro has manufacturing and service development services contracts under which it has the ability to access qualified resources, production capacity and the ProMetic affinity resins used in the production process, and to follow documented standards and protocols. Furthermore, NantPro also has the non-exclusive right to manufacture or have manufactured by another third party should ProMetic not wish or be able to manufacture all of NantPro's commercial requirements of IVIG.

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 two businesses in transactions described in note 6. The cost of the acquisition of businesses must be allocated to the identifiable assets and liabilities acquired based on their estimated fair values calculated in accordance with the requirements of IFRS 3, *Business Combinations*. The estimated lives and amortization periods for certain identifiable assets must also be determined. In regards to the NantPro business combination, as NantPro assets consist mainly of intangible assets in the form of rights and licenses contributed by ProMetic when the partnership was created, the assets acquired generally represent reacquired rights. Management concluded that the contracts giving rise to the reacquired rights were neither favorable nor unfavorable relative to the terms of current market transactions for the same or similar items and consequently no settlement gain or loss was 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 and the amortization period for identifiable intangible assets with finite lives. If future events or results differ 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 NantPro business combination described in note 6, the Corporation determined 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 were 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.

Estimates and assumptions

Assessing the recoverable amount of intangibles not yet available for use – In determining the value in use as part of the annual impairment test on intangible assets not yet available for use, the estimated future cash flows are discounted to their net present value. Cash flows are discounted using a pre-tax discount rate that includes a risk premium specific to the line of business. The future cash flows are estimated using a five-year projection of cash flows before taxes which are based on the most recent budgets and forecasts available to the Corporation. The fifth year was then extrapolated, including a 2% annual growth rate. The Corporation determined its value in use by applying a pre-tax discount rate of 13.53 % (14.19 % at November 30, 2014). The values of the Canadian to U.S. dollar exchange rates used over the forecasting period ranged from 1.10 to 1.35 CAD/USD rate and were based on the spot rate on November 30, 2015 together with forward rates and economic forecasts.

Expense recognition of restricted share units – The expense recognized in regards to the RSU for which the performance conditions have not yet been met is based on an estimation of the probability of the successful achievement of a number of performance conditions, as well as the timing of their achievement. The final expense is only determinable when the outcome is known.

During the quarter ended September 30, 2015, the Corporation reviewed its methodology for estimating the number of RSU that will vest following the issuance of a new grant of RSU. In view of the important number of milestones underlying the vesting of the RSU, many of which depend on research, regulatory process and business development outcomes which are difficult to predict, combined with the fact that the milestones must be achieved prior to the expiry of the RSU, the Corporation developed additional guidelines for determining the most likely outcome for the different milestones. These guidelines are qualitative and quantitative in nature.

Accounting for loan modifications – When the terms of a loan are modified, management must evaluate whether the modification should be accounted for as a derecognition of the carrying value of the pre-modified loan and the recognition of a new loan at the then fair value or as a modification with no accounting impact. When the determination of the fair value of the new loan is required, the Corporation uses discounted cash flow techniques which includes inputs that are not based on observable market data and inputs that are derived from observable market data. When determining the appropriate discount rates to use, the Corporation seeks comparable interest rates where available. If unavailable, it uses those considered appropriate for the risk profile of a corporation in the industry.

Fair value of financial instruments – The individual fair values attributed to the different components of a financing transaction, notably warrants and debt issued concurrently, are determined using valuation techniques. The Corporation uses judgment to select the methods used to make certain assumptions and in performing the fair value calculations in order to determine 1) the values attributed to each component of a transaction at the time of their issuance, 2) the fair value measurements for certain instruments that require subsequent measurement at fair value on a recurring basis and 3) for disclosing the fair value of financial instruments subsequently carried at amortized cost. The fair value estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of these instruments that are not quoted in an active market. The assumptions regarding the warrant liability and the long-term debt issued during the year are disclosed in notes 14 and 15 respectively.

Valuation of deferred income tax assets – To determine the extent to which deferred income tax assets can be recognized, management estimates the amount of probable future taxable profits that will be available against which deductible temporary differences and unused tax losses can be utilized. Management exercises judgment to determine the extent to which realization of future taxable benefits is probable, considering the history of taxable profits, budgets and forecasts and availability of tax strategies.

4. Adoption of new accounting standards

On January 1, 2014, a number of new accounting standards became effective. Information on the new standard that was relevant to the Corporation is presented below:

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 consolidated financial statements.

5. 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. The extent of the impact of the adoption of these standards has not yet been determined.

IFRS 16, *Leases*
In January 2016, the IASB issued IFRS 16, *Leases* ("IFRS 16"), a new standard that replaces IAS 17, *Leases.* IFRS 16 is a major revision of the way in which companies account for leases and will no longer permit off balance sheet leases. Adoption of IFRS 16 is mandatory and will be effective for the Corporation's fiscal year beginning on January 1, 2019. Early application is permitted for companies that also apply IFRS 15, *Revenue from contracts with customers*.

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 year beginning on January 1, 2018, with earlier adoption permitted.

IFRS 9, *Financial Instruments – Recognition and Measurement*
In July 2014, the IASB issued the final version of IFRS 9, *Financial Instruments* with a mandatory effective date of January 1, 2018. The new standard brings together the classification and measurements, impairment and hedge accounting phases of the IASB's project to replace IAS 39*, Financial Instruments: Recognition and Measurement*. In addition to the new requirements for classification and measurement of financial assets, a new general hedge accounting model and other amendments issued in previous versions of IFRS 9, the standard also introduces new impairment requirements that are based on a forward-looking expected credit loss model.

(In thousands of Canadian dollars)

6. Business combinations

On August 10, 2015, the Corporation acquired the assets of a plasma collection center located in Winnipeg, Canada pursuant to an agreement entered into in May 2015 with a third-party for a cash consideration of $841. It was determined that the assets acquired constitute a business and the transaction was accounted for as a business combination using the acquisition method of accounting. To account for the transaction, the Corporation has performed a valuation of the identifiable assets and liabilities and a purchase price allocation.

The Corporation recognised all of the identifiable net assets at their acquisition date fair values as follows:

Total consideration paid	$	841
Net identifiable assets acquired:		
Inventory	$	113
Capital assets		85
Donors list		225
License		1,043
Deferred tax liabilities		(213)
Net assets	$	1,253
Purchase gain on business combination	$	(412)

The transaction resulted in the recognition of a purchase gain on the business combination reflecting the circumstances in which the transaction occurred. The business was no longer strategic to the vendor who was considering either selling the center's assets or ceasing the operations of the center. It is likely that there were few potential buyers for the center since there are no private plasma collection centers in proximity and no other manufacturer of derived plasma proteins in Canada other than ProMetic. These circumstances resulted in a favorable purchase price for the Corporation.

The assets and liabilities of the new entity created for the plasma collection activities, ProMetic Plasma Resources Inc., are included in the consolidated statement of financial position as of December 31, 2015 and the operating results are reflected in the consolidated statement of operations since August 10, 2015.

Between the acquisition date and December 31, 2015, the plasma collection center had minimal revenue and incurred a net loss of $351. A small portion of the plasma that will be collected at the center is destined for sale to a third party. The remainder of the plasma collected will be used by entities within the group as a raw material used in research and development activities including the production of product for clinical trials. Only the plasma collected for sale to third parties qualifies as inventory and can be recognized on the consolidated statement of financial position. The remainder of the production will be expensed in the consolidated statement of operations as research and development expenses.

On May 8, 2014, the Corporation and NantPharma, LLC ("NantPharma") amended the terms of their partnership in NantPro BioSciences, LLC. Prior to the transaction, the Corporation's equity position in NantPro was 24.38% (NantPharma's equity position in NantPro was 75.62%), following the payment by NantPharma of an outstanding capital contribution amounting to $857 (US$801,367) which was converted into units of NantPro at a rate of US$131,579 per 1% of ownership, as defined in the original terms of the partnership agreement for NantPro and equated to 6.09% of additional ownership for NantPharma. In accordance with the terms of the transaction, $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. From the date of acquisition on May 8, 2014 and onwards, NantPro is entirely funded by ProMetic and as a result, ProMetic continued to acquire equity units in NantPro until it reached the maximum of 73% allowed in accordance with the agreement while NantPharma's ownership has been reduced to 27%. At December 31, 2015 and 2014, the Corporation held 73% of the equity units of the partnership.

(In thousands of Canadian dollars)

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 10 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 business valuation of NantPro at the date of acquisition and a purchase price allocation.

The Corporation recognised all of the identifiable net assets of the partnership at their acquisition date fair values and the resulting deferred income tax liabilities, non-controlling interest in NantPro and 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 10)		34,376
Total consideration		40,983
Net identifiable assets acquired:		
Intangible assets		141,000
Deferred tax liability		(36,150)
		104,850
Non-controlling interest		(49,055)
Net assets		55,795
Purchase gain on business combination	$	(14,812)

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. The additional units were only earned when the cash injection was made. Under the service agreement, ProMetic is performing the requested development work and subsequently invoicing these services to NantPro. Upon acknowledgment of the invoice, NantPharma was to fund NantPro and at the same time earn the additional equity units in NantPro. In June 2013, NantPharma advised ProMetic of its interest to renegotiate the agreement, to potentially reduce or stop its funding of future development work. While discussions where ongoing, ProMetic continued to provide services to NantPro pursuant to the service agreement.

The parties finalized the negotiations in May 2014 with the result that $6,607 (US$6,085,998) of accounts receivable due from NantPro was invested by ProMetic in order to obtain an additional 40.83% of equity units in NantPro. The parties agreed that the terms of the original funding agreement should apply to ProMetic's funding since June 2013. As a result of the ongoing development work, the value of the business increased over time and the values attributed to the funding requirements to acquire 1% of the partnership for either pre-clinical or development phases is no longer representative of the value of 1% of the business. This has resulted in the recognition of a purchase gain in the consolidated statement of operations in regards to the additional 40.83% of equity acquired in NantPro.

The Corporation recognises 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 is 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

(In thousands of Canadian dollars)

future purchase of these materials will be expensed as those materials are received, regardless of whether they have been consumed.

7. Accounts receivable

		December 31, 2015		December 31, 2014
Trade receivables	**$**	**4,264**	$	8,448
Tax credits and government grants receivable		**3,474**		2,654
Sales taxes receivable		**570**		563
Advance to an officer		**22**		80
Interest receivable on loan to an officer		**52**		34
Other receivables		**56**		71
	$	**8,438**	$	11,850

8. Inventories

		December 31, 2015		December 31, 2014
Raw materials	**$**	**2,880**	$	1,129
Work in progress		**1,059**		700
Finished goods		**1,553**		757
	$	**5,492**	$	2,586

During the year ended December 31, 2015, total inventories in the amount of $7,085 ($6,341 for the year ended December 31, 2014) were recognized as cost of goods sold.

9. Other non-current assets

		December 31, 2015		December 31, 2014
Restricted cash	**$**	**180**	$	151
Available-for-sale financial assets		**1,233**		25
	$	**1,413**	$	176

Restricted cash is composed of a guaranteed investment certificate, bearing interest at 0.35% per annum (at December 31, 2014, bearing interest at 0.35%), pledged as collateral for a letter of credit to a landlord which automatically renews until the end of the lease.

10. 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 (note 6). As a result of the amendment, the Corporation obtained control over NantPro, and as of this date, its investment in NantPro represents an investment in a subsidiary. Further details regarding this transaction are provided in note 6. 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 revalued at fair value. Consequently, the Corporation recognized a gain on revaluation of the equity investment of $34.4 million representing the difference between the fair value and the carrying amount ($Nil) of ProMetic's equity interest in NantPro just before the transaction.

(In thousands of Canadian dollars)

Up to 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 $3,665 for the year ended December 31, 2014. No revenues have been recorded since May 8, 2014.

The Corporation's share of the associate's losses and the net loss in the associate from January 1, 2014 to May 8, 2014 was as follows:

		2014
Loss and comprehensive loss of an associate	$	(3,811)
The Corporation's share of the loss and comprehensive loss of the associate		(1,161)
Dilution gain		195
Net loss in an associate	$	(966)
Unrecorded portion of losses		966
Net loss in an associate recognized in consolidated financial statements	$	-

The accumulated balance of unrecorded losses at May 8, 2014 was $2,374.

11. Capital assets

	Leasehold improvements	Production and laboratory equipment	Office and computer equipment	Total
	$	$	$	$
Cost				
Balance at January 1, 2014	5,946	7,951	1,322	15,219
Additions	1,784	3,279	290	5,353
Disposals	-	(78)	(319)	(397)
Effect of foreign exchange differences	48	44	10	102
Balance at December 31, 2014	**7,778**	**11,196**	**1,303**	**20,277**
Additions [1)]	**1,007**	**5,253**	**435**	**6,695**
Disposals	**-**	**(737)**	**(130)**	**(867)**
Effect of foreign exchange differences	**468**	**394**	**43**	**905**
Balance at December 31, 2015	**9,253**	**16,106**	**1,651**	**27,010**
Accumulated depreciation				
Balance at January 1, 2014	1,986	2,831	771	5,588
Depreciation expense	349	697	159	1,205
Disposals	-	(67)	(317)	(384)
Effect of foreign exchange differences	43	35	6	84
Balance at December 31, 2014	**2,378**	**3,496**	**619**	**6,493**
Depreciation expense	**438**	**1,156**	**238**	**1,832**
Disposals	**-**	**(698)**	**(126)**	**(824)**
Effect of foreign exchange differences	**241**	**203**	**24**	**468**
Balance at December 31, 2015	**3,057**	**4,157**	**755**	**7,969**
Carrying amounts				
At December 31, 2015	**6,196**	**11,949**	**896**	**19,041**
At December 31, 2014	5,400	7,700	684	13,784

(In thousands of Canadian dollars)

[1)] As at December 31, 2015, included in additions to production and laboratory equipment and leasehold improvements are $2,351 and $1,688 respectively of production equipment and leasehold improvements under construction, net of government grants ($631 of additions to leasehold improvements for the year ended December 31, 2014). Also included in additions to production and laboratory equipment is $85 of equipment acquired in a business combination (note 6).

Certain investments in equipment are eligible for reimbursable investment tax credits or government grants (refer to note 23). The tax credits and the government grants receivable are recorded in the same period as the eligible additions and are credited against the capital asset addition. During the year ended December 31, 2015, the Corporation recognized $98 ($148 during the year ended 2014) in investment tax credits related to equipment purchases and $990 ($529 during the year ended 2014) in government grants.

At December 31, 2015, the Corporation had $3,801 in commitments to purchase capital assets.

12. Intangible Assets

	Licenses and others	Patents	Software	Total
Cost	$	$	$	$
Balance at January 1, 2014	3,890	5,004	284	9,178
Additions	-	678	381	1,059
Acquired in a business combination (note 6)	141,000	-	-	141,000
Disposals	-	(178)	-	(178)
Effect of foreign exchange differences	11	59	1	71
Balance at December 31, 2014	**144,901**	**5,563**	**666**	**151,130**
Additions	**334**	**652**	**304**	**1,290**
Acquired in a business combination (note 6)	**1,268**	**-**	**-**	**1,268**
Disposals	**-**	**(154)**	**(14)**	**(168)**
Effect of foreign exchange differences	**93**	**423**	**8**	**524**
Balance at December 31, 2015	**146,596**	**6,484**	**964**	**154,044**
Accumulated amortization				
Balance at January 1, 2014	2,949	1,357	209	4,515
Amortization expense	81	367	41	489
Disposals	-	(79)	-	(79)
Effect of foreign exchange differences	26	16	-	42
Balance at December 31, 2014	**3,056**	**1,661**	**250**	**4,967**
Amortization expense	**114**	**391**	**100**	**605**
Disposals	**-**	**(117)**	**(14)**	**(131)**
Effect of foreign exchange differences	**40**	**215**	**9**	**264**
Balance at December 31, 2015	**3,210**	**2,150**	**345**	**5,705**
Carrying amounts				
At December 31, 2015	**143,386**	**4,334**	**619**	**148,339**
At December 31, 2014	141,845	3,902	416	146,163

Intangible assets includes $141 million pertaining to a license that is not yet available for use for which the amortization has not commenced. At November 30, 2015, the Corporation performed an impairment test on the license and concluded that no impairment was required (see note 3).

13. Advance on revenues from a supply agreement

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) and originally maturing in September 2014. The principal amount of the advance bears interest at a rate of 5% per annum and is being repaid as products are supplied and revenues received. In May 2014, the Corporation and the customer amended the loan agreement extending the maturity date to April 1, 2015 and on March 27, 2015, the loan agreement was amended further extending the maturity date to April 30, 2018.

14. Warrant liability

The warrants issued in a financing transaction in September 2013 (note 15), namely the “Second Warrants”, give the holder the right to acquire common shares, in exchange for $15,653 paid either in cash or in consideration of the lender’s cancellation of an equivalent amount of the face value of the Original Discount Issue (“OID”) loans issued to the holder of the Second Warrants. Originally at the date of issuance of the warrants, the maximum number of shares that could be issued under the warrants, the number of which is based on a formula, was 20,276,595 and consequently the effective exercise price could not fall below $0.77 per share. The expiry date of the Second Warrants is September 10, 2021, however the maturity period originally could have been shortened upon occurrence of a Market Capitalization Event whereby the market capitalization of the Corporation was greater than $1.5 billion for 60 consecutive days. If such an event was to have occured before September 10, 2018, the Second Warrants would have expired on September 10, 2018. If a Market Capitalization Event would have occurred after September 10, 2018, the warrants would have expired within 90 days after the said event.

On May 13, 2015, the shareholders approved modifications to the Second Warrants issued to Structured Alpha LLP to replace the formula that was being used to determine the number of shares that would be issued upon exercise of the warrants for a fixed number of shares. The number of shares to be issued upon exercise was fixed at 20,276,595 for an exercise price of $15,653. The expiry date of the Second Warrants remains unchanged at September 10, 2021 however the potential trigger to shorten the expiry date, the Market Capitalization Event, was removed. Pursuant to the modifications, the warrants which were initially treated as a derivative liability and were required to be carried at fair value at each reporting date with the variations in fair value recorded in the consolidated statement of operations in the period they occur, ceased to qualify as a derivative liability and qualify as equity instruments.

Up to May 13, 2015, the Second Warrants continued to be measured at fair value. The fair value of the warrant liability on that date was estimated at $26,134. This results in a loss on revaluation of the warrant liability of $1,458 for the year ended December 31, 2015. The fair value of the Second Warrants was estimated at $24,676 at December 31, 2014 resulting in a loss of $15,365 for the year ended December 31, 2014.

The fair value of the Second Warrants prior to the modifications was determined using in combination; i) a Monte Carlo simulation in order to take into consideration the Market Capitalization Event barrier and ii) a binomial model to compute the warrant valuation for each path obtained in the Monte Carlo simulation and arrive to an overall fair value for the warrants. This measurement is considered a Level III fair value measurement. Assessment of the significance of a particular input of the fair value measurement requires judgement and may affect the placement within the fair value hierarchy level.

Following the modifications to the Second Warrants, the derivative liability was derecognised and the modified warrants were recorded in equity (“reclassification of warrant liability to equity”) at their fair value on the date of the modification estimated at $28,001 (note 16b) using a Black Scholes option pricing model. The modification resulted in a loss of $1,867 being recognized in the consolidated statement of operations (note 20).

(In thousands of Canadian dollars)

The following assumptions were used in determining the fair value of the Second Warrants on May 13, 2015 and December 31, 2014:

	2015	2014
Volatility	**56%**	63%
Marketability discount	**20%**	35%
Risk-free interest rate range	**1.28%- 1.76%**	1.64% - 1.96%
Potential life range in years	**3.3 - 6.3**	3.69 - 6.69
Expected dividend rate	**-**	-

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% at May 13, 2015 would have the following effect on the consolidated financial statements:

	Increase (decrease) in fair value of the warrant liability resulting by	
Assumption changed	adding 10%	deducting 10%
Volatility	$ 653	$ (635)
Marketability discount	(3,267)	3,267

15. Long-term debt

The transactions during the years ended December 31, 2015 and 2014 and the carrying value of the long-term debt at December 31, 2015 and 2014 were as follows:

		2015		2014
Balance at January 1,	**$**	**23,244**	$	6,217
Interest accretion		**2,592**		2,314
Issuance of OID loan having a face value of $31,306		**-**		14,713
Adjustments due to extinguishments of debt		**(3,838)**		-
Balance at December 31	**$**	**21,998**	$	23,244
Comprised of the following loans [1] :				
OID loan having a face value of $11,331 maturing on July 31, 2022 with an effective interest rate of 10.6%	**$**	**5,846**	$	-
OID loan having a face value of $31,306 maturing on July 31, 2022 with an effective interest rate of 10.6%		**16,152**		-
OID loan having a face value of $15,563 maturing on September 10, 2018 with an effective interest rate of 21.8%		**-**		7,558
OID loan having a face value of $31,306 maturing on July 31, 2019 with an effective interest rate of 16.3%		**-**		15,686
	$	**21,998**	$	23,244

(1) The loans are secured by all the assets of the Corporation excluding patents and require that certain covenants be respected including maintaining an adjusted working capital ratio.

On July 31, 2014, the Corporation issued an Original Issue Discount loan and warrants (the “Third Warrants”) for total proceeds of $20,010. The total proceeds were allocated to the debt based on its fair value at the issue date and the residual amount was attributed to the warrants that are classified as equity. Further details concerning the warrants are provided in note 16. Under the terms of the loan, the Corporation will repay the face value of the OID loan, in the amount of $31,306 at maturity on July 31, 2019. The OID loan was recorded at its fair value at the transaction date less the associated transaction costs of $117 for a net amount of $14,713. The fair value of the loan was determined using a discounted cash flow model for the debt instrument with a market interest rate of 16.11%.

(In thousands of Canadian dollars)

Concurrently, with the above transaction, the Corporation modified certain of the terms pertaining to the loan issued in September 2013. This loan has been modified from a loan with a principal of $10,000 bearing interest at a rate of 9% per annum, compounding monthly, to be paid on maturity of the loan together with the principal on September 10, 2018, to an OID loan having a face value of $15,653 maturing on the same date. These amendments were accounted for as a debt modification with no accounting impact to recognize on the date of the revised agreement.

On March 31, 2015, the Corporation and the holder of the long-term debt amended the terms of the two Original Issue Discount ("OID") loans by; extending the maturity dates of the loans from September 10, 2018 and July 31, 2019 to July 31, 2022 without changing their face values, modifying certain terms and conditions, including affirmative and negative covenants, and including a right of prepayment of the OID loans starting from September 13, 2018. In consideration of the above modifications, ProMetic issued 7,000,000 warrants (the "Fourth Warrants") to purchase common shares of the Corporation at an exercise price of $3.00 per common share (note 16b).

The modification was accounted for as an extinguishment of the previous loans and the recognition of new loans at their fair value at the date of the transaction. The required adjustment to the OID loans of $1,752 on the consolidated statement of financial position and the cost associated with this transaction representing mainly legal fees of $263 and the fair value of the warrants issued (note 16b) have been recognised as a loss on extinguishment of debt amounting to $6,050 in the consolidated statements of operations (note 20). The fair value of the OID loans was determined using a discounted cash flow model for the debt instrument with a market interest rate of 10.6%.

The holder of the long-term debt used the set off of principal right under the loan agreements, to settle the amounts due to the Corporation following its participation in a private placement which occurred concurrently with the closing of a public offering of common shares and subsequent exercise of the over-allotment right, on May 6, 2015 and on May 28, 2015, respectively.

As a result, the face value of the $15,653 OID loan was reduced by $4,322 to $11,331. This reduction of $4,322 is equivalent to the value of the shares (1,662,526 common shares) issued at the agreed price of $2.60 concluded in connection with the private placement. This transaction was accounted for as an extinguishment of a portion of the OID loan and the difference between the adjustment to the carrying value of the loan of $2,086 and the amount recorded for the shares issued of $3,761, as explained in the following paragraph, was recorded as a loss on extinguishment of a loan of $1,675 (note 20). The amount used to record the shares issued, the fair value of the shares, was determined using the closing price on the date of issue. The 1,445,675 shares issued on May 6, 2015 were recorded using the closing price of $2.24 and the 216,851 shares issued on May 28, 2015 were recorded using the closing price of $2.41, resulting in an overall value of the shares issued of $3,761.

The loans are secured by all the assets of the Corporation, excluding patents. At December 31, 2015, the Corporation was in compliance with covenants for both loans.

16. 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.

	December 31, 2015			December 31, 2014		
	Number		**Amount**	Number		Amount
Issued and fully paid common shares	**581,930,868**	**$**	**365,990**	547,627,835	$	295,320
Share purchase loan to an officer	**-**		**(450)**	-		(450)
Balance - end of year	**581,930,868**	**$**	**365,540**	547,627,835	$	294,870

(In thousands of Canadian dollars)

The share purchase loan to an officer in the amount of $450 at December 31, 2015 ($450- December 31, 2014), bears interest at prime plus 1%, and had a maturity date of March 31, 2016. In February 2016, $50 of the principal amount of the loan was repaid reducing the principal amount of the loan to $400. In March 2016, the maturity date of the loan was amended and to the earlier of (i) March 31, 2018 or (ii) 60 days preceding a targeted NASDAQ or NYSE listing date of ProMetic's shares.

Changes in the issued and outstanding common shares during the years ended December 31, 2015 and 2014 were as follows:

	2015			2014		
	Number		**Amount**	Number		Amount
Balance - beginning of year	**547,627,835**	**$**	**294,870**	523,168,666	$	263,320
Issued for cash	**22,137,500**		**57,558**	15,180,000		28,842
Issued in consideration of loan extinguishment	**1,662,526**		**3,761**	-		-
Exercise of warrants	**2,897,570**		**2,326**	4,652,587		1,557
Exercise of options	**1,506,515**		**817**	3,380,332		933
Shares issued under restricted share units plan	**6,098,922**		**6,208**	1,246,250		218
Balance - end of year	**581,930,868**	**$**	**365,540**	547,627,835	$	294,870

2015

During the year ended December 31, 2015, the Corporation issued 19,250,000 common shares following a bought deal public offering for gross proceeds of $50,050. On May 28, 2015, the underwriters exercised their over-allotment option to acquire an additional 2,887,500 common shares for a gross proceeds of $7,508. The underwriters received a cash commission of 5% of the gross proceeds of the offering. The aggregate issuance costs related to these issuances, including the commission, in the amount of $3,383, were recorded against the deficit.

Concurrently with the bought deal public offering, the Corporation concluded a private placement with the holder of the long-term debt. Using the rights conveyed under the loan agreement, the holder of the long-term debt elected to extinguish a portion of the face value of the $15,653 OID loan as consideration for the 1,662,526 shares issued (note 15).

2014

During the year ended December 31, 2014, the Corporation issued 15,180,000 common shares following an offering by way of a prospectus for gross proceeds of $28,842. The related issuance costs in the amount of $2,039 were recorded against the deficit.

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

The warrants and future investment rights issued by the Corporation provide essentially the same rights to the holders. The following table summarizes the changes in the number of warrants and rights outstanding during the years ended December 31, 2015 and 2014:

	2015			2014		
	Number		**Weighted average exercise price**	Number		Weighted average exercise price
Balance - beginning of year	**65,412,865**	**$**	**0.82**	53,341,645	$	0.43
Issued for cash	**-**		**-**	16,723,807		1.87
Issued in relation to debt modification	**7,000,000**		**3.00**	-		-
Modification of warrants	**20,276,595**		**0.77**	-		-
Exercised	**(2,897,570)**		**0.24**	(4,652,587)		0.16
Balance - end of year	**89,791,890**	**$**	**1.00**	65,412,865	$	0.82

(In thousands of Canadian dollars)

2015

On March 31, 2015, 7,000,000 warrants, the Fourth Warrants, having an exercise price of $3.00 per share and expiring in July 31, 2022 were issued in connection with the debt modification discussed in note 15. The warrants have been recognized at their fair value determined using a Black-Scholes pricing model and the following assumptions: volatility 61%, interest-free rate 1.5% and a marketability discount of 20%. The fair value of the warrants of $7,539 was recognized as part of the loss on extinguishment of the debt with the offsetting credit recorded in warrants and future investment rights. On May 13, 2015, the shareholders approved the proposed modifications to the Second Warrants issued in the financing transaction in September 2013 (note 14). Consequently, there resulted a reclassification of the warrant liability to equity. The Second Warrants were recorded in warrant and future investment rights at their estimative fair value of $28,001. The Second Warrants post-modification, give the right to acquire 20,276,595 common shares for an exercice price of $15,653 and expire on September 10, 2021. During the year ended December 31, 2015, 2,897,570 warrants were exercised resulting in cash proceeds of $700 and a transfer from warrants to share capital of $1,626.

2014

On July 31, 2014, the Corporation issued an original issue discount loan and warrants, the Third Warrants, for an aggregate cash consideration of $20,010. Details regarding the loan issued are provided in note 15. As part of this financing transaction, the Corporation issued 16,723,807 warrants, each giving the holder the right to acquire one common share at an exercise price of $1.87 paid either in cash or in consideration of the lender's cancellation of an equivalent amount of the face value of the OID loan issued on July 31, 2014 (see note 15). The warrants expire on July 31, 2022. The value of the proceeds attributed to the warrants was $5,179. The issuance costs related to the warrants, in the amount of $96, has been recorded against the deficit. During the year ended December 31, 2014, 4,652,587 warrants were exercised resulting in cash proceeds of $752 and a transfer from warrants to share capital of $805.

As at December 31, 2015, the following warrants and rights, classified as equity, to acquire shares were outstanding:

Number	Expiry date		Exercise price
44,791,488	February 2017	$	0.47
1,000,000	September 2021		0.52
20,276,595	September 2021		0.77
16,723,807	July 2022		1.87
7,000,000	July 2022		3.00
89,791,890		$	1.00

c) Contributed surplus (share-based payments)

Stock options

The Corporation has established a stock option plan for its directors, officers and employees and service providers. The plan provides that the aggregate number of shares reserved for issuance at any time under the plan may not exceed 24,336,349 common shares and the maximum number of common shares, which may be reserved for issuance to any individual, may not exceed 5% of the outstanding common shares. The stock options issued under the plan may be exercised over a period not exceeding five years from the date they were granted. The vesting period of the stock options varies from immediate vesting to vesting over a period not exceeding 5 years. In some circumstances, the vesting of stock options may be conditional to attaining performance conditions. The vesting conditions are established by the Board of Directors on the grant date. The exercise price is based on the weighted average share price for the five business days prior to the grant.

(In thousands of Canadian dollars)

Changes in the number of stock options outstanding during the years ended December 31, 2015 and 2014 were as follows:

	2015		2014	
	Number	**Weighted average exercise price**	Number	Weighted average exercise price
Balance - beginning of year	**11,950,799**	**$ 0.45**	12,744,400	$ 0.22
Granted	**3,131,887**	**2.47**	2,742,281	1.20
Forfeited	**(61,435)**	**1.11**	(104,500)	1.08
Exercised	**(1,506,515)**	**0.33**	(3,380,332)	0.18
Expired	**(1,000)**	**0.12**	(51,050)	0.17
Balance - end of year	**13,513,736**	**$ 0.92**	11,950,799	$ 0.45

During the year ended December 31, 2015, 1,506,515 stock options were exercised resulting in cash proceeds of $497 and a transfer from contributed surplus to share capital of $320. During the year ended December 31, 2014, 3,380,332 stock options were exercised resulting in cash proceeds of $619 and a transfer from contributed surplus to share capital of $314. The weighted average share price on the date of exercise of the stock options during the year ended December 31, 2015 was $2.29 ($1.44 for the year ended December 31, 2014).

At December 31, 2015, stock 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 - $0.40	7,871,349	1.7	$ 0.23	6,314,799	$ 0.22
$0.88 - $2.10	2,685,685	3.5	1.23	1,241,102	1.19
$2.44 - $3.19	2,956,702	4.5	2.50	389,426	2.44
	13,513,736	2.7	$ 0.92	7,945,327	$ 0.48

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:

	2015	2014
Expected dividend rate	**-**	-
Expected volatility of share price	**63.13%**	74.35%
Risk-free interest rate	**0.76%**	1.49%
Expected life in years	**3.7**	4.7
Weighted average grant date fair value	**$ 1.14**	$ 0.76

The expected volatility was based on historical volatility of the common shares while the expected life was based on the historical holding patterns. The fair value of the grants is expensed over the vesting period on the assumption that between 2.8% to 5.0% (between 2.8% and 5.0% in 2014) of the unvested stock options will be forfeited annually over the service period.

A share-based payment compensation expense of $2,021 was recorded for the stock options for the year ended December 31, 2015 ($1,314 for the year ended December 31, 2014).

Restricted share units

The Corporation has established an equity-settled restricted share units plan for executive officers of the Corporation, as part of its incentive program designed to align the interests of its executives with those of its shareholders, and in accordance with its Long Term Incentive Plan. The RSUs only vest upon achievement of various important corporate and commercial objectives.

(In thousands of Canadian dollars)

The vesting conditions are established by the Board of Directors on the grant date and must generally be met within 3 years. Each vested RSU gives the right to receive a common share.

Changes in the number of RSUs outstanding during the years ended December 31, 2015 and 2014 were as follows:

	2015	2014
Balance - beginning of year	**9,920,000**	4,666,250
Granted	**4,048,039**	6,500,000
Released	**(6,098,922)**	(1,246,250)
Balance - end of year	**7,869,117**	9,920,000

The Corporation granted 4,048,039 RSU to management (the "2015-2017 RSU"). The grant date fair value of a 2015-2017 RSU is $1.71. A share-based payment compensation expense of $951 was recorded during the year ended December 31, 2015. At December 31, 2015, there were no vested RSU outstanding.

The Corporation granted 6,500,000 RSU to management (the "2014-2016 RSU") during the year ended December 31, 2014. The grant date fair value of a 2014-2016 RSU is $1.23. A share-based payment compensation expense of $3,822 was recorded during the year ended December 31, 2014. At December 31, 2014, 5,298,439 vested RSU were outstanding.

Share-based payment expense

The total share-based payment expense has been included in the consolidated statements of operations for the years ended December 31, 2015 and 2014 as indicated in the following table:

		2015		2014
Cost of goods sold	**$**	**40**	$	123
Research and development expenses recharged		**-**		89
Research and development expenses non-rechargeable		**1,244**		3,032
Administration, selling and marketing expenses		**1,688**		1,892
	$	**2,972**	$	5,136

17. Non-controlling interests

The shares of three of the Corporation's subsidiaries are partially held by non-controlling interests. The subsidiaries are ProMetic BioProduction Inc. (PBP), Pathogen Removal and Diagnostic Technologies Inc. (PRDT) and since May 8, 2014, NantPro. The Corporation held on December 31, 2015 and 2014, 87.0%, 77.0% and 73.0% of the ownership interests respectively.

Summarized financial information for PBP, PRDT and NantPro, which are considered to have a material non-controlling interest, for the years ended December 31, 2015 and 2014 is provided in the following tables. This information is based on amounts before inter-company eliminations.

(In thousands of Canadian dollars)

2015

Summarized statements of financial position

		PBP		PRDT		NantPro
Investment tax credits, receivables and other current assets	$	1,453	$	6	$	-
Fixed and intangible assets (non-current)		9,615		761		141,025
Trade and other payables (current)		(2,516)		(475)		-
Intercompany loans (non-current)		(33,898)		(15,683)		-
Total equity	$	(25,346)	$	(15,391)	$	141,025
Attributable to non-controlling interests	$	(1,787)	$	(4,309)	$	38,070

Summarized statements of operations

		PBP		PRDT		NantPro
Revenues or services rendered to other members of the group	$	6,826	$	549	$	-
Research and development activities recharged and non-rechargeable		(17,039)		(375)		(12,279)
Adminstration and other expenses		(2,629)		(1,580)		(40)
Net loss and comprehensive loss	$	(12,842)	$	(1,406)	$	(12,319)
Attributable to non-controlling interests	$	(1,670)	$	(821)	$	(3,333)

During the year ended December 31, 2015, PBP used $10,379 and $833 in cash for its operating and investing activities respectively and received $11,145 from financing activities.

2014

Summarized statements of financial position

		PBP		PRDT		NantPro
Investment tax credits, receivables and other current assets	$	1,516	$	4	$	-
Fixed and intangible assets (non-current)		9,071		676		141,000
Trade and other payables (current)		(1,285)		(320)		-
Intercompany loans (non-current)		(21,806)		(12,744)		-
Total equity	$	(12,504)	$	(12,384)	$	141,000
Attributable to non-controlling interests	$	(117)	$	(3,488)	$	38,070

Summarized statements of operations

		PBP		PRDT		NantPro
Revenues or services rendered to other members of the group	$	4,092	$	675	$	-
Research and development activities recharged and non-rechargeable		(10,481)		(424)		(8,836)
Adminstration and other expenses		(2,513)		(1,604)		(141)
Net loss and comprehensive loss	$	(8,902)	$	(1,353)	$	(8,977)
Attributable to non-controlling interests	$	(1,157)	$	(755)	$	(1,451)

During the year ended December 31, 2014, PBP used $9,693 and $2,408 in cash for its operating and investing activities respectively and received $12,177 from financing activities.

(In thousands of Canadian dollars)

The losses allocated to the non-controlling interests and the carrying amount of the non-controlling interest on the consolidated statement of financial position, per subsidiary are as follows:

		2015		2014
Consolidated statements of financial position :				
ProMetic BioProduction Inc.	**$**	**(1,787)**	$	(117)
Pathogen Removal and Diagnostic Technologies Inc.		**(4,309)**		(3,488)
NantPro Biosciences, LLC		**38,070**		38,070
Total non-controlling interests	**$**	**31,974**	$	34,465

		2015		2014
Consolidated statements of operations :				
ProMetic BioProduction Inc.	**$**	**(1,670)**	$	(1,157)
Pathogen Removal and Diagnostic Technologies Inc.		**(821)**		(755)
NantPro Biosciences, LLC		**(3,333)**		(1,451)
Total non-controlling interests	**$**	**(5,824)**	$	(3,363)

Between the date of acquisition of NantPro and December 31, 2014, the Corporation increased by 7.79% its interest in NantPro and consequently decreased the ownership of the non-controlling interest by the same, as a result of funding NantPro's activities and obtaining additional units during this period. The Corporation currently owns 73% of the equity units thus the maximum ownership it may acquire.

18. Capital disclosures

		2015		2014
Warrant liability	**$**	**-**	$	24,676
Long-term debt		**21,998**		23,244
Total equity		**145,327**		104,431
Cash		**(29,285)**		(27,102)
Total Capital	**$**	**138,040**	$	125,249

The Corporation's objective in managing capital is to ensure sufficient liquidity to finance its research and development activities, administration, selling and marketing expenses, working capital and overall expenditures on capital and intangible assets. The Corporation makes every effort to manage its liquidity to minimize dilution to its shareholders, whenever possible. The Corporation is subject to one externally imposed capital requirement (refer to note 15) and the Corporation's overall strategy with respect to capital risk management remains unchanged from the year ended December 31, 2014.

19. Revenues

		2015		2014
Revenues from the sale of goods	**$**	**21,424**	$	10,815
Revenues from the rendering of services		**1,771**		4,788
Milestone and licensing revenues		**1,339**		7,407
	$	**24,534**	$	23,010

(In thousands of Canadian dollars)

20. Loss on extinguishment of liabilities

The following table represent the details of loss on extinguishment of liabilities for the year ended December 31, 2015 ($nil for the year ended December 31, 2014).

		2015
Loss on extinguishments of debt (note 15)	$	7,725
Loss on reclassification of warrant liability to equity (note 14)		1,867
	$	9,592

21. Information included in the consolidated statements of operations

		2015		2014
a) Government assistance included in research and development				
Gross research and development expenses	**$**	**51,570**	$	37,395
Research and development tax credits		**(1,320)**		(1,435)
	$	**50,250**	$	35,960
b) Finance costs				
Interest on long-term debt	**$**	**2,732**	$	3,011
Other interest expense, transaction and bank fees		**496**		59
Interest income		**(374)**		(310)
	$	**2,854**	$	2,760
c) Wages and salaries				
Wages and salaries	**$**	**23,605**	$	16,339
Employer's benefits		**4,536**		3,698
Share-based payments		**2,972**		5,136
Total employee benefit expense	**$**	**31,113**	$	25,173

22. Pension plan

The Corporation contributes to a defined contribution pension plan for all of its permanent employees. The Corporation matches most employees' contributions up to 5% (5% in 2014) of their annual salary. The Corporation's contributions for the year ended December 31, 2015 amounted to $847 ($601 in 2014).

23. Government assistance

The Corporation has received government grants from the Isle of Man Government relating to operating and capital expenditures to be incurred by the Corporation and are disbursed to the Corporation when such expenditures are made.

The Isle of Man Government reserves the right to reclaim in part or all of the grants received should the Corporation leave the Isle of Man according to the following schedule – 100% repayment within five years of receipt, then a sliding scale after that for the next 5 years – 6 years 80%, 7 years 60%, 8 years 40%, 9 years 20%, 10 years 0%.

(In thousands of Canadian dollars)

If the Corporation were to cease operations in the Isle of Man as December 31, 2015, it would be required to repay $1,657 in relation to grants received in the past amounting to $1,895. No provision has been made in these consolidated financial statements for any future repayment relating to the above agreement.

24. Gain on settlement of litigation

As a result of a settlement of the litigation with a third party supplier, ProMetic Biosciences Limited recovered during 2014, $375 related to lost profits in 2012 when a supplier incorrectly labelled raw materials which resulted in lost sales to a third party. In addition to this, the Corporation also received compensation for other expenses incurred in the amount of $90 resulting in the recognition of a gain on settlement of litigation totaling $465.

25. Income taxes

The income tax recovery reported in the consolidated statement of operations for the years ended December 31, 2015 and 2014 are as follows:

		2015		2014
Current income taxes	**$**	**2**	$	215
Deferred income taxes		**(5,141)**		(3,271)
	$	**(5,139)**	$	(3,056)

The following table provides a reconciliation of the income tax recovery calculated at the combined statutory income tax rate to the income tax recovery recognized in the consolidated statements of operations:

		2015		2014
Net loss before income taxes	**$**	**(61,924)**	**$**	(480)
Combined Canadian statutory income tax rate		**26.9%**		26.9%
Income tax at combined income tax rate		**(16,658)**		(129)
Increase (decrease) in income taxes resulting from:				
Unrecorded potential tax benefit arising from current-period losses and other deductible temporary differences		**19,220**		6,385
Effect of tax rate differences in foreign subsidiaries		**2,763**		(1,124)
Non-deductible or taxable items		**(148)**		5,046
Loss on conversion of warrants from debt to equity		**502**		-
Loss on extinguishment of debt		**1,627**		-
Recognition of previous years unrecognized deferred tax assets		**(12,336)**		-
Purchase gains on business combinations		**(111)**		-
Gain on investment in an associate		**-**		(9,247)
Gain on acquisition of additional interest in NantPro		**-**		(3,984)
Other		**2**		(3)
	$	**(5,139)**	**$**	(3,056)

(In thousands of Canadian dollars)

The following table presents the nature of the deferred tax assets and liabilities that make up the deferred tax assets and deferred tax liabilities balance at December 31, 2015 and 2014.

	Intangible assets	Capital assets	Losses	Other	Total
As at January 1, 2014	$ -	$ 168	$ (447)	$ 279	$ -
Charged (credited) to profit or loss	-	1,110	(5,380)	998	(3,272)
Acquired in business combination	36,150	-	-	-	36,150
Recognized in equity	4,319	-	-	-	4,319
As at December 31, 2014 -					
Deferred tax liabilities	**$ 40,469**	**$ 1,278**	**$ (5,827)**	**$ 1,277**	**$ 37,197**
Charged (credited) to profit and loss	**(74)**	**(1,268)**	**(3,365)**	**(1,544)**	**(6,251)**
Acquired in business combination	**212**	**-**	**-**	**-**	**212**
As at December 31, 2015	**$ 40,607**	**$ 10**	**$ (9,192)**	**$ (267)**	**$ 31,158**
Comprised of the following :					
Deferred tax assets	**-**	**(10)**	**64**	**271**	**325**
Deferred tax liabilities	**$ 40,607**	**$ -**	**$ (9,128)**	**$ 4**	**$ 31,483**

Available temporary differences not recognized at December 31, 2015 and 2014 are as follows:

	2015	2014
Tax losses (non capital)	**$ 129,070**	$ 131,327
Tax losses (capital)	**33,962**	37,546
Unused research and development expenses	**29,939**	29,109
Undeducted financing expenses	**7,108**	3,385
Interest expenses carried forward	**8,432**	6,009
Capital assets	**448**	1,490
Intangible assets	**108**	2,310
Start-up expense	**6,629**	6,191
Other	**1,024**	696
	$ 216,720	$ 218,063

At December 31, 2015, the Corporation has non-capital losses of $179,917 of which $129,070 are available to reduce future taxable income for which the benefits have not been recognized. These losses expire at various dates from 2022 to 2035. The Corporation also has capital losses of $33,962 and unused research and development expenses of $29,939 that are available to reduce future taxable income for which the benefits have not been recognized. These tax attributes can be carried forward indefinitely. If the Corporation were to recognize all deferred tax assets, profit would increase by $62,746.

At December 31, 2015, the Corporation also had unused federal tax credits available to reduce future income tax in the amount of $9,032 expiring between 2020 and 2035. Those tax credits have not been recorded and no deferred income tax assets have been recorded in respect to those tax credits.

(In thousands of Canadian dollars)

The unused non-capital losses expire as indicated in the table below:

	Canada		Foreign
At December 31, 2015	Federal	Provincial	Countries
Losses carried forward expiring in:			
2022	-	-	2,007
2023	-	-	3,262
2024	-	-	4,386
2025	-	-	3,427
2026	-	-	3,295
2027	-	-	11,410
2028	3,510	3,495	11,824
2029	-	-	4,613
2030	107	137	10,991
2031	1,024	1,024	10,424
2032	897	897	1,963
2033	4,318	4,078	2,354
2034	16,064	16,059	14,270
2035	18,263	17,754	29,472
	$ 44,183	$ 43,444	$ 113,698

At December 31, 2015, the Corporation also has tax losses which arose in the United Kingdom of $22,037 that are available to reduce future taxable income for which benefits have not been recognized. These tax attributes can be carried forward indefinitely.

26. 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 denominators used to calculate diluted earnings (loss) per share for the years presented were calculated as follows:

	2015	2014
Denominator		
Weighted average number of shares outstanding - basic	**570,848,879**	530,422,168
Adjusted for the assumed exercise of:		
Warrants and rights	**-**	34,566,304
Stock options	**-**	9,564,174
Restricted stock units	**-**	3,542,918
Weighted average number of shares outstanding - diluted	**570,848,879**	578,095,564

No adjustments were required to the numerators.

27. Segmented information

The Corporation has two operating segments which are Small Molecule Therapeutics and Protein Technology.

Small MoleculeTherapeutics: This operating segment is a small molecule drug discovery business. It 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^{TM}).

(In thousands of Canadian dollars)

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.

Corporate: The Corporate results include the activities and the related expenses pertaining to public entity reporting obligations, investor relations, financing and other corporate office activities.

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 Corporate.

a) Revenues and expenses by operating segments

For the year ended December 31, 2015	Small Molecule Therapeutics	Protein Technology	Corporate	Total
Revenues	$ -	$ 24,534	$ -	$ 24,534
Costs of goods sold	-	8,219	-	8,219
Research and development expenses recharged	-	861	-	861
Research and development expenses non-rechargeable	9,275	40,114	-	49,389
Administration, selling and marketing expenses	1,646	6,336	8,593	16,575
Loss (gain) on foreign exchange	7	7,034	(9,119)	(2,078)
Finance costs	591	1,972	291	2,854
Fair value variation of warrant liability	-	-	1,458	1,458
Loss on extinguishment of liabilities	-	-	9,592	9,592
Purchase gain on business combination	-	(412)	-	(412)
Net loss before income taxes	$ (11,519)	$ (39,590)	$ (10,815)	$ (61,924)

For the year ended December 31, 2014	Small Molecule Therapeutics	Protein Technology	Corporate	Total
Revenues	$ 13	$ 22,997	$ -	$ 23,010
Costs of goods sold	-	7,015	-	7,015
Research and development expenses recharged	-	3,021	-	3,021
Research and development expenses non-rechargeable	7,523	25,416	-	32,939
Administration, selling and marketing expenses	279	3,610	8,256	12,145
Loss (gain) on foreign exchange	(3)	2,518	(2,617)	(102)
Finance costs	519	1,368	873	2,760
Fair value variation of warrant liability	-	-	15,365	15,365
Gain on revaluation of equity investment	-	(34,376)	-	(34,376)
Purchase gain on business combination	-	(14,812)	-	(14,812)
Gain on settlement litigation	-	(465)	-	(465)
Net earnings (loss) before income taxes	$ (8,305)	$ 29,702	$ (21,877)	$ (480)

Segmented information by operating segment

b) Total assets

	2015	2014
Small Molecule Therapeutics	**$ 5,152**	$ 3,351
Protein Technology	**184,167**	172,965
Corporate	**25,969**	27,127
	$ 215,288	$ 203,443

(In thousands of Canadian dollars)

c) Capital and intangible assets

		2015		2014
Small Molecule Therapeutics	**$**	**2,958**	$	2,492
Protein Technology		**163,481**		156,986
Corporate		**941**		469
	$	**167,380**	$	159,947

d) Acquisition of capital and intangible assets

		2015		2014
Small Molecule Therapeutics	**$**	**768**	$	600
Protein Technology		**8,133**		146,470
Corporate		**352**		342
	$	**9,253**	$	147,412

e) Total liabilities

		2015		2014
Small Molecule Therapeutics	**$**	**1,254**	$	1,849
Protein Technology		**44,486**		47,372
Corporate		**24,221**		49,791
	$	**69,961**	$	99,012

Information by geographic area

f) Total assets by geographic area

		2015		2014
Canada	**$**	**42,208**	$	41,419
United States		**147,043**		151,479
United Kingdom		**26,037**		10,545
	$	**215,288**	$	203,443

g) Capital and intangible assets by geographic area

		2015		2014
Canada	**$**	**12,382**	$	12,198
United States		**145,525**		144,283
United Kingdom		**9,473**		3,466
	$	**167,380**	$	159,947

h) Acquisition of capital and intangible assets by geographic area

		2015		2014
Canada	**$**	**3,971**	$	3,510
United States		**1,666**		142,321
United Kingdom		**3,616**		1,581
	$	**9,253**	$	147,412

(In thousands of Canadian dollars)

i) Revenues by location

		2015		2014
Switzerland	**$**	**10,237**	$	3,795
United States		**6,321**		5,126
Russia		**678**		6,856
Austria		**4,399**		5,465
Netherlands		**485**		981
Taiwan		**1,339**		551
Other countries		**1,075**		236
	$	**24,534**	$	23,010

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

The Corporation derives significant revenues from certain customers. During the year ended December 31, 2015, there were three customers who accounted for 69% (11%, 18% and 40%, respectively) of total revenues in the Protein Technologies segment. During the year ended December 31, 2014, there were three customers (one of them being NantPro) who accounted for 69% (16%, 23% and 30%, respectively) of total revenues in the Protein Technologies segment.

28. Related party transactions

Balances and transactions between the Corporation and its subsidiaries, which are related parties of the Corporation, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Corporation and other related parties are disclosed below and in other notes accordingly to the nature of the transactions. These transactions have been recorded at the exchange amount, meaning the amount agreed to between the parties.

During the year ended December 31, 2015, interest revenues in the amount of $18 ($19 for the year ended December 31, 2014) were recorded on the share purchase loan to an officer and included in interest receivable on loan to an officer.

29. Compensation of key management personnel

The Corporation's key management personnel comprises the external directors and the majority of the management team. The remuneration of the key management personnel during the years ended December 31, 2015 and 2014 was as follows:

		2015		2014
Short-term employee benefits [(1)]	**$**	**4,231**	$	3,292
Pension costs		**176**		115
Share-based payments		**2,009**		4,455
	$	**6,416**	$	7,862

[(1)] Short-term employee benefits include all fees paid to directors and to certain senior management employees such as salaries, bonuses and the cost of other employee benefits.

30. Contingencies

During the year ended December 31, 2012, the Corporation was served with a lawsuit in the Federal Court of Canada (Court) relating to a claim for infringement of two Canadian issued patents held by a third party plaintiff, GE Healthcare Biosciences AB. The Corporation instructed outside legal counsel to prepare, serve and file a statement of defence on the infringement claims, in addition to a counterclaim requesting that the Court declare both patents invalid and unenforceable. The statement of defence was filed in August 2012. The Corporation received a reply and defence to its counterclaim from the plaintiff in November 2012.

(In thousands of Canadian dollars)

The proceedings are following their normal course and a court hearing is scheduled for November 2016. Since the plaintiff has claimed unspecified damages and none of the allegations in the claim provide any information as to the basis upon which the plaintiff would be claiming monetary compensation and on the basis that the Corporation does not believe that this claim will be successful, the Corporation has not recorded a provision in the consolidated financial statements.

31. Commitments

CMO Lease

In May 2015, the Corporation signed a long-term manufacturing contract with a third party which provides the Corporation with additional manufacturing capacity ("the CMO contract"). The payments under the CMO contract cover the use of the production facility, a specified number of direct and indirect labour hours and the related overhead expense during a minimum of 20 weeks per year, over a 15-year term. The term of the agreement will be automatically extended after the initial term for successive terms of five years, unless a notification of termination is produced by one of the parties. The annual minimum payments under the agreement are subject to escalation annually calculated as the greatest of 3% or the Industrial Product Price / Pharmaceutical and Medicine Manufacturing index under the North American Industry Classification System. The annual payments are also subject to an adjustment calculated as 50% of the exchange rate between the U.S. dollar and the Canadian dollar at December 31st of each year.

The following table represent the future minimum operating lease payment as of December 31, 2015:

	within 1 year	2 - 5 years	Later than 5 years	Total
Future minimum operating lease payment	$ 3,269	$ 14,087	$ 39,984	$ 57,340

The above payments include non-lease elements pertaining to the arrangement as it was impracticable to separate the operating expenses from the lease payment. The operating lease expense recognised in the consolidated statements of operations for the CMO contract was $2,786 for the year ended December 31, 2015.

Other Leases

The Corporation has total commitments in the amount of $27,601 under various operating leases for the rental of offices, production plant, laboratory space and office equipment. The payments for the coming years and thereafter are as follows:

2016	4,041
2017	3,879
2018	3,631
2019	3,206
2020 and thereafter	12,844
	$ 27,601

The operating lease expense recognised in the consolidated statements of operations was $3,299 for the year ended December 31, 2015 ($2,398 for the year ended December 31, 2014).

Royalties

In April 2006, the Corporation entered into an agreement with the American Red Cross for an exclusive license to use intellectual property rights relating to the Plasma Protein Purification System ("PPPS"). As per the agreement, ProMetic could pay a royalty to the American Red Cross in addition to an annual minimum royalty of US$30,000 to maintain the license

(In thousands of Canadian dollars)

A company owned by an officer of the Corporation is entitled to receive a royalty of 0.5% on net sales and 3% of license revenues in regards to certain small-molecule therapeutics commercialized by the Corporation. To date, no royalties have been accrued or paid.

In the normal course of business, the Corporation enters into license agreements for the market launching or commercialization of products. Under these licenses, including the one mentioned above, the Corporation has committed to pay royalties ranging generally between 0.5% and 15.5% of net sales from products it commercializes.

Other commitments
In connection with the CMO contract, the Corporation has committed to a minimum spending between $4,245 and $9,000 each year from 2016 to 2030 (the end of the initial term). As of December 31, 2015, the remaining payment commitment under the CMO contract was $113 million or $56 million after deduction of the minimum lease payments under the CMO contract disclosed above.

The Corporation may be required under a license agreement to make future payments depending on the achievement of the multiple milestones for a total amount of US$4.25 million. In addition, the Corporation has committed to make payments of US$250,000 per quarter, under a research service agreement, until November 2018 for a total of US$2.75 million in future payments as at December 31, 2015.

The Corporation has entered into a plasma purchase agreement whereby it has committed to purchase varying volumes of plasma between January 1, 2016 and December 31, 2020. As at December 31, 2015, this represented a commitment of $56.9 million in aggregate.

32. Financial instruments and financial risk management

a) Fair value

The fair values of financial assets and financial liabilities for which fair value disclosure is required, together with the carrying amounts included in the statement of financial position, are as follows:

	2015		2014	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets				
Cash	**$ 29,285**	**$ 29,285**	$ 27,102	$ 27,102
Restricted cash	**180**	**180**	151	151
Financial liabilities				
Advance on revenues from a supply agreement	**2,585**	**2,585**	3,191	3,191
Warrant liability	**-**	**-**	24,676	24,676
Long-term debt	**21,998**	**16,976**	23,244	24,633

The warrant liability was carried at fair value prior to the modification made to the Second Warrants on May 13, 2015, and the methodology used is discussed in note 14. The fair value of the long-term debt at December 31, 2015 is $4,511 for the OID loan with a face value of $11,331 maturing on July 31, 2022 and $12,465 for the OID loan with a face value of $31,306 maturing on July 31, 2022 was calculated using the same methodology as disclosed in note 15 and a market interest rate of 15.01%. This amount differs from the carrying value of the long-term debt of $21,998 which is carried at amortized cost.

The fair value of the supply agreement approximates the carrying amount since the loan bears interest at a fixed rate of interest approximating market rates for this type of advance.

The acquisition date fair value of the available-for-sale financial assets acquired during the year ended December 31, 2015, in the form of common shares of a private company, that were obtained in exchange for future services to be rendered by the Corporation was determined based on another recent financing transaction concluded by the issuing entity with other parties.

Fair value hierarchy

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – valuation based on quoted prices observed in active markets for identical assets or liabilities.

Level 2 – valuation techniques based on inputs that are quoted prices of similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; inputs other than quoted prices used in a valuation model that are observable for that instrument; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – valuation techniques with significant unobservable market inputs.
A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

Cash and restricted cash are considered to be level 1 fair value measurements, the long-term debt, the available-for-sale financial assets and advance on revenues are level 2 measurements, whereas the warrant liability was considered a level 3 measurement.

b) 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, investments, 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. As at December 31, 2015 and 2014, the allocation of the trade receivables based on aging is indicated in the following table:

(In thousands of Canadian dollars)

		2015		2014
Trade receivables				
Current and not impaired	**$**	**2,222**	$	8,121
Past due in the following periods:				
31 to 60 days		**143**		167
61 to 90 days		**1,456**		11
Over 90 days		**443**		149
Allowance for doubtful accounts - over 90 days		**-**		-
	$	**4,264**	$	8,448

Trade receivables included amounts from four customers which represent approximately 85% (32%, 24%, 15% and 14% respectively) of the Corporation's total trade accounts receivable as at December 31, 2015 and two customers which represent approximately 93% (11% and 82% respectively) of the Corporation's total trade accounts receivable as at December 31, 2014.

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.

The following table presents the contractual maturities of the financial liabilities as of December 31, 2015.

			Contractual Cash flows		
At December 31, 2015	**Carrying amount**	**Payable within 1 year**	**2 - 3 years**	**More than 5 years**	**Total**
Trade and other payables	$ 11,044	$ 11,044	$ -	$ -	$ 11,044
Advance on revenues from a supply agreement	2,585	424	2,320	-	2,744
Long-term debt *	21,998	-	-	42,637	42,637
	$ 35,627	$ 11,468	$ 2,320	$ 42,637	$ 56,425

* Under the terms of the long-term debt, the holder of Second, Third and Fourth Warrants (see notes 15 and 16) may decide to cancel a portion of the face values of the OID loans as payment upon the exercise of these warrants. The maximum repayment due on these loans has been included in the above table.

This table only covers liabilities and obligations, and does not anticipate any of the income associated with assets or rights.

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 or a fixed amount including interest. Therefore there is limited exposure to changes in interest payments as a result of 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 are in U.S dollars and in Great British Pounds ("GBP"). 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 relating to the expenditures. Financial instruments potentially exposing the Corporation to foreign exchange risk consist principally of cash, receivables, trade and other payables, and advance on revenues from a supply

(In thousands of Canadian dollars)

agreement. The Corporation manages foreign exchange risk by holding foreign currencies to support forecasted cash outflows in foreign currencies.

As at December 31, 2015 and 2014, the Corporation was exposed to currency risk through the following assets and liabilities denominated respectively in U.S. dollars and GBP:

	2015		2014	
Exposure in US dollars	**Amount due in US dollar**	**Equivalent in full CDN dollar**	amount due in US dollar	Equivalent in full CDN dollar
Cash	**1,795,463**	**2,484,921**	605,507	702,449
Accounts receivable	**2,940,423**	**4,069,546**	6,798,339	7,886,753
Trade and other payables	**(2,259,602)**	**(3,127,289)**	(2,443,195)	(2,834,350)
Net exposure	**2,476,284**	**3,427,178**	4,960,651	5,754,852

	2015		2014	
Exposure in GBP	**Amount due in GBP**	**Equivalent in full CDN dollar**	Amount due in GBP	Equivalent in full CDN dollar
Cash	**1,816,600**	**3,707,136**	138,845	250,907
Accounts receivable	**415,694**	**848,307**	1,358,577	2,455,084
Trade and other payables	**(947,637)**	**(1,933,843)**	(913,105)	(1,650,072)
Advance on revenues from a supply agreement	**(1,059,000)**	**(2,161,101)**	(1,766,372)	(3,192,010)
Net exposure	**225,657**	**460,499**	(1,182,055)	(2,136,091)

Based on the above net exposures as at December 31, 2015, and assuming that all other variables remain constant, a 10 % depreciation or appreciation of the Canadian dollar against the U.S. dollar would result in a decrease or an increase of the consolidated net profit of approximately $343 while a 10 % depreciation or appreciation of the Canadian dollar against the GBP would result in a decrease or an increase of the accumulated other comprehensive income of approximately $46. The Corporation has not hedged its exposure to currency fluctuations.

At December 31, 2015, the Corporation holds a receivable in Taiwan dollars (“TWD”) in the amount of 24,554,000 TWD which is the equivalent of $1,031 (2014 – 24,554,000 TWD for $901). Assuming that all other variables remain constant, a 10 % depreciation or appreciation of the Canadian dollar against the TWD would result in a decrease or an increase of the consolidated net profit of approximately $103.

33. Comparative information

Certain of the December 31, 2014 figures have been reclassified to conform to the current year’s presentation.

34. Subsequent event

On February 29, 2016, the Corporation and the holder of the long-term debt entered into an agreement whereby the Corporation received $30 million in cash in consideration for the issuance of 11,793,380 warrants with an exercise price of $4.70 per warrant and expiring July 31, 2022, and increasing the face value of one of the OID loans maturing on July 31, 2022, from $11,331 to $61,704. The Corporation is currently assessing the accounting treatment of this transaction.

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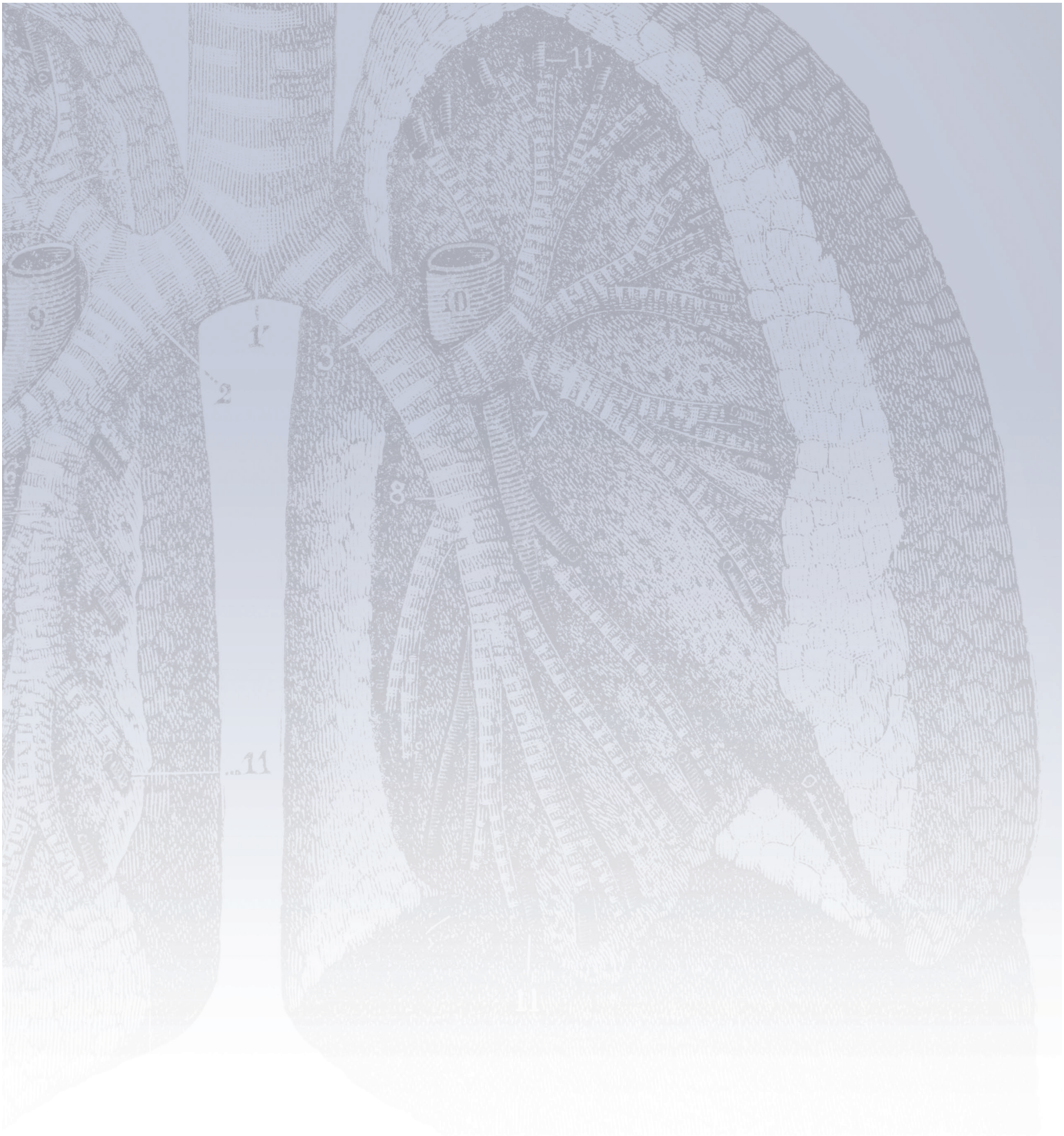

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