2002-2003 Annual Report

HÉMA-QUÉBEC

Give blood. Give life.

HÉMA-QUÉBEC

MISSION

Efficiently provide adequate quantities of safe, top-quality blood components and substitutes to meet the needs of all Quebeckers; provide and develop expertise, services, along with specialized and innovative products in the fields of transfusion medicine and human tissue transplantation.

VISION

Becoming the North American leader in its field by 2005.

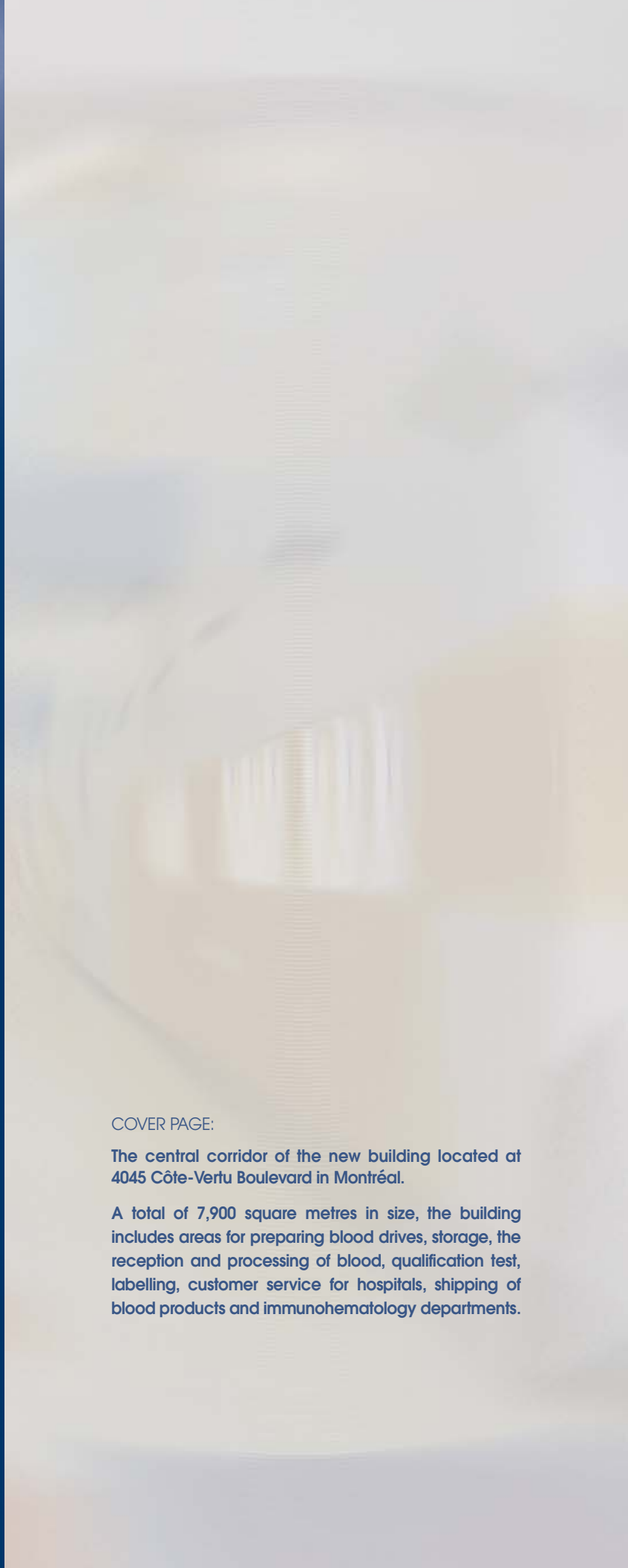
VALUES

Authenticity and transparency

Solving problems at the source

Getting it right the first time

Always think “customer”



COVER PAGE:

The central corridor of the new building located at 4045 Côte-Vertu Boulevard in Montréal.

A total of 7,900 square metres in size, the building includes areas for preparing blood drives, storage, the reception and processing of blood, qualification test, labelling, customer service for hospitals, shipping of blood products and immunohematology departments.

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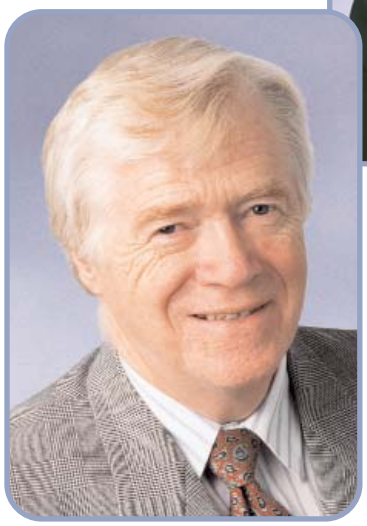
Message

from the Executive Director and the Chairman of the Board



In the healthcare industry, the first few years of the 21st century are being distinguished by the emergence of new illnesses giving rise to a great deal of public anxiety. For this reason, more than ever, the safety of blood products is at the heart of all Héma-Québec decisions and actions.

In the following pages, you will find the highlights of the activities of the organization for 2002–2003, a period marked by a great number of changes, improvements and innovations.

The entire Héma-Québec team—board members, managers, employees and volunteers—devotes itself to fulfilling our mission. We are proud to say that not only have we achieved the activities inherent to the quality of the products we manufacture, but we were also prepared to meet the needs of hospitals—needs which are constantly evolving.

As you will be able to see, 2002–2003 for Héma-Québec stood out for the introduction of numerous new safety measures including several which are firsts for North American blood product suppliers. For example, we introduced the PRISM® high precision technology, which allows us to increase the volume, efficiency and speed of tests used to screen for antibodies of certain viruses and viral antigens while reducing nonconformities. We also introduced the bypass pouch to the blood collection procedure, an innovation that reduces the risk of bacterial infection for the recipient.

With regard to the West Nile virus, which is expected to hit during the summer, we first built up a safe stock of plasma over the winter, which will be distributed to hospitals as needed during summer 2003. The most important measure taken, however, will be the introduction of a new screening test for this infection that will be carried out on all blood donations.

As for Variant Creutzfeldt-Jakob Disease, we organized a conference at which international experts recommended criteria for the eventual introduction of a test to screen for this illness.

Created in September 1998, Héma-Québec is still in full development mode. We have to plan for the future, build and adapt. There are numerous challenges ahead of us, and it is important to anticipate them. This very eventful period places heavy demands on all members of the team. We have to learn together and gain from our experiences.

The year 2002–2003 also marked Héma-Québec's signature of the first collective agreements in its history. These long-term agreements (up to six years in length), signed with four of its nine unions, introduce a new era in relations with our employees, one we want to be stable and harmonious.

In addition, Héma-Québec continued to maintain excellent relations with its volunteers, notably by crisscrossing Québec to attend information meetings about our activities and projects.

Héma-Québec intends to forge ahead in order to attain its vision of being recognized as the North American leader in its field in 2005. Its new laboratories in Montréal, opened in 2002–2003, are already considered to be among the most modern blood facilities.

The year 2003–2004 is shaping up to be just as busy, and we are tackling it with enthusiasm.

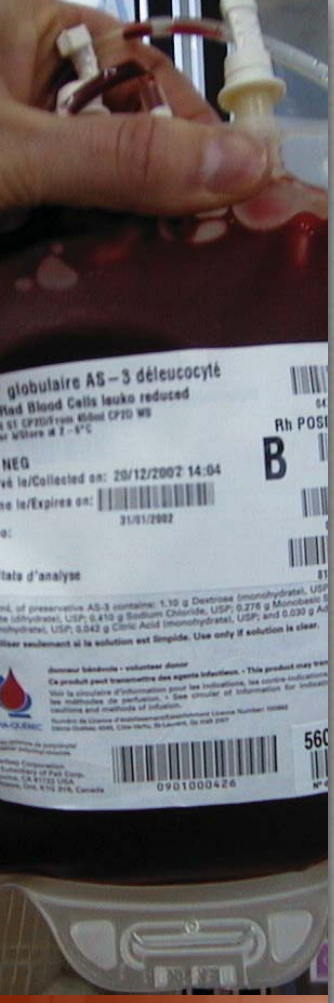
More than ever at the leading edge of technology, Héma-Québec intends to pursue its work by equipping itself with the necessary tools to ensure a safe supply of blood products.

Thank you to the entire team for enabling Héma-Québec to accomplish its mission and participate in the well-being of Quebeckers.

Dr. Francine Décary
Executive Director

Claude Pichette
Chairman

"The year 2002–2003 was highlighted by the introduction of numerous new safety measures."



Operations

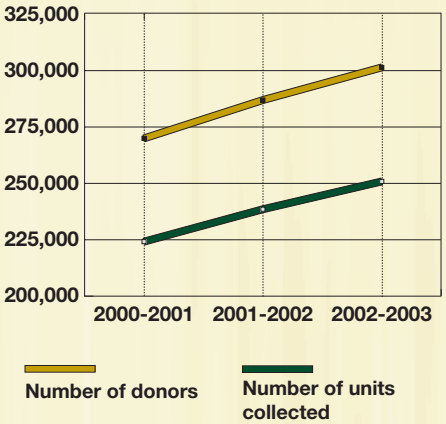
The majority of Héma-Québec's 1265 employees (including 850 full-time staff members) work in the Operations division. This group of employees is responsible for ensuring a continuous and high quality blood product supply to Québec's hospitals.

This objective was met once again in 2002–2003. During this period, Héma-Québec welcomed 301,421 donors to its permanent facilities and mobile blood donor clinics.

NUMBER OF BLOOD DONOR CLINICS

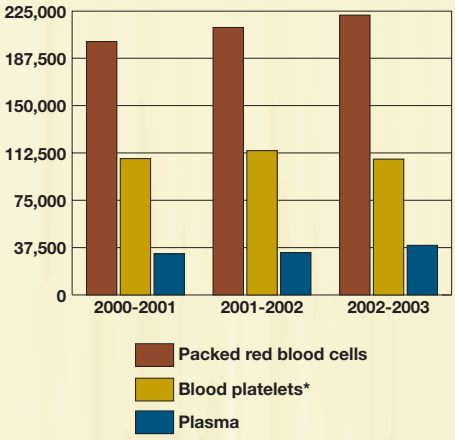
Through the generosity of our the donors—including 24,002 new donors—some 250,861 bags of blood were collected, meeting the increased demand by hospitals (a 4.6% increase over last year) and boost the inventory from a four to a six-day supply of blood to ensure an adequate stock to deal with emergency situations.

NUMBER OF UNITS COLLECTED AND NUMBER OF DONORS



Héma-Québec delivered 400,357 labile blood products to Québec hospitals during this period, including 221,659 units of packed red blood cells.

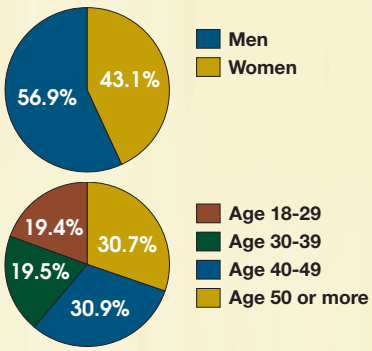
DELIVERIES TO HOSPITALS



* Including the equivalent in platelets (thrombapheresis)

By gathering a few statistics, we learned that the majority of blood donors are male, aged 40 and older. The average number of donations varies depending on the type of donation made.

DONOR STATISTICS



	2000-2001	2001-2002	2002-2003
Allogeneic	1.35	1.53	1.59
Plasmapheresis	7.20	7.07	8.35
Thrombapheresis	2.46	2.73	5.45

In 2002–2003, the Operations division organized more than 20 information sessions with our blood drive organizers across Québec to inform them about Héma-Québec's activities and projects. Through the sessions, personal relationships were established with these partners. The Operations division also explored new methods for blood collection in order to implement a more efficient supply strategy beginning in 2003–2004.

Client service is one of the four basic values of Héma-Québec. With this in mind, the Operations division continued the preparation of the "Positive Blood Donation Experience" project. The goal of this project is to completely overhaul the entire process leading up to the donation itself: familiarizing Héma-Québec staff with the project, modernizing and improving our facilities, researching and testing new equipment and tools, studying the serviceability of mobile clinics, managing traffic flow, developing new signage and improving the human aspect of the donation process. This project will be continued in 2003–2004.

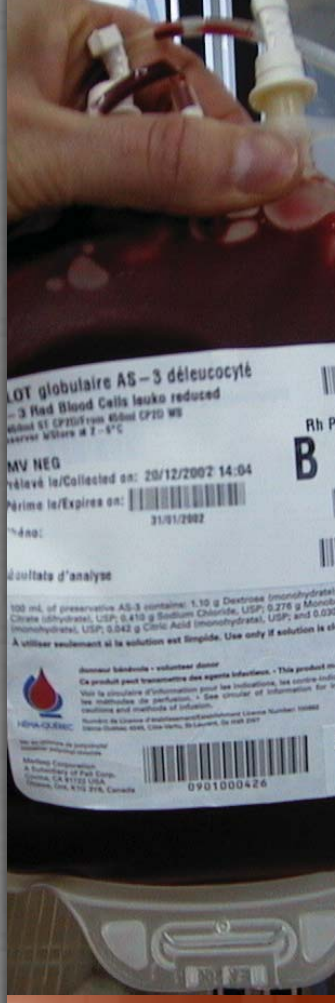
In February 2003, Héma-Québec became the first organization in North America to use a bypass pouch during the blood collection process. This innovation is used to supply blood of even higher quality to hospitals. Since the needle's contact with the skin is a source of bacterial contamination in spite of adequate disinfection, the first 42 millilitres of blood extracted from a donor will now be routed to a bypass pouch rather than the blood bag destined for hospitals. The Operations division supervised the implementation of an operational procedure and a training program to familiarize Héma-Québec employees with this new method of work.

In May 2002, over a period of three weekends, the Operations division supervised the smooth transition and continuity of service of all of Héma-Québec's operational units during their move to the new Montréal facility. Héma-Québec took advantage of this move to implement a major technological change for its viral markers. Up until the move, two technologies were available for the systematic testing of five communicable disease markers. In May 2002, Héma-Québec became the first North American blood-product supplier to use the new PRISM® high precision technology.

PRISM is a continuous feed apparatus that can carry out simultaneously four of the five virus-detection tests used for HIV, HCV, HBV and HTLV, allowing to drastically improve the volume, efficiency and rapidity of the tests. Since this fully automated system conducts a number of operations that were handled manually in the past, it has led to a significant reduction in nonconformities with good manufacturing practices (GMP).

In November 2002, one procedure previously conducted by an external laboratory—nucleic acid testing (NAT)—was taken over completely by Héma-Québec. In order to conduct these tests, five environmentally controlled rooms were built in the new Montréal facilities. These tests, which detect HIV and the hepatitis C (HVC) virus, reduce the time between the onset of the infection and the moment when the viruses can be detected.

Also of note, on October 18, 2002, Héma-Québec was a finalist at the *Salon sur les meilleures pratiques d'affaires sponsored* by Mouvement Qualité Québec. The Operations division presented the "Operation TRANS/FUSION" project, which involved the transfer of the human resources and materials from 3131 Sherbrooke Street East and 1619 Trans-Canada Highway to 4045 Côte-Vertu Boulevard, and explained how this move was optimized. The Operations division also contributed to Héma-Québec's influence by participating in the *Abbott PRISM, the Proven Solution, AABB 2002 International Interviews* video produced by Abbott Laboratories.



Today,

Mark's

life is back
on track.

14 TRANSFUSIONS

Medical Affairs

The Medical Affairs division, and its 77 employees, is the heart of Héma-Québec's scientific and technical expertise upon which the other departments can rely. It also includes an operational activities component.

A team of nurses and technicians is responsible for notifying and consulting with donors who tested positive for an infectious marker, studies of previous donations in relation to products that were possibly contaminated and investigations of potential post-transfusion infections.

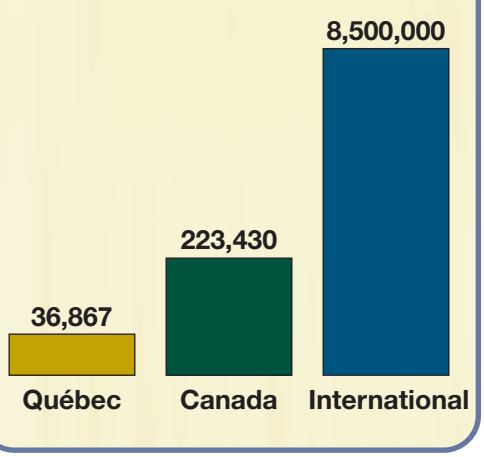
This division is also in charge of the laboratories that supply specialized products and services to hospitals, including phenotyped and/or washed blood, the reference service for complex cases of red blood cell and platelet in the hospital environment, the rare blood bank and the cryopreservation of hematopoietic stem cells for future transplants. Another team is in charge of recruiting bone marrow donors.

In 2002–2003, the Medical Affairs division responded to 6,890 requests for phenotyped blood by supplying 11,833 units. It also distributed 1,489 units of washed and packed red blood cells, conducted special analyses for 1,178 hospitalized patients and conducted human leukocyte antigen (HLA) tests on the surface proteins of the white blood cells of approximately 115 patients needing a bone marrow transplant. Some 2,440 new donors were added to the Unrelated Bone Marrow Donor Registry in 2002–2003, raising the number of registered Québec donors to a total of 36,687.

Very little data exists on what motivates blood donors. Héma-Québec's epidemiological unit launched two projects dealing with this subject in 2002–2003. The first project is being carried out in collaboration with the Retrovirus Epidemiology Donor Study (REDS) group from the United States, and the second is being conducted in concert with Université Laval in Québec City. The results of these studies will be available in 2003–2004.

In January 2003, Héma-Québec announced the creation of a public umbilical cord blood bank in collaboration with Hôpital Sainte-Justine and St. Mary's Hospital Center. Harvested from the umbilical cord and the placenta, cord blood allows for medullary transplants in patients suffering from potentially fatal diseases. Children waiting for bone marrow transplants will thereby have increased access to cord blood transplants.

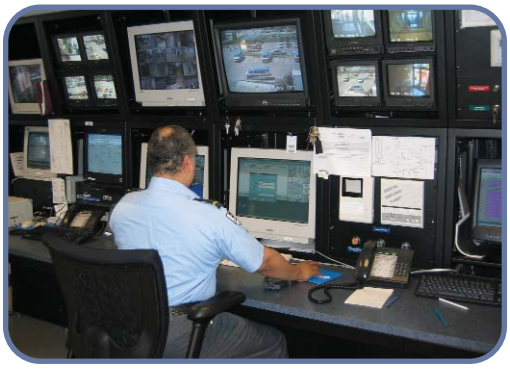
NUMBER OF REGISTRANTS IN THE UNRELATED BONE MARROW DONOR REGISTRY



Finance and Administration

The Finance and Administration division employs approximately 60 employees and has five departments. Its role is to ensure the financial health of the organization through its management of budgets, cash position, accounting and purchases and is responsible for the administration of stable products. It also supports Héma-Québec's other divisions by looking after the financial aspect of projects, including calls for tender, negotiations with suppliers, equipment acquisition and purchase financing. Finally, it manages industrial safety with regard to facilities, assets, staff and visitors.

This division ensures the management of technical services related to equipment, infrastructure and buildings.



The Security Operations Centre of the Montréal facility.

After supervising the consolidation of Héma-Québec's activities in its new Montréal facility, the Technical Services department is now monitoring the progress of construction work at Héma-Québec's facility in Québec City. The Accounting, Purchasing and Warehousing, and Treasury departments are involved in this project in their respective spheres of activity.

In the wake of the repatriation of the autonomous management of stable products in April 2003, the Stable Products department reporting to the Finance and Administration division negotiated new agreements with some 10 suppliers of these products in the amount of $130 million. This amount represents more than half of the organization's budget. Since 90% of stable-product purchases are carried out in US dollars, it was necessary to implement a cash plan.

This substantial increase in the volume of purchases and the implementation of a fee structure for Québec's hospitals led to the reorganization of the Finance and Administration division in 2002–2003. This exercise culminated in January with the creation of a Treasury department.

Information Technology

Héma-Québec's Information Technology Division is 50 members strong. Its responsibility is to implement technological solutions aimed at meeting the organization's operational needs and optimizing its business procedures. In addition to ensuring the smooth running of daily operations, this division completed some 15 projects simultaneously throughout 2002–2003 to meet the organization's ever-changing needs and regulatory requirements.

This division uses a project management framework to support the development and implementation of all new technological solutions or major changes. This is a solid base that allows for the achievement of desired results, respect for deadlines and budgets and meeting or surpassing quality and regulatory requirements.

The implementation of the automated Stable Products Information System (SPIS) was the Information Technology division's major project last year. It was part of Héma-Québec's program to repatriate the management of stable products from Canadian Blood Services. The use of SAP applications optimizes the management of agreements with suppliers of stable products, inventory control, reordering and management of distribution to hospitals.

Also this year, the automation of NAT, Anti-HBc and PRISM were major accomplishments for the IT division, allowing for the PROGESA blood management software package to evolve.

The major IT mandates for management systems were to upgrade SAP applications for finance, inventory and purchasing and to complete the technology outsourcing agreement for this system with CGI Group Inc.

Communications equipment that supports the computer network for part of the Montreal facility.

As for technology, the IT team was responsible for moving the computer equipment from 3131 Sherbrooke Street East to 4045 Côte-Vertu Boulevard in Montréal.

Finally, several steering committees—indispensable tools in communicating with users—were created to help manage the evolution of the production and management information systems while respecting business needs.

Today,

Debi

is in tune
with her life.

426 TRANSFUSIONS

Research and Development

The Research and Development division's approximately 50 employees are responsible for designing new products and services and supporting the Operations and Medical Affairs divisions in conducting operations research.

In 2002–2003, the Research and Development division produced almost 20 publications and posters. It also obtained an American patent for a new method of producing natural alpha interferon used to treat viral infections. Finally, this division presented some 15 papers at various scientific conventions held in Canada and the United States.

The Research and Development division's expertise has been recognized through the renewal of two grants that enable it to continue work on the action mechanisms of intravenous immunoglobulin, the major stable product distributed to hospitals. This important research is aimed at better targeting potential substitutes that could be prepared for this product. These grants, for an additional two years (to 2004), are awarded by the Bayer, Canadian Blood Services, Héma-Québec, Canadian Institutes of Health Research Partnership Fund.

One of the activities of this division is research education. In 2002–2003, the Research and Development division performed this task by supervising three graduate students, three doctoral students and one post-doctoral intern. We should add that two students who trained in Héma-Québec's laboratories received their Master of Science degrees.

The Research and Development division is also concerned about preparing the next generation of qualified workers. For this reason, Research and Development hosted 10 students—all recipients of scholarships offered by granting agencies or government programs—during the summer of 2002 at Héma-Québec's laboratories. The purpose was to give them the opportunity to complete a workplace practicum.

In the spring of 2003, two university-level interns also had the opportunity to hone their skills at the organization's facilities.

Since research activities are all concentrated in Québec City, the Research and Development division is called upon to play an important role in the planning of the new facility on the Université Laval campus.

The Research and Development division is also in charge of Groupe HÉMATECH's activities. The mandate of this testing group is to evaluate new techniques that might improve the quality and availability of blood components. The 2002–2003 year was very productive in this particular field, with the completion of projects carried out in collaboration with the Operations and Medical Affairs divisions. The most extensive project dealt with the screening of immune deficiency in Type A (IgA) immunoglobulin. This project allowed us to establish a register of 70 donors of blood components low in IgA, after having tested some 39,000 blood donors. Such a register will ensure the availability of blood products necessary for transfusion patients who are deficient in IgA. Groupe HÉMATECH has also successfully completed the evaluation of heat sealers usable for collecting and processing blood components.

In order to better reflect their respective activities, the names of the two departments were changed during the 2002–2003 year. The Research department is now called the Cellular Engineering department, and keeps the same mandate for developing blood substitutes for platelets and packed red blood cells. As for the Development department, it is now called the Operations Research department.

Human Resources

The mission of Héma-Québec's Human Resources division is to promote a work environment that respects individuals and contributes significantly to the achievement of organizational objectives. This division fulfils its mission by providing policies, programs and advice for managing individuals and teams.

In October 2001, Héma-Québec introduced a program for enhancing the skills of its executives based on the four fundamental values of the organization. As part of this program, nearly 80 Héma-Québec executives attended a training activity on problem solving. Presented as a two-day seminar, this training activity was provided by the Executive Education Centre at the École des Hautes Études Commerciales. The goal of the Human Resources division is to provide, in the medium term, two training activities for executives every year.

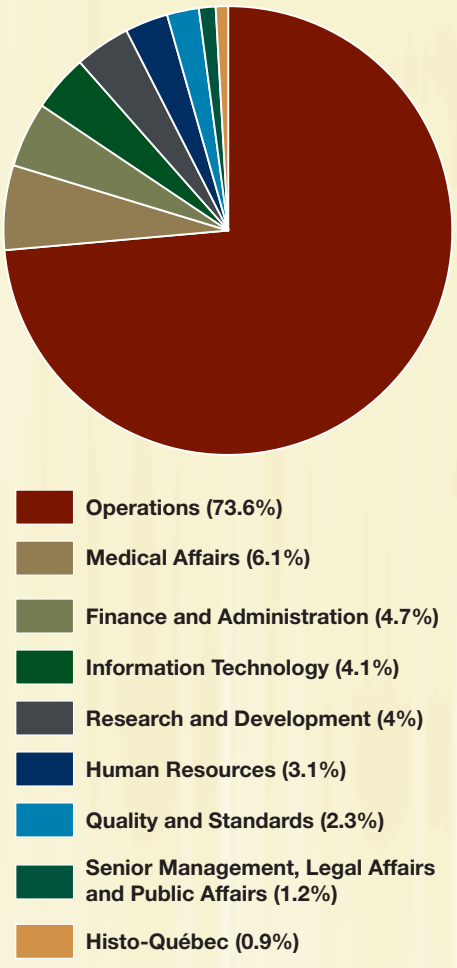
The Human Resources division also implemented the performance management program in 2002–2003. The goal of this program is to evaluate the performance of Héma-Québec's management and professional staff members compared with the results obtained and the key skills associated with the organization's values.

The Human Resources division also manages the staffing and the employee long-term service recognition program. In 2002–2003, Human Resources supervised the external selection and recruitment. It also organized two functions to honour the long-term service of some 130 employees.

From left to right: Dr. Francine Décary, Executive Director, Héma-Québec; Lucette Thibodeau; Diane Noiseux; Marthe Lapensée; Giselle Fontaine; and Roger Carpentier, Senior Director, Human Resources, during a staff recognition activity held in Montréal in February 2003. Ms. Giselle Fontaine received particular recognition for 45 years of service as a blood donor clinic assistant.

Nearly 900 of Héma-Québec's 1,265 employees are union members. In 2002–2003, for the first time in its history, Héma-Québec concluded collective agreements of extended length (five and six years) with four of its nine unions: locals 1987, 3897 and 3817 of the Canadian Union of Public Employees, as well as the Association professionnelle des technologistes médicaux du Québec.

NUMBER OF EMPLOYEES PER DIVISION

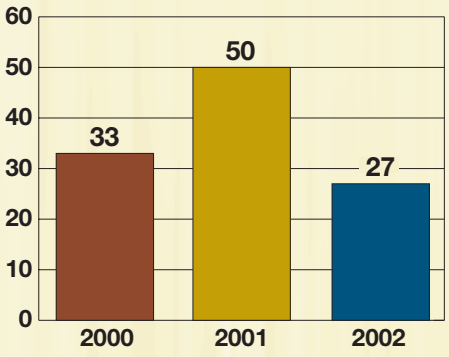


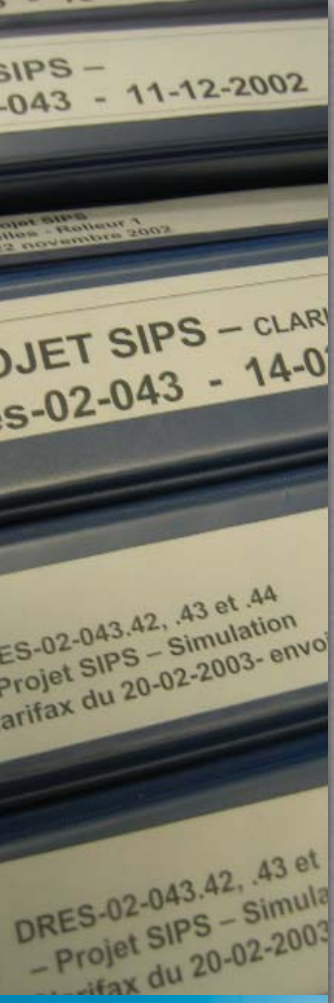
Right from the outset of negotiations, the parties agreed to follow an interest-based approach (IBA). This approach places emphasis on the concerns and motivations related to each party's expectations, as well as the identification of the different options available for arriving at common solutions. This method is definitely more demanding in terms of time and energy, but it affirms Héma-Québec's desire to work as a partner with its staff and represents an investment in long-term stable and harmonious work relations.

For the sake of improving services to our employees, the Human Resources division streamlined, simplified and optimized all aspects of its administrative procedures related to pay and benefits by introducing new management tools. The pay-equity program that was introduced in 2002–2003 will be extended to cover the entire organization by fall 2003.

The year 2002 was, from a statistical point of view, Héma-Québec's best year for job health and safety. Following several management and prevention initiatives, there was a significant drop (50%) in the number of accidents and a reduction in cost of more than 60% compared with the preceding year.

NUMBER OF WORK-RELATED ACCIDENTS PER YEAR





Quality and Standards

The mandate of the 30 employees of the Quality and Standards division of Héma-Québec is to submit all initiatives related to product quality to Health Canada for approval. Regulatory requirements for product quality are extremely high. Any changes must, therefore, be submitted to Health Canada for prior approval before their implementation.

Several major projects such as the Stable Products Information System (SPIS), anti-HBc screening, the bypass pouch and the PRISM apparatus for screening viral markers were submitted to Health Canada for approval during the year.

For example, the request to Health Canada for approval to begin nucleic acid testing (NAT) required the preparation of 14 binders of documentation outlining the procedures for conducting the test as well as validating facilities, equipment and operations.

Héma-Québec's move to its new facilities in the borough of Saint-Laurent in May 2002 required a great deal of assistance from the Quality and Standards division for an entire year. The validation protocols for the new facilities had to be approved, from building temperature and humidity control to ventilation standards in a very short period of time. Furthermore, once the move had been completed, all of the equipment was subject to additional validation.

In 2003–2004, the Quality and Standards division will conduct the same operations when Héma-Québec moves to its new Québec City facility.

In 2002–2003, the Quality and Standards Division also supervised the establishment of a Documentation Centre at Montréal's facility and the centralization of quality monitoring activities at Québec City's facility. The Documentation Centre's mandate is to index, centralize and provide access to all documents edited, produced or acquired by the organization.

The Documentation Centre offers various services in document acquisition, staff and interlibrary loan collection management, documentation search, routing and reprography for articles from periodicals.

Since June 15, 2002, all quality control activities falling under the jurisdiction of the Quality Assurance department are performed at the Québec City facility. These activities include monitoring of the random sampling and analysis procedures based on pre-established quality parameters for various products. The goal is to ensure that blood components meet the standards in force with respect to safety and effectiveness. The centralization of the quality control activities promotes improved uniformity of the procedures.

From June 2002, to March 2003, no fewer than 7,650 products were sent to Quality Control, a period during which 16,449 test results on these products were gathered. This move to centralize quality control operations provided an opportunity to introduce new tests and technologies with the acquisition of four state-of-the-art apparatuses. The Cell-Dyn 3200 system is used to carry out hematocrits on packed red blood cells in CPDA-1 blood bags, white cell counts on granular pheresis, platelet counts on platelet concentrates and thrombapheresis.

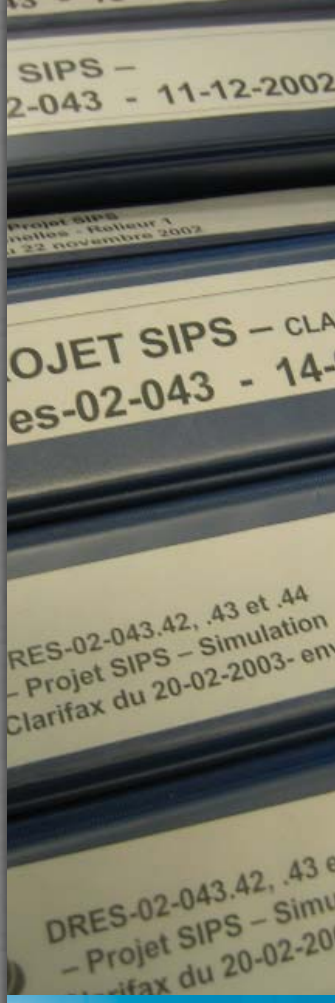
The ACL 7000 analyzer is used to establish factor I (fibrinogen cryoprecipitate) dosages as well as factor VIII dosages of fresh frozen plasma prepared from whole blood or by apheresis and from cryoprecipitates. The FACSCalibur machine is used to count the residual white blood cells in the packed red blood cells, platelet concentrates and thrombapheresis. As for the BacT-Alert apparatus, it is used for sterility tests on labile products.

Blood Component Quality Control

2002-2003

Type de products (n = number)	Analyses performed	% Conformity	Acceptable values	Acceptable percentages
AS-3 units (n=601)	Residual leukocytes	100%	< 5.0 x 10^6/bag	100% of bags tested
	Sterility	100%	No contamination	100% of bags tested
Platelet concentrate (n=1,130)	Residual leukocytes	100%	< 5.0 x 10^6/bag	100% of bags tested
	Platelet count	82%	≥ 5.5 x 10^{10}/bag	75% of bags tested
	pH	100%	≥ 6,0	100% of bags tested
	Sterility	99.9%*	No contamination	100% of bags tested
Thrombapheresis (n=704) (n=3,838)[1]	Residual leukocytes	100%	< 5 x 10^6/bag	100% of bags tested
	Platelet count[1]	93%	≥ 3.0 - 5.1x10^{11}/bag	75% of bags tested
	Sterility	100%	No contamination	100% of bags tested
Granular pheresis (n=43)	White blood cell count	91%	≥ 1.0 x 10^{10}/bag	75% of bags tested
	Sterility	100%	No contamination	100% of bags tested
Cryoprecipitate (n=301)	Fibrinogen	100%	≥ 150 mg /bag	75% of bags tested
Fresh frozen plasma (n=307)	Factor VIII	83%	> 0.7 I.U./mL	75% of bags tested
Apheresis fresh frozen plasma (n=139)	Factor VIII	91%	> 0.7 I.U./mL	75% of bags tested
	Sterility	100%	No contamination	100% of bags tested

* Staphylococcus capitis



Histo-Québec

Following the acquisition of the assets of the Centre de conservation de tissus humains du Québec in December 2001, Héma-Québec became the only organization in Canada to deal with both blood and human tissues. This acquisition led to the creation of the Histo-Québec division in May 2002. The mandate of this new entity (which has 10 employees) is to act as the supplier of human tissue in Québec.

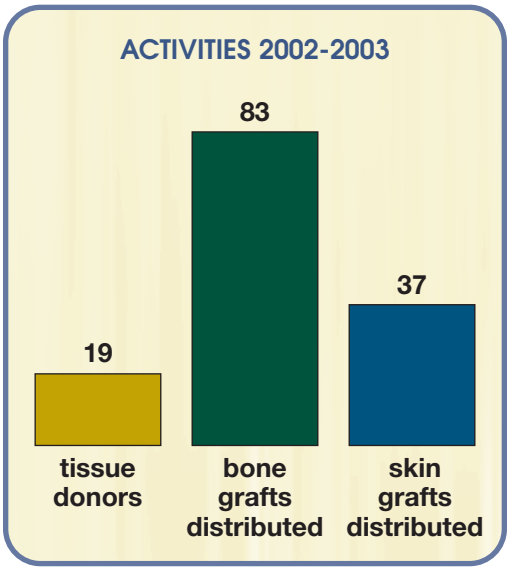
Handling human tissue presents risks similar to those which Héma-Québec is used to dealing with in the treatment of blood products. Héma-Québec is already involved in this field, since it is also involved with the preservation of another human tissue: bone marrow.

Histo-Québec temporarily interrupted its human tissue collection activities in November 2002 in order to upgrade its quality systems. At this time, an external group of experts in the tissue field conducted an audit of Histo-Québec's activities during fall 2002.

However, Histo-Québec continued to provide previously collected human tissues (those collected after its inception in 2002–2003). In February 2003, it resumed operations for harvesting hearts for the production of cardiac valves. The collection of other tissues should resume in 2003–2004.

Histo-Québec is also preparing its application for certification with the American Association of Tissue Banks with a view to obtaining external recognition. It is anticipated that this certification will be granted in 2003–2004.

The management of a human tissue bank poses specific challenges, given the nature and the inherent constraints of the product. Tissues are a biological product that can generate a greater diversity of products from the same donor than a blood donation. Tissues must be removed within 24 hours of the death of the donor, which requires a permanent and mobile infrastructure with staff available to travel at all hours.



Simple and easy to remember, the name Histo-Québec refers to the Greek root "Histo" (tissue), which clearly indicates the nature of this division's activities.

Histo-Québec has its own corporate identity since its clientele is not the same as Héma-Québec's. The human figure, representing the whole of the human body, indicates that Histo-Québec wants to respond to the needs of the population. The stylized letter Q places the human figure between parentheses, surrounding it completely and representing Histo-Québec's concern for people.

The use of blue and red is consistent with Héma-Québec's colours. Blue represents hope whereas red characterizes the urgency and importance of its needs. The logo is, in fact, very similar to Héma-Québec's logo, and clearly indicates the relationship between the two entities.

HISTO-QUÉBEC

Public Affairs

The Public Affairs division and its seven employees, including the Communications department, are responsible for Héma-Québec's image, particularly through the distribution of information and the promotion of events linked to corporate activities.

The Public Affairs division was particularly busy in 2002–2003. It was responsible for the communications activities involving the move to our new complex in Montréal in May 2002. Recognized as one of the most modern blood facilities in North America, Héma-Québec's new laboratories were visited on three different occasions by American blood bank representatives who expressed their intention to draw on them for inspiration in the design of their new laboratories.

The Public Affairs division was actively involved with the Association of Blood Donation Volunteers (ABDV) in organizing the first North American convention of the International Federation of Blood Donors. This convention, which was held in Québec City in May 2002, was an opportunity to welcome blood donors from approximately 50 countries. The IFBDO took the opportunity to present Héma-Québec's executive director with the Medal for the International Merit of Blood.

In collaboration with Canadian Blood Services, the Public Affairs division helped organize the International Society of Blood Transfusion (ISBT) convention, which was held in Vancouver in August 2002. Héma-Québec's executive director, Dr. Francine Décary, became President-elect of this prestigious association at that time. In addition, Dr. Décary was awarded the Ortho Prize for her contribution to the Canadian blood system by the Canadian Society for Transfusion Medicine.

As Héma-Québec celebrated its fourth anniversary, the Public Affairs division organized the official opening ceremony for the new Montréal facilities with representatives of all levels of government and several hundred guests in attendance.

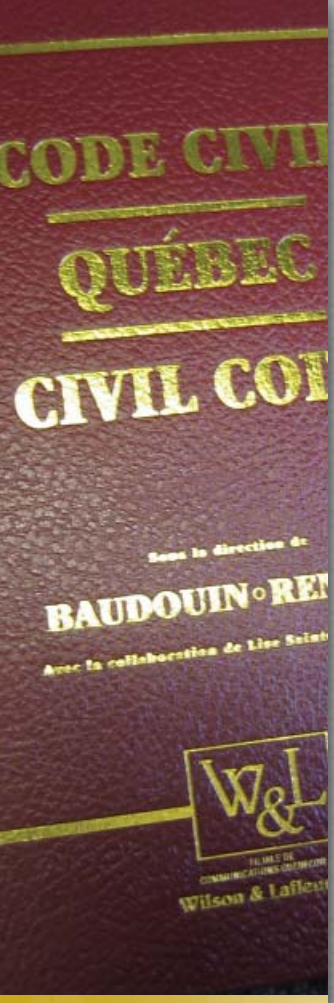
In October 2002, the Public Affairs division organized two one-day-long training sessions called “Halte-Ressources” for all staff members in Montréal and Québec City.

In January 2003, the Public Affairs division co-ordinated the activities surrounding the press conference to announce the creation of a public umbilical cord blood bank.

The restructuring of the Communications department also allowed for the creation of new internal and external communication action plans to be implemented in accordance with corporate goals. As for media relations, the Public Affairs division prepared more than 300 press releases for blood donor clinics and about 10 press releases dealing with corporate affairs. Division spokespersons responded to more than 200 media requests for information, including an in-depth report on 5 sur 5, a Radio-Canada television program. In addition to the media coverage received for blood donor clinics, some 60 articles dealing with Héma-Québec activities appeared in print media.

As for the electronic distribution of information, it should be noted that each year several thousand updates and improvements are made to Héma-Québec's Web site. On average, the site has some 6,500 visits by Internet users every month. Of this total, about 100 requests for information are sent to us by e-mail.

With regard to printed matter, the Public Affairs division is also responsible for the publication of internal and external news bulletins as well as the annual report. Each new Héma-Québec project or achievement is the topic of communications from the division. In 2002–2003, 34 internal bulletins dealing with various topics were published.



Legal Affairs

The Legal Affairs division provides legal advice for all of Héma-Québec's activities. During 2002–2003, it drafted or revised some 50 contracts. More specifically, Legal Affairs was involved in the negotiation and preparation of nine agreements with stable product suppliers, all as part of the transfer of stable product management to Héma-Québec.

The Legal Affairs division collaborated on the relocation of Québec City's facility by participating in the preparation of an agreement with Université Laval to allow the future site of the facility to be located on its campus. It also participated in finalizing an agreement on the collaboration between Héma-Québec and Université Laval research scientists.

In addition, the Legal Affairs division is responsible for Héma-Québec's corporate administration. It organized 19 different board and board sub-committee meetings in 2002-2003, and is also responsible for keeping the organization's minute book.

The Legal Affairs division formalized a risk management policy that integrates the precaution principle into risk management. This policy follows the recommendations of the Final Report of the Commission of Inquiry into the Canadian Blood Supply led by the Honourable Justice Horace Krever for the application of the precaution principle in the matter of risk management in the blood supply field.

Today,

Audrey

savours every
minute of her life.

3 TRANSFUSIONS

Corporate and Scientific Papers and Presentations

7TH EUROPEAN SYMPOSIUM ON PLATELET, GRANULOCYTE AND RED CELL IMMUNOBIOLOGY, BELGIRATE, ITALY, APRIL 2002

POSTER

Goldman M., Trudel E., Richard L., Spurll G., Khalife S. "Neonatal alloimmune thrombocytopenia due to anti-HPA-2b (anti-Koa)."

16TH SPRING MEETING OF THE CANADIAN SOCIETY FOR IMMUNOLOGY, COLLINGWOOD, CANADA, APRIL 2002

POSTERS

Fecteau J.F., Roy A., Néron S. "Cooperative Interactions between Human Memory and Naive B-Cells in the CD154 System."

Jacques A., Bazin R. "Production and Analysis of Antigen-Specific Antibodies Produced by in vitro Culture of Human B Cells."

COLLOQUE PROVINCIAL EN MALADIES INFECTIEUSES, QUÉBEC, CANADA, APRIL 2002

PAPER UPON INVITATION

Germain M. « Conférence consensus sur le processus de sélection des donneurs de sang. »

NATIONAL BLOOD SAFETY COUNCIL MEETING, QUÉBEC, CANADA, APRIL 2002

PAPER UPON INVITATION

Décary F. "Emergency Preparedness and the Blood System in Canada – Decision Making Process and Lessons Learned."

17TH CONFERENCE OF THE INTERNATIONAL FEDERATION OF BLOOD DONOR ORGANIZATIONS (IFBDO), QUÉBEC, CANADA, MAY 2002

PAPERS UPON INVITATION

Blais J., Daigneault S. « Le programme humanitaire au cœur du programme du sang. »

Décary F. « Héros anonyme, Donneur de sang. »

AMERICA'S BLOOD CENTERS CONGRESS, MEMPHIS, UNITED STATES, JULY 2002

PAPER UPON INVITATION

Décary F. "Hemovigilance in Québec."

27TH CONGRESS OF THE INTERNATIONAL SOCIETY OF BLOOD TRANSFUSION (ISBT 2002), VANCOUVER, CANADA, AUGUST 2002

WORKSHOP UPON INVITATION

Richard L. "11th ISBT Platelet Workshop."

CONFERENCE UPON INVITATION

SYMPOSIUM ON CELL AND PROTEIN BIOLOGY REVIEW Côté S. "Apoptosis."

PAPER

Bazin R., St-Amour I., Proulx C., Lemieux R. "Promiscuous Binding of a Human Anti-D Heavy Chain with Light Chains of Non-Immunized Donors."

PAPER UPON INVITATION

Bernier F. "PRISM® implementation; from validation to daily routine."

27TH CONGRESS OF THE INTERNATIONAL SOCIETY OF BLOOD TRANSFUSION (ISBT), VANCOUVER, CANADA, AUGUST 2002 (cont.)

PAPERS

Daigneault S. "Comparative study of the result of various direct marketing strategies for mobilizing blood donors."

Daigneault S. "Marketing program for new Globule concept – Blood donor center at Place Versailles."

PAPERS UPON INVITATION

Décary F. "Management of scarce resources : Principles."

Décary F. "Who is responsible for what : Accountability in a Blood System."

PAPERS

Germain M., Gélinas S. "Characteristics and Return Rate of First-Time Donors Following the September 11 Events."

Germain M., Gélinas S., Daigneault S., Blais J., Décary F. "A Randomized Trial to Evaluate the Effectiveness of a Targeted Mail Marketing Strategy to Retain First-Time Donors."

PAPER UPON INVITATION

Goldman M. "Symposium on bacterial detection methods. Challenges in Developing a Bacterial Detection System."

PAPER

Lamoureux J., Aubin É., Beaulieu C., Lemieux R. "Autoimmune Reactivity of Normal Human Serum in Presence of Therapeutic Amounts of Intravenous Immunoglobulins (IVIg)."

PAPER UPON INVITATION

Richard L., Goldman (M.), Trudel (E.). "Summary of the ISBT Platelet Workshop."

POSTERS

Chevrier M.C., Châteauneuf I., Lemieux R. "New Murine Anti-Human IgG Monoclonal Antibodies for Use in Routine Anti-Human IgG Indirect RBC Agglutination Assays."

Deschènes Dion S., Laplante J., Goldman M. "Probable Parvovirus B19 transmission by red cell transfusion."

Jung D., Néron S., Fecteau J., Drouin M., Roy A.. "Recombinant Multimeric CD154 Induce Human B Cell Proliferation."

Néron S., De Grandmont M.J., Racine C., Lemieux R. "Involvement of Fc Region in B Lymphocytes Induced to Differentiate by Intravenous Immunoglobulin (IVIg)."

Proulx C., Boyer L., Lemieux R.. "Negative Effect of Endogenously Produced TGF-beta1 on Megakaryocyte and Platelet Production in ex vivo Expansion Cultures of Cord Blood CD34+-Enriched Cells."

St-Louis M., Perreault J., Lemieux R. "Extended Blood Grouping of Blood Donors using Automatable PCR-ELISA Genotyping."

Thibault L., Beauséjour A., De Grandmont M.J., Dumas G., Chevrier M.C., Châteauneuf I. "Evaluation of a New Enzyme Immunoassay to Screen Blood Donors for IgA-Deficiency."

Thibault L., De Grandmont M.J., Beauséjour A., Long A., Allard B. "An Enzyme Immunoassay for the Detection of Anti-IgA in Blood Donors."

FOOD AND DRUG ADMINISTRATION WORKSHOP (FDA), BETHESDA, UNITED STATES, AUGUST 2002

PAPER UPON INVITATION

Goldman M., Hume H., Sher G. "Hemosurveillance of Bacterial Contamination in Canada."

GORDON RESEARCH CONFERENCE – IMMUNOCHEMISTRY AND IMMUNOBIOLOGY 2002, ANDOVER, UNITED STATES, AUGUST 2002

POSTER

Fecteau J.F., Roy A., Néron S. "CD27+ and IgG+ B Cells Can Be Generated from CD27- B Cells upon CD40 Stimulation."

26TH ANNUAL MEETING OF THE SOCIETY FOR JAPANESE BLOOD PROGRAMME, JAPAN, SEPTEMBER 2002

PAPER UPON INVITATION

Décary F.. "Reorganization of the Blood Program in Canada."

NATIONAL BLOOD SAFETY COUNCIL MEETING, EDMONTON, CANADA, SEPTEMBER 2002

PAPERS UPON INVITATION

Germain M.. "Blood supply and demand."

Daigneault S. "Donors : Meeting the challenge of an adequate safe supply of blood."

AMERICAN ASSOCIATION OF BLOOD BANKS ANNUAL MEETING (AABB), ORLANDO, UNITED STATES, OCTOBER 2002

PAPERS UPON INVITATION

Bernier F. "PRISM® implementation; from validation to daily routine."

Décary F. "Introduction of PRISM® at Héma-Québec."

Goldman M. "Implementation of a Bacterial Detection Method."

CANADIAN ASSOCIATION OF BROADCASTERS (CAB), MONTRÉAL, CANADA, OCTOBER 2002.

PAPER UPON INVITATION

Blais J. « L'importance des gratuités sur les ondes radios. »

NATIONAL MARROW DONATION 2002 COUNCIL MEETING (NMD), MINNEAPOLIS, UNITED STATES, OCTOBER 2002

POSTER

Dalle J.H., Duval M., Moghrabi A., Campbell B., Hume H., Wagner E., Vachon M.F., Roy D., Goldman M., Champagne M.A. "Comparative outcome of unrelated hematopoietic stem cell transplantation (HSCT) with cord blood (CB) vs bone marrow (BM) in pediatric recipients."

BLOOD FORUM "RENEWING CANADA'S COMMITMENT TO A BLOOD SYSTEM FOR THE 21ST CENTURY", TORONTO, CANADA, NOVEMBER 2002

PAPER UPON INVITATION

Décary F. "Héma-Québec : Changes implemented since September 28, 1998."

CANADIAN ANEMIA INSTITUTE, TORONTO, CANADA, NOVEMBER 2002

PAPER UPON INVITATION

Roch A.. « La mise en place de la structure du système du sang. »

JOURNÉES ANNUELLES DE SANTÉ PUBLIQUE, QUÉBEC, CANADA, NOVEMBER 2002

PAPER UPON INVITATION

Delage G. « Principe d'ouverture et de transparence : l'exemple d'Héma-Québec. »

42ND AMERICAN SOCIETY FOR CELL BIOLOGY ANNUAL MEETING, SAN FRANCISCO, UNITED STATES, DECEMBER 2002

POSTERS

Jung D., Drouin M., Néron S., Roy A. "Targeted Adenovirus Gene Transfer to Normal Human B Lymphocytes by Using Bispecific Antibodies."

Habel M.È., Drouin M., Jung D. "Proteins Involved in Maintenance of an Episomal-Bicistronic Vector in Human and Murine Cells."

17TH TRANSFUSION MEDECINE CONFERENCE, JAPAN, JANUARY 2003

PAPERS UPON INVITATION

Décary F. "Hemovigilance in Canada – Hemovigilance organization in the Province of Quebec."

Décary F. "Blood Program in Canada – Current status of the Quebec Blood System."

RÉGIE DE L'ASSURANCE-MALADIE DU QUÉBEC, QUÉBEC, CANADA, JANUARY 2003

PAPER UPON INVITATION

Germain M. « Enquêtes sur les produits transfusés: responsabilités et rôles d'Héma-Québec. »

COMITÉ PERMANENT DE LA SANTÉ, OTTAWA, CANADA, FEBRUARY 2003

PAPER UPON INVITATION

Décary F. « Héma-Québec et le virus du Nil occidental. »

CONFÉRENCE DE CONSENSUS SUR LE DÉPISTAGE DE LA VMCJ CHEZ LES DONNEURS DE SANG, MONTRÉAL, CANADA, MARCH 2003

Delage G. Presidence.

PAPER TO ROCHE DIAGNOSTICS, MILAN, ITALY, MARCH 2003

PAPER UPON INVITATION

Décary F. "Testing blood donors with NAT – Héma-Québec's experience."

"ADVANCED RISK MANAGEMENT TECHNIQUES, STRATEGIES AND MODELLING PRACTICES: BLOOD SAFETY ", HEALTH CANADA, OTTAWA, CANADA, MARCH 2003

PAPER UPON INVITATION

Germain M. "A brief history of mathematical modelling and transfusion safety."

Publications

Bouillon M., Aubin É., Roberge C., Bazin R., Lemieux R. (2002) Reduced Frequency of Blood Donors with False-Positive HIV-1 and –2 Antibody EIA Reactivity After Elution of Low-Affinity Nonspecific Natural Antibodies. Transfusion 42 (8) : 1046-1052.

Chiavetta J.A., Deeks S., Goldman M., Hannon J., Leach-Bennett J., Megânn H., O'Brien S., Webert K. (2003) Proceedings of a Consensus Conference: Blood-Borne HIV and Hepatitis – Optimizing the Donor Selection Process. Transfusion Medicine Reviews 17 (1) : 1-30.

Côté S. (2002) An Overview of Apoptosis in Blood Transfusion. Vox Sanguinis 83 (Suppl. 1) : 371-374.

Côté S., Simard C., Lemieux R. (2002) Regulation of Growth-Related Genes by Inteleukin-6 in Murine Myeloma Cells. Cytokine 20 (3) : 113-120.

De Grandmont M.J., Racine C., Roy A., Lemieux R., Néron S. (2003) Intravenous Immunoglobulins Induce the in vitro Differentiation of Human B Lymphocytes and the Secretion of IgG. Blood 101 (8) : 3065-3073.

Engelfriet C.P., Reesink H.W., Kroll H., Giers G., Bald R., Kanhai H., Kekomäki R., Teramo K., Panzer S., Ulm B., Jilma P., Bock J., Taaning E., Rodeck C.H., David M., Goldman M., Décary F., Kaplan C. (2003) International Forum: Prenatal management of alloimmune thrombocytopenia of the fetus. Vox Sanguinis 84 :142-149.

Germain M., Goldman M. (2002) Blood Donor Selection and Screening: Strategies to Reduce Recipient Risk. Am J Therapeut 9 : 406-410.

Germain M., Remis R.S., Delage G. (2003) The risks and benefits of accepting men who have had sex with men as blood donors. Transfusion 43 : 25-33.

Goldman M. (2002) Challenges in Developing a Bacterial Detection System. Vox Sanguinis 83 (suppl. 1) :125-127.

Goldman M., Blajchman M.A. (2003) Bacterial Infections. In: Hillyer (C.D.), Silberstein (L.E.), Ness (P.M.), Anderson (K.C.), Roush (K.S.) ed. Blood Banking and Transfusion Medicine. Basic Principles & Practice. Elsevier Science : 487-496.

Goldman M., Lavoie P., Long A., Hume H. (2002) A designated donor program to limit donor exposure in chronically transfused children/Un programme de dons désignés pour limiter l'exposition aux donneurs chez des enfants avec un besoin de transfusions chroniques. CSTM Bulletin 14 :19-25.

Goldman M., Savard R., Long A., Gélinas S., Germain M. (2002) Declining value of preoperative autologous donation. Transfusion 42 : 819-823.

Hebert P.C., Fergusson D., Blajchman M.A., Wells G.A., Kmetic A., Coyle D., Heddle N., Germain M., Goldman M., Toye B., Schweitzer I., Vanwalraven C., Devive D., Sher G.D. (2003) Clinical outcomes following institution of the canadian universal leukoreduction program for red blood cell transfusions. JAMA 289 (15) : 1941-1949

Jung D., Côté S., Drouin M., Simard C., Lemieux R. (2002) Inducible Expression of Bcl-XL Restricts Apoptosis Resistance to the Antibody Secretion Phase in Hybridoma Cultures. Biotechnol Bioeng 79 (2) : 180-187.

Lamoureux J., Aubin É., Lemieux R. (2003) Autoimmune Complexes in Human Serum in Presence of Therapeutic Amounts of Intravenous Immunoglobulins. Blood 101 (4) : 1660-1662.

Publications (cont.)

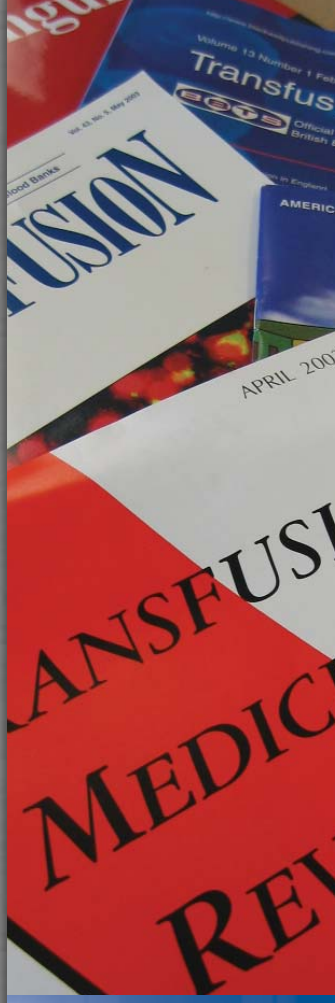
Loembé M.M., Néron S., Delage R., Darveau A. (2002) Analysis of Expressed VH Genes in Persistent Polyclonal B Cell Lymphocytosis Reveals Absence of Selection in CD27+IgM+IgD+ Memory B Cells. Eur J Immunol 32 (12) : 3678-3688.

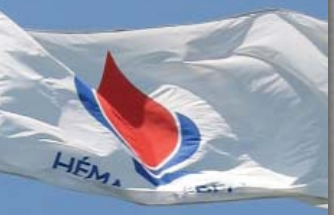
Long A., Tremblay L., Richard L., Lemieux R., Goldman M. (2002) Nondetection of the S Antigen Due to the Presence of Sodium Hypochlorite. Immunohematology 18 (4) : 120-122.

St-Amour I., Proulx C., Lemieux R., Bazin R. (2003) Modulations of Anti-D Affinity Following Promiscuous Binding of the Heavy Chain with Naive Lignt Chains. Transfusion 43 (2) : 246-253.

Patent

Réal Lemieux, Sonia Néron, Chantal Proulx. Method of producing human IFN-alpha using Sendai virus-infected hematopoietic stem cells. United States Patent #US 6472208, October 29, 2002.





Board of directors

As of 31 March, 2003

FIELD REPRESENTED	MEMBER
BUSINESS COMMUNITY	**Chairman** **Mr. Claude Pichette** Consultant Huis-clos ltée
TRANSFUSION MEDECINE	**Vice-chair** **Dr. André Lebrun** Oncohematologist Hôpital du Sacré-Coeur de Montréal
HÉMA-QUÉBEC	**Secretary** **Dr. Francine Décary** Executive Director Héma-Québec
ACADEMIC	**Dr. Denis Cournoyer** Hematologist and Associate Professor, Faculty of medicine, McGill University Montréal General Hospital
	Dr. Yves St-Pierre Professor INRS-Institut Armand-Frappier
BUSINESS COMMUNITY	**Ms. Cheryl Campbell Steer** President Campbell Steer & Associés
DONORS	**Mr. Robert Bédard** Former President Association of Blood Donation Volunteers
HOSPITALS	**Mr. Raymond April** General Manager Centre hospitalier et d'hébergement de Rivière-du-Loup
	Dr. Lucie Poitras Médecin et directrice des services professionnels CHU Mère-Enfant Hôpital Sainte-Justine
PUBLIC HEALTH	**Dr. Marc Dionne** Directeur scientifique Direction des risques biologiques, environnementaux et occupationnels Institut national de la santé publique du Québec
RECIPIENTS	**Ms. Sheila Comerford** Industrial hygienist CLSC Côte-des-Neiges
TRANSFUSION MEDECINE	**Dr. Jean Montreuil** Anesthesiologist Hôpital de l'Enfant-Jésus
HEMOVIGILANCE COMMITTEEE	**Observer** **Mr. Jean-Guy Lorrain**

Management Committee

As of 31 March, 2003

Francine Décary, M.D., Ph.D., M.B.A.
Executive Director

Roger Carpentier, CRIA
Senior Director,
Human Resources

Smaranda Ghibu, B.C.L., LL.B.
General Counsel

Yvan Charbonneau, Eng.
Senior Director,
Operations

Guy Lafrenière, M.B.A., C.M.A.
Senior Director,
Administration
and Finance

Gilles Delage, M.D., M.Sc.
Senior Director,
Medical Affairs

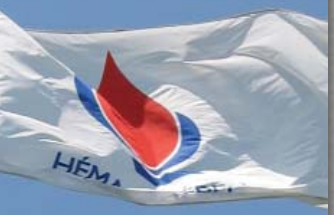
Réal Lemieux, Ph.D.
Senior Director,
Research and
Development

Simon Fournier, D.C.S.
Senior Director,
Information Technology

**Suzanne Rémy Prince,
M.Sc., M.B.A.**
Senior Director,
Quality and Standards

Marc Germain, M.D., Ph.D.
Senior Director,
Histo-Québec

André Roch, B.Com.
Assistant to the
Executive Director,
Public Affairs



Scientific and Medical Advisory Committee

As of 31 March, 2003

FIELD REPRESENTED	MEMBER
TRANSFUSION MEDICINE	**Committee Chair** **Dr. Gwendolyn Spurll** Director, Transfusions Services Royal Victoria Hospital
BIOTECHNOLOGY	**Dr. Bernard Massie** Researcher NRC Biotechnology Research Institute
BLOOD COMPONENT MANUFACTURING	**Dr. Sylvain Jude Bélisle** Anesthetist Montréal Heart Institute
INDUSTRIAL RESEARCH	**Dr. Jacques Leclerc** Senior Clinical Research Physician Lilly Research Laboratories
DIAGNOSTIC TECHNOLOGIES	**Mr. Marc Delpech** Professor Génétique, développement et pathologie moléculaire Faculté de médecine Cochin Port-Royal
HEMATOPOIESIS	**Dr. James Michael Piret** Professor Biotechology Laboratory & Dept. of Chemical & Biological Engineering University of British Columbia
IMMUNOLOGY	**Dr. Walid Mourad** Associate Professor Centre de recherche en rhumatologie et immunologie Centre hospitalier universitaire de Québec pavillon CHUL
MOLECULAR BIOLOGY	**Dr. Jean-Pierre Cartron** Scientific Director Institut national de la transfusion sanguine
PLASMA DERIVATIVES	**Dr. Dana Devine** R&D Director Canadian Blood Services Professor, University of British Columbia
RECIPIENTS	**Mr. Daniel Baribeau*** Canadian Hemophilia Society– Québec Chapter
	Ms. Evelyne Jean* Canadian Sickle Cell Society
TRANSFUSION MEDICINE	**Vacant position**
OBSERVERS OF THE BOARD OF DIRECTOS	**Dr. Denis Cournoyer**
	Dr. Yves St-Pierre

* Also a member of the Liaison Committee

Safety Advisory Committee

As of 31 March, 2003

FIELD REPRESENTED	MEMBER
PUBLIC HEALTH	**Committee Chair** **Dr. Bryce Larke** Medical Health Officer Health and Social Services
DONORS	**Vacant position**
EPIDEMIOLOGY	**Dr. Steven Kleinman** Biomedical Consultant
ETHICS	**Me Pierre Deschamps** Québec Research Centre for Private and Comparative Law McGill University
INFECTIOUS DISEASES	**Dr. Susan Stramer** Executive Scientific Officer National Confirmatory Testing Laboratory American Red Cross
PUBLIC HEALTH	**Dr. Marc Dionne** Directeur scientifique Direction des risques biologiques, environnementaux et occupationnels Institut national de la santé publique du Québec
RECIPIENTS	**Mr. Michel Morin*** COCQ-Sida
	Mr. David Page Canadian Hemophilia Society–Québec Chapter
TRANSFUSION MEDECINE AND PRACTICE	**Dr. Georges Andreu** Directeur de l'Établissement français du sang Établissement français du sang
	Dr. Paul Holland Medical Director/CEO Sacramento Medical, Foundation Blood Centers
	Dr. James P. AuBuchon Medical Director, Blood Bank and Transfusion Dartmouth-Hitchcock Medical Center
	Mr. Christopher Verrall Prowse SNBTS Research & Development Director SNBTS National Science Laboratory
	Dr. Henk W. Reesink Manager infectious disease donor laboratory Central Laboratory of the Blood Transfusion Service
OBSERVER OF THE BOARD OF DIRECTORS	**Ms. Sheila Comeford**

* Also a member of the Liaison Committee

Liaison Commitee

As of 31 March, 2003

FIELD REPRESENTED	MEMBER
CANADIAN HEMOPHILIA SOCIETY– QUÉBEC CHAPTER	Commitee Chair Mr. Daniel Baribeau
ASSOCIATION DES GRANDS BRÛLÉS	Mr. Martin Guay Mr. Jean-Pierre Juneau
ASSOCIATION GÉNÉRALE DES INSUFFISANTS RÉNAUX	Mr. Neville Galipeau
CANADIAN HEMOPHILIA SOCIETY– QUÉBEC CHAPTER	Mr. Mohamed Boulila
CANADIAN SICKLE CELL SOCIETY	Ms. Gisèle Bellemare Ms. Evelyne Jean
COCQ-SIDA	Mr. Michel Morin
LEUCAN	Ms. Anne-Marie Ratelle
QUEBEC SOCIETY OF THALASSEMIA	Ms. Sophie Tuyssuzian Position to fill
OBSERVERS OF THE BOARD OF DIRECTORS	Mr. Robert Bédard Ms. Sheila Comerford

Research Ethics Committee

As of 31 March, 2003

FIELD REPRESENTED
DONORS
ETHICS
LAW
MEDICINE – ANESTHESIOLOGY
MEDICINE – MICROBIOLOGY
MEDICINE – EPIDEMIOLOGY
RECIPIENTS (2)

Code of ethics and professional conduct

SECTION I
PURPOSE AND SCOPE

1. The goal of this code of ethics is to maintain and strengthen the confidence of citizens in the integrity and impartiality of Héma-Québec management, promote openness within Héma-Québec and make management and administrators accountable for their actions.

   This code of ethics applies to Héma-Québec administrators and its executive director.

SECTION II
PRINCIPLES AND GENERAL RULES OF ETHICS

2. Directors are appointed to contribute, during their mandate, to fulfilling Héma-Québec's mission.

   Their contribution must be made, in respect for the law, with honesty, loyalty, caution, diligence, effectiveness, regularity and fairness.

3. In exercising their duties, directors are required to respect all principles and rules of ethics as stipulated by law and in the Règlement sur l'éthique et la déontologie des administrateurs publics (Regulation respecting the conduct and ethics of public administrators), as well as those set out in the present code of ethics. In case of a divergence, the most stringent rules and principles will apply.

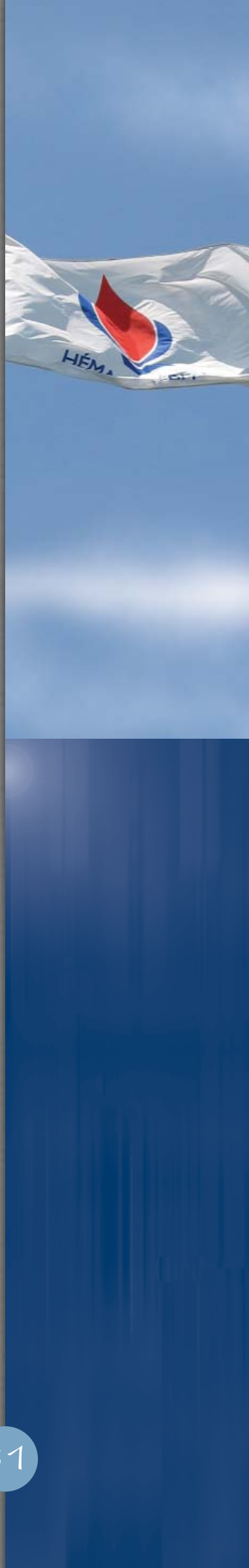
   In case of doubt, they must act according to the spirit of these principles and rules. Also, they must arrange their personal business such that it does not detract from the performance of their duties.

   Any director who, at the request of Héma-Québec, carries out the duties of director within another organization or company, or is a member of such organization or company, is bound by the same obligations.

4. Directors are bound by discretion with respect to information obtained in carrying out their duties and are required at all times to respect the confidential nature of any information they receive.

   This requirement does not prevent directors representing or associated with a special interest group from acting as consultants to or reporting to the latter, unless the information is to be held confidential by law or unless the board of directors requires respect for confidentiality.

5. Directors must, in performing their duties, make decisions independent of all partisan political considerations.



6. The chairman of the board of directors, the executive director and the full-time public directors must show restraint in the public expression of their political views.

7. Directors must avoid placing themselves in situations of conflict between their personal interests and the obligations of their duties.

   They must inform Héma-Québec of any direct or indirect interest they may have in any organization, company or association likely to place them in a situation of conflict of interest, as well as any rights they may exercise against Héma-Québec, indicating the nature and value thereof, where applicable.

   Subject to paragraph 4, directors who are named or appointed to another organization or company must also declare this information to the body that named or appointed them.

8. Full-time public administrators may not, on penalty of dismissal, have a direct or indirect interest in an organization, company or association which places their personal interests in conflict with those of Héma-Québec. However, dismissal shall not take place should such an interest fall to them through an inheritance or gift, provided they renounce or dispose of said gift or inheritance with due diligence.

   Any other directors who have a direct or indirect interest in an organization, company or association which places their personal interest in conflict with those of Héma-Québec must, on penalty of dismissal, notify the chairman of the board of directors of this interest in writing and, where applicable, abstain from participating in any debate and any decision regarding the organization, company or association in which they hold this interest. Also, they must withdraw from the meeting for the duration of the debate and abstain from voting on this issue.

   However, this sub-section does not prevent directors from stating their opinions on general measures regarding the application of work conditions within the organization or company that would also affect them.

9. Directors must not consider Héma-Québec property as being their own, and may not use it for their profit or the profit of a third party.

10. Directors may not use for their profit or for the profit of a third party any information obtained in the performance of their duties.

    This requirement does not prevent directors representing or being associated with a special interest group from acting as a consultant to or reporting to the latter, unless the information is confidential under the law or if the board of directors requires respect for confidentiality.

11. Full-time public administrators may not be appointed to other positions, unless so named or appointed by the authority that named or appointed them to the Héma-Québec position. However, with the consent of the chairman of the board of directors, they may hold teaching positions for which they may be remunerated, and non-remunerated positions in non-profit organizations.

12. Directors may not accept gifts, hospitality or any benefit other than those that are practical and of modest value.

    Any other gift, hospitality or benefit received must be returned to the originator.

13. If directors are offered a gift, hospitality or a benefit that is not practical or of modest value, they must inform the chairman of the board of directors and the executive director in writing. The latter will determine whether the director can accept this gift, hospitality or benefit under the rules and customs of this code of ethics and will notify the director in writing of their decision to this effect.

14. Directors may not, directly or indirectly, grant, solicit or accept a favour or undue benefit for themselves or for a third party.

15. In making decisions, directors must avoid being influenced by job offers.

16. Directors who have ceased to perform their duties must act so as not to obtain undue advantage from their previous positions with Héma-Québec.

17. Directors who have ceased to perform their duties must not disclose any confidential information they have obtained, nor give advice to anyone based on information not available to the public concerning Héma-Québec, or any other organization or company with which they have had significant direct relations in the year preceding the end of their mandate as a Héma-Québec director.

    In the year following the end of their duties, they are prohibited to act on behalf of another person regarding a procedure, negotiation or other operation involving Héma-Québec and for which they have information not available to the public.

    Current Héma-Québec directors may not, under the circumstances stipulated in the preceding sub-section, have dealings with any former Héma-Québec directors in the year in which the latter have quit their duties.

18. The chairman of the board of directors must ensure that Héma-Québec directors respect the principles and rules of ethics.

SECTION III
POLITICAL ACTIVITIES

19. If a full-time public director, the chairman of the board of directors or the executive director intend to run for elected public office, they must inform the secretary general of the executive council.

20. If the chairman of the board of directors or the executive director wishes to run for elected public office, they must resign from their duties.

21. If a full-time public administrator whose mandate is for an unspecified duration is elected to public office, such administrator is entitled to an unpaid leave of absence for the duration of the first elected term.

22. A full-time public administrator who wishes to run for election to the Québec National Assembly, the House of Commons of Canada or any other public office whose duties would likely be full time must request and is entitled to an unpaid leave of absence effective as of the day such candidacy is announced.

23. A full-time public administrator who wishes to run for elected public office whose functions would likely be part time, but for which the campaign would likely interfere with regular duties, must request and is entitled to an unpaid leave of absence effective as of the day such candidacy is announced.

24. A full-time public administrator who is granted an unpaid leave in compliance with paragraph 22 or 23 is entitled to resume regular duties no later than the 30th day following closing of the nomination period, if not accepted as a candidate, or no later than the 30th day following the election of another candidate.

25. A full-time public administrator whose mandate is for a fixed duration, who is elected to a full-time public office and who accepts this position, must immediately step down.

    A director who is elected to a public office involving part-time duties must step down if these duties are likely to interfere with his or her regular duties.

SECTION IV
REMUNERATION

26. Directors are entitled only to the remuneration and reimbursement of expenses stipulated in the Act respecting Héma-Québec and the Hemovigilance Committee.

27. A director dismissed with just and sufficient cause may not receive severance pay or indemnity.

28. A director who has stepped down from the position as director, who has received or is receiving severance allowance or indemnity and who occupies a position, employment or any other remunerated position within the public sector during the period corresponding to this allowance or indemnity must reimburse the portion of the allowance or indemnity covering the period for which a salary was received, or cease to receive it during this period.

    However, if the salary received is less than that received previously, the director need only reimburse the allowance or indemnity up to the amount of the new salary, or may continue to receive the portion of the allowance or indemnity that exceeds the new salary.

29. Anyone who has received or is receiving severance pay or indemnity from the public sector and who is receiving a salary as a director for the period corresponding to this allowance or indemnity must reimburse a portion of the allowance or indemnity for the period during which a salary was received, or cease to receive the allowance or indemnity during this period.

    However, if the salary received as a director is less than that received previously, the director need only reimburse the allowance or indemnity up to the amount of the new salary, or can continue to receive the portion of the allowance or indemnity that exceeds the new salary.

30. A full-time public administrator who has ceased to perform regular duties, who has received an early retirement package and who, in the two years following the departure, accepts a position, employment or any other remunerated position within the public sector must reimburse the amount corresponding to the value of the package received, up to the amount of the remuneration received for returning to work during this two-year period.

31. A director's part-time teaching duties are not covered by paragraphs 28 to 30.

32. For the purposes of paragraphs 28 to 30, "public sector" refers to organizations, establishments and companies covered in the appendix.

    The period covered by the severance allowance or indemnity stipulated in paragraphs 28 and 29 refers to the period that would have been covered by the same amount had the person received it as a salary for the position, employment or previous function.

SECTION V
DISCIPLINARY PROCEDURE

33. In the case of failure to comply with the points of ethics stipulated in this code, the director in question shall be submitted to the disciplinary procedure described in section VI of the Règlement sur l'éthique et la déontologie des administrateurs publics (Regulation respecting the conduct and ethics of public administrators).

CODE OF ETHICS AND PROFESSIONAL CONDUCT

Since the creation of Héma-Québec in September 1998, no case had to be treated under the terms of the Code of ethics and professional conduct, and the year 2002-2003 did not make exception.

Financial Statements

for the year ended March 31, 2003

Management's Report

The financial statements of Héma-Québec were prepared by management, which is responsible for their preparation and presentation, including some amounts that are based on best estimates and judgments of management. This responsibility includes the choice of appropriate accounting policies in conformity with Canadian generally accepted accounting principles. The financial information presented elsewhere in this annual activity report is consistent with that in the financial statements.

In order to discharge its responsibilities, management maintains a system of internal accounting controls that will allow it to produce reliable financial statements and that are designed to provide reasonable assurance that assets are protected and that transactions are duly approved and accounted for correctly and in the delays required.

Héma-Québec recognizes that it is responsible for managing its affairs in conformity with the laws and regulations governing it.

Actuaries from the firm of Morneau Sobeco have been appointed as consultants to Héma-Québec employees' private pension plan.

The Board of Directors must monitor the manner in which management carries out its responsibilities in relation to financial information and it has approved these financial statements.

The vérificateur général du Québec has audited the financial statements of Héma-Québec in accordance with Canadian generally accepted auditing standards, and the auditor's report reveals the nature and extent of the audit and the statement of the auditor's opinion. The vérificateur général can, without any restriction whatsoever, meet with the Board of Directors to discuss any aspect of the audit.

Guy Lafrenière
Senior Director,
Administration and Finance

Dr. Francine Décary
Executive Director

Saint-Laurent, June 2, 2003

Auditor's Report

To the National Assembly

I have audited the balance sheet of Héma-Québec as of March 31, 2003, and the statements of operating results and surplus, as well as the statement of cash flows for the financial year ended on that date. These financial statements are the responsibility of the management of Héma-Québec. My responsibility is to express an opinion on these financial statements based on my audit.

My audit has been conducted in accordance with Canadian generally accepted auditing standards. Those standards require that the audit be planned and performed to obtain reasonable assurance that the financial statements are free of material misstatement. The audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. It also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of Héma-Québec as of March 31, 2003, and the results of its operations and its cash flows for the financial year ended on that date, in accordance with Canadian generally accepted accounting principles. In compliance with the requirements of the Auditor General Act (R.S.Q., Chapter V-5.01), I declare, that in my opinion these principles have been applied in the same manner as during the preceding financial year.

Doris Paradis, CA
Acting Auditor General of Québec

Québec City, June 2, 2003

Operating results
for the year ended March 31

REVENUE	2003	2002
Grant from the Government of Québec	**$ 249,701,157**	$ 204,383,869
Blood products sold to Canadian Blood Services	**7,693**	38,907
Interest on bank deposits and other	**540,863**	268,234
Other income	**1,194,132**	658,908
	251,443,845	205,349,918
EXPENSES (Note 3)	**244,294,531**	205,349,918
EXCESS OF REVENUE OVER EXPENSES	**$ 7,149,314**	$ -

Net asset
for the year ended March 31

	2003	2002
Opening balance	**$ 950,518**	$ 845,204
Net asset transferred from the Centre de conservation de tissus humains du Québec	**-**	105,314
Excess of revenue over expenses	**7,149,314**	-
Closing balance	**$ 8,099,832**	$ 950,518

Balance sheets
as of March 31

ASSETS	2003	2002
Short-term		
Cash	**$ -**	$ 679,093
Receivables (Note 4)	**2,616,775**	3,116,304
Grant forthcoming from the Government of Québec	**260,995**	990,970
Inventory (Note 5)	**24,861,590**	9,242,705
Prepaid expenses (Note 6)	**3,952,547**	2,036,498
	31,691,907	16,065,570
Long-term investment (Note 7)	**1,795,000**	
Fixed assets (Note 8)	**39,244,607**	40,946,461
	$ 72,731,514	$ 57,012,031
LIABILITIES	**2003**	**2002**
Short-term		
Bank overdraft (Note 9)	**4,998,326 $**	-$
Accounts payable and accrued expenses (Note 10)	**14,718,795**	17,159,377
Payment on long-term debt (Note 11)	**5,693,942**	4,388,808
	25,411,063	21,548,185
Long-term debt (Note 11)	**35,543,422**	31,624,760
Liabilities under the provisions of accrued benefits (Note 12)	**3,677,197**	2,888,568
NET ASSET	**8,099,832**	950,518
	$ 72,731,514	$ 57,012,031
COMMITMENTS (Note 14)		

For the Board of Directors,

Claude Pichette
Director

Cheryl Campbell Steer
Director

Cash flows

for the year ended March 31

	2003	2002
OPERATING ACTIVITIES		
Cash and cash equivalent-neutral operating result items		
Excess of revenue over expenses	**$ 7,149,314**	$ -
Fixed assets depreciation	**5,063,026**	4,436,624
Loss (gain) on writeoffs and disposal of assets	**2,512,577**	(65,499)
Liability on the account of accrued benefits	**788,629**	1,196,324
	15,513,546	5,567,449
Changes in non-cash working capital		
Reduction (increase) in receivables	**499,529**	(1,208,616)
Reduction in amount of grant forthcoming from Government of Québec	**729,975**	11,067,393
Increase in inventory	**(15,618,885)**	(2,137,202)
Increase in pre-paid expenses	**(1,916,049)**	(662,723)
Increase (reduction) in payables and accrued liabilities	**(2,440,582)**	3,789,902
Cash flow from (used for) operating activities	**(3,232,466)**	16,416,203
INVESTING ACTIVITIES		
Capital acquisitions	**(5,905,082)**	(17,848,642)
Proceeds from disposal of capital property	**31,333**	106,997
Acquisition of long-term investment	**(1,795,000)**	-
Cash flow from investing activities	**(7,668,749)**	(17,741,645)
FINANCING ACTIVITIES		
Long-term debt	**24,896,375**	15,385,023
Settlement of long-term debt	**(19,672,579)**	(5,390,816)
Cash flow from financing activities	**5,223,796**	9,994,207
CASH TRANSFERRED FROM CENTRE DE CONSERVATION DE TISSUS HUMAINS DU QUÉBEC	**-**	31,276
INCREASE (REDUCTION) IN CASH AND CASH EQUIVALENTS	**(5,677,419)**	8,700,041
CASH AND CASH EQUIVALENTS AT BEGINNING	**679,093**	(8,020,948)
CASH AND CASH EQUIVALENTS AT END	**$ (4,998,326)**	$ 679,093
Cash and cash equivalents are made up of the following items:		
Cash	**$ -**	$ 679,093
Bank overdraft	**(4,998,326)**	-
	$ (4,998,326)	$ 679,093
Interest paid	**$ 1,930,399**	$ 1,725,874

Complementary notes
As of March 31

1. INCORPORATION AND FUNCTIONS

Héma-Québec, constituted on March 26, 1998 by letters patent issued under Part III of the Companies Act (R.S.Q., Chapter C-38), is continued in accordance with the provisions of the Act respecting Héma-Québec and the Haemovigilance Committee (S.Q. 1998, Chapter C-41). Héma-Québec is a non-profit legal entity whose mission is to provide Quebeckers and their health and social services establishments with an adequate supply of blood, blood products and blood components.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Héma-Québec have been prepared by management in conformity with Canadian generally accepted accounting principles. These statements include some amounts that are based on best estimates and judgments.

Inventory

The inventory of fractionation products and of collection and laboratory equipment is evaluated at the lesser of cost or replacement value, the cost being determined according to the average cost method.

Fixed Assets

Fixed assets are recorded at cost. Depreciation is calculated in terms of the economic life of these fixed assets, according to the straight-line depreciation method and at the following rates:

Building	4%
Physical improvements	5%
Leasehold improvements	length of lease
Automotive equipment	20%
Machinery and equipment	10% and 20%
Office furniture and equipment	20 %
Computer equipment	33 ⅓%
Computer software	33 ⅓%
Software packages	20%
Intangible assets	10%

2. SIGNIFICANT ACCOUNTING POLICIES (cont.)

Employee Benefit Plans

Héma-Québec accounts for the obligations stemming from its employee benefit plans, as well as related costs, after deducting plan assets. To this end, Héma-Québec has adopted the following agreements.

Pension costs and other retirement benefits earned by employees are actuarially determined using the projected benefit method pro-rated on service and based on management's best estimates of expected plan investment performance, salary escalation, retirement ages of employees and anticipated health care costs.

For purposes of calculating the anticipated yield of benefit plan assets, such assets are evaluated at their fair value.

The experience loss on 10% of the obligations for pension benefits is amortized over the expected average remaining service period of active employees. The provisional obligation as well as the cost of past services are amortized over the expected average remaining service period of active employees. The average remaining service period of employees covered by the pension plan is 13 years. The average remaining service period of active employees covered by the supplementary retirement benefit plan is 17 years.

Cash and Cash Equivalents

Héma-Québec's policy is to present bank balances – including bank overdrafts whose balances often fluctuate between the overdraft, the available investments and the temporary investments whose maturity dates do not exceed three months from their acquisition dates – in cash and cash equivalents.

3. EXPENSES BY RESPONSIBILITY CENTRE

	RECRUITING, MARKETING AND PROMOTION	PROCUREMENT	PRODUCTION	DISTRIBUTION	MEDICAL SERVICES	MEDICAL AFFAIRS	QUALITY AND STANDARDS
Wages	$ 506,299	$ 18,452,096	$ 9,316,953	$ 3,550,216	$ 1,320,600	$ 1,958,373	$ 944,543
Fringe benefits	100,853	3,585,266	1,825,152	715,432	290,394	379,281	165,112
Travel expenses	62,428	1,850,353	83,651	1,059,505	30,362	78,802	102,834
Medical and laboratory supplies	2,785	14,634,031	9,883,168	156,106	792,121	17,180	1,721
Blood products purchased from Canadian Blood Services	-	-	26,837	-	-	-	-
Bought-in services	362,689	207,720	404,298	15,667	81,430	101,766	78,410
Communications	2,921,100	935,759	21,924	44,269	7,104	26,774	3,760
Automotive equipment purchases	633	32,068	785,573	1,462,537	3,801	353	127
Equipment rentals	3,967	135,384	30,302	245,952	1,212	10,735	6,842
Rent	-	-	-	-	-	138,320	-
Taxes	-	-	-	-	-	-	-
Office expenses	168,769	477,362	699,142	250,689	82,961	71,599	24,235
Insurance	-	319	-	-	-	-	-
Loss (gain) from write-off and transfer of fixed assets	-	-	-	-	-	-	-
Fixed assets depreciation	44,827	372,687	446,682	49,340	99,175	47,584	19,455
Interest on advances and bank charges	-	-	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-	-	-
Subtotal	$ 4,174,350	$ 40,683,045	$ 23,523,682	$ 7,549,713	$ 2,709,160	$ 2,830,767	$ 1,347,039
Plasma for fractionation*	-	-	-	-	-	-	-
Total	**$ 4,174,350**	**$ 40,683,045**	**$ 23,523,682**	**$ 7,549,713**	**$ 2,709,160**	**$ 2,830,767**	**$ 1,347,039**

* Héma-Québec has two major areas of activity: labile products and fractionation products.

Some expenses related to collecting plasma for fractionation are incurred for labile products and reallocated to fractionation products on the basis of costs incurred.

2003							2002
RESEARCH AND DEVELOPMENT	INFORMATION TECHNOLOGY	ADMINISTRATION	OPERATION OF PHYSICAL PLANT	LABILE SUBTOTAL	FRACTIONATION PRODUCTS	TOTAL	TOTAL
$ 2,086,250	$ 2,380,033	$ 4 870,655	$ 412,745	$ 45,798,763	$ 176,942	**$ 45,975,705**	$ 40,163,094
392,256	440,614	1 632,738	83,454	9,610,552	34,755	**9,645,307**	8,225,803
98,575	229,175	438,067	45,945	4,079,697	16,418	**4,096,115**	3,605,118
453,943	2,821	47,211	225,896	26,216,983	123,266,610	**149,483,593**	126,927,372
-	-	-	-	26,837	-	**26,837**	22,714
75,528	555,900	1,650,764	2,010,746	5,544,918	178,892	**5,723,810**	4,523,576
1,469	426,189	20,727	13,539	4,422,614	5,955	**4,428,569**	4,397,250
926	303	7,574	37	2,293,932	142,109	**2,436,041**	1,661,222
9,167	29,005	15,546	97,878	585,990	182	**586,172**	982,564
-	-	-	1,510,810	1,649,130	-	**1,649,130**	2,035,233
-	-	-	471,296	471,296	-	**471,296**	57,400
103,613	1,017,382	156,000	1,145,663	4,197,415	34,517	**4,231,932**	3,967,567
-	-	5,987,345	-	5,987,664	-	**5,987,664**	2,674,396
-	-	2,512,577	-	2,512,577	-	**2,512,577**	(65,499)
143,867	1,473,937	1,022,211	1,340,657	5,060,422	2,604	**5,063,026**	4,436,624
-	108	140,490	-	140,598	-	**140,598**	324,446
-	-	1,836,159	-	1,836,159	-	**1 836,159**	1,411,038
$ 3,365,594	$ 6,555,467	$ 20,338,064	$ 7,358,666	$ 120,435,547	$ 123,858,984	**$ 244,294,531**	$ 205,349,918
-	-	-	-	(8,376,218)	8,376,218	**-**	-
$ 3,365,594	**$ 6,555,467**	**$ 20,338,064**	**$ 7,358,666**	**$ 112,059,329**	**$ 132,235,202**	**$ 244,294,531**	**$ 205,349,918**

4. RECEIVABLES

	2003	2002
Customers	**$ 193,298**	$ 781,222
Sales taxes	**1,404,869**	2,335,082
Other accounts receivable	**1,018,608**	-
	$ 2,616,775	$ 3,116,304

5. INVENTORY

	2003	2002
Fractionation products and substitutes	**$ 21,679,060**	$ 5,284,123
Matériel de collecte	**2,069,350**	3,669,855
Matériel de laboratoire	**1,113,180**	288,727
	$ 24,861,590	$ 9,242,705

6. PREPAID EXPENSES

	2003	2002
Insurances	**$ 3,686,119**	$ 1,664,621
Other	**266,428**	371,877
	$ 3,952,547	$ 2,036,498

7. LONG-TERM INVESTMENT

Héma-Québec has an investment in a trust account, entered at cost, falling due in October 2003, bearing interest at the rate of 2.88%, tied to an emphyteutic lease that is to be signed.

8. IMMOBILISATIONS

			2003	2002
	Cost	Accumulated Depreciation	Net Value	Net Value
Land	$ 2,139,500	$ -	**$ 2,139,500**	$ 2,139,500
Building	19,695,575	1,155,187	**18,540,388**	20,058,565
Physical improvements	6,524,295	591,473	**5,932,822**	3,485,919
Leasehold improvements	943,661	660,421	**283,240**	445,352
Automotive equipment	31,948	6,390	**25,558**	28,753
Machinery and equipment	8,357,985	2,667,299	**5,690,686**	5,341,960
Office furniture and equipment	2,511,625	1,673,511	**838,114**	489,801
Computer equipment	4,383,867	3,621,971	**761,896**	1,196,414
Software and software packages*	4,556,824	2,274,421	**2,282,403**	1,910,197
Intangible assets**	5,000,000	2,250,000	**2,750,000**	5,850,000
	$ 54,145,280	$ 14,900,673	**$ 39,244,607**	$ 40,946,461

8. FIXED ASSETS (cont.)

* The accumulated project costs as of March 31, 2003 stood at $753,728 net of taxes, and are included under software and software packages. Amortization of this capital asset will begin when the project is completed.

** Intangible assets include databases for blood-product management, fees linked to blood drive programs, transfer of operational and prescribed processes, as well as blood-product and tissue samples. All these assets were acquired for a total amount of $5,000,000 from the Canadian Red Cross Society on September 28, 1998. During the financial year, Héma-Québec wrote off $4,000,000 in intangible assets.

9. BANK OVERDRAFT

As of March 31, 2002, Héma-Québec had a revolving line of credit of $15,000,000 bearing interest at the prime rate less 0.50%.

10. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

	2003	2002
Suppliers	**$ 9,308,977**	$ 13,279,360
Salaries and fringe benefits	**5,409,818**	3,880,017
	$ 14,718,795	$ 17,159,377

11. LONG-TERM DEBT

	2003	2002
Loan, secured by the land and the building, with a net book value of $20 679 888, repayable in monthly payments of $36,337 (including principal and interest) and $53,783 plus interest of 6.19% and 5.79%, renewable in 2008 and 2009, falling due in 2023 and 2027	**$ 20,780,998**	$ 5,193,992
Loans repayable in monthly payments of $423,435 (including principal and interest) and $70,996 (principal only), and annual payments of $256,429 (principal only), at fixed rates varying from 4.45 % to 6.82%, falling due between 2004 and 2010	**20,456,366**	15,482,791
Loans for interim financing, at rates varying rom 2.16% to 5.45%	**-**	15,336,785
	41,237,364	36,013,568
Payments falling due within one year	**(5,693,942)**	(4,388,808)
	$ 35,543,422	$ 31,624,760

Repayments of capital on long-term debt to be made during the next five financial years are the following:

2004	$ 5,693,942
2005	$ 5,042,711
2006	$ 3,670,088
2007	$ 2,955,100
2008	$ 3,028,719

12. FUTURE FRINGE BENEFITS

Héma-Québec has several defined benefit and money purchase plans that guarantee pensions, post-retirement benefits other than pensions and post-employment benefits to most employees.

Héma-Québec's net expenditures for the financial year for its benefit plans are as follows:

	Pension plans		Other plans	
	2003	**2002**	**2003**	**2002**
Defined benefit plans	**$ 698,300**	$ 910,300	**$ 2,348,861**	$ 1,393,482
Money purchase plans	**$ 712,900**	$ 574,800	**$ -**	$ -

Information related to collective money-purchase pension plans, as of March 31, is as follows:

	Pension plans		Other plans	
	2003	**2002**	**2003**	**2002**
Obligations for accrued pension benefits	**$ 29,679,600**	$ 5,495,300	**$ 4,957,097**	$ 10,361,168
Fair value of assets at end of financial year	**30,187,200**	4,565,000	**-**	-
Capitalization position – surplus (deficit)	**507,600**	(930,300)	**(4,957,097)**	(10,361,168)
Unamortized actuarial loss (gain)	**(2,944,000)**	721,400	**1,383,000**	4,220,000
Unamortized cost of past service	**2,282,800**	-	**-**	-
Outstanding provisional obligation	**50,500**	55,500	**-**	3,406,000
Liabilities for accrued pension benefits	**$ (103,100)**	$ (153,400)	**$ (3,574,097)**	$ (2,735,168)

Significant actuarial assumptions adopted by Héma-Québec to evaluate its obligations for accrued pension benefits are as follows:

	Pension plans	Other plans
Discount rate	7.00%	7.00%
Anticipated long-term rate of return for plan assets	7.75%	-
Rate of salary increase	4.00%	4.00%

12. FUTURE FRINGE BENEFITS (cont.)

For evaluation purposes, the hypothetical rate of annual increase in health-care costs covered for each participant has been fixed at 9.5% for the year 2003. According to the hypothesis chosen, this rate should gradually decrease, reaching 5% in 2012. The hypothetical rate of annual increase in the costs of other health-care costs, borne by participants, has been fixed at 3%.

Other information for the financial year concerning Héma-Québec's defined benefit plans is as follows:

	Pension plans		Other plans	
	2003	**2002**	**2003**	**2002**
Contributions made by Héma-Québec during the financial year	**$ 748,600**	$ 829,200	**$ -**	$ -
Contributions made by employees during the financial year	**788,000**	916,100	**-**	-
Benefits paid	**$ 75,000**	$ 15,000	**$ 1,509,933**	$ 458,230

During the financial year, following renewal of collective agreements for unionized employees, Héma-Québec terminated retirement medical care insurance that allowed for a reduction of the unamortized actuarial loss of $2,643,000, the unamortized transitional bond in the amount of $3,179,000 and financial year expenses of $1,220,000. Furthermore, Héma-Québec improved the defined benefit pension plans resulting in a liability with respect to past service of $2,282,800.

On December 31, 2002, for actuarial valuation purposes, Héma-Québec amalgamated the Héma-Québec pension plan and the Red Cross pension plan for employees now working for Héma-Québec, following an agreement concluded on September 28, 1998. This amalgamation had the effect of increasing the fair value of the assets by $24,335,000 and of increasing liabilities for accumulated plan benefits by $20,341,700. Asset transfer will be completed by June 13, 2003.

13. FINANCIAL INSTRUMENTS

FAIR VALUE OF FINANCIAL INSTRUMENTS

Long-term liabilities

On March 31, 2003, the fair value of long-term liabilities of $41,237,364 stood at $41,398,762, in terms of current value taking into account the statement of changes in financial position at prevailing prices for securities of a similar nature with regard to term and interest rates.

Other assets and liabilities

The fair value of the cash on hand, accounts receivable, subsidy to be received, investment, bank overdraft, accounts payable and accrued expenses amount to their book value given their short term.

14. ENGAGEMENTS

Héma-Québec has committed itself through long-term leases for operating and office space, equipment and rolling stock expiring on various dates over the next 30 years. Leases for the rental of space have, in some cases, five-year renewal options.

Rental expenditures for the financial year ended March 31, 2003, were $ 1,649,130 ($ 2,035,233 in 2002) for premises and $ 586,172 ($ 982,564 in 2002) for automotive and other equipment. Minimum future payments with respect to long-term leases are as follows:

2004	$ 1,755,837
2005	$ 1,699,031
2006	$ 1,357,974
2007	$ 1,348,443
2008	$ 344,861
2009 and subsequent	$ 31,119,404

15. TRANSACTIONS AMONG AFFILIATES

In addition to operations among affiliates already disclosed in the financial statements, Héma-Québec is affiliated with all government departments and special funds, as well as all organizations and enterprises controlled directly or indirectly by the Government of Québec or subjected, either to joint control or to significant common influence on the part of the Government of Québec. Héma-Québec has not concluded any business transactions with these affiliates other than in the normal course of its activities and according to usual business terms. These operations are not disclosed separately in the financial statements.

16. COMPARATIVE FIGURES

Certain figures for 2002 have been reclassified in order to conform to the presentation adopted in 2003.

Today,

Jean

is having the
ride of his life.

27 TRANSFUSIONS

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