2005-2006 Annual Report

Héma-Québec, it's all of us!

HÉMA-QUÉBEC

Blood Products
Stem Cells
Human Tissues

MONTRÉAL FACILITY

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Canada

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Héma-Québec's licence numbers:
100862-A (Montréal facility)
100862-B (Québec City facility)

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OUR VISION

Message from the Chair of the Board of Directors and the Chief Executive Officer

This year, we worked on developing a vision to guide all our activities over the next five years. We have increased our emphasis on the fundamental importance of human capital, while still focusing on our products and services. This vision, developed with the help of numerous employees, was unveiled at an event attended by all our personnel, Les journées Halte-ressources 2005. Together, we discussed the direction we wanted the organization to take over the next five years, as well as the different ways of achieving our goal.

2005-2010 Vision

Héma-Québec is driven by the commitment, support and recognition of its employees as well as the trust of its partners to remain the standard of quality and innovation with respect to the safe procurement of blood products, human tissues and stem cells.

Our vision

Cheryl Campbell Steer, C.A., CMC
Chair of the Board of Directors

Dr. Francine Décary
Chief Executive Officer

Our previous vision, which supported the organization's activities since its creation in 1998, aimed to establish Héma-Québec as a leader in its field. Recently, we felt it was the appropriate time to review our first years in operation. One cannot help but notice that we were innovative and, on many occasions, stood out in Québec, but also in Canada and sometimes internationally. Héma-Québec's list of accomplishments in Canada as well as in North America is included in this report.

We are extremely proud of our accomplishments, but also of the fact that we rapidly became an organization able to offer Québecers reliable service and safe products. Despite what its name implies, Héma-Québec supplies more than blood products. Hematopoietic stem cells and human tissues, both used in transplants, took on a much greater role this year. Moreover, to support our broad mandate, we introduced the names of our three product lines in our logo.

We could not offer these excellent products and services without the remarkable skills of our personnel. Indeed, the quality and safety of the overall blood supply depends on leading-edge technologies and proven screening methods, but reaching our objectives depends on the day-to-day work of everybody—on the blood drive sites, in the offices, in the laboratories or externally.

This year, we have adopted a human resources management policy. This new approach, based on employee commitment, support and recognition, was introduced in a presentation to executives and managers who apply it in their respective activity sectors. In short, Héma-Québec wishes to ensure its momentum by continuing to listen to its skilled employees and encouraging their initiatives.

To fulfill this commitment towards our staff, we carried out major projects in 2005-2006 including SIGRHQ, a computerized human resources management system implemented in March. This system coordinates the management of personnel files, time tracking and payroll. A computerized scheduling system now allows for better planning of our blood drives. The work-life balance initiative has also been inspiring. From now on, a permanent advisory committee, comprised of employees from all sectors in the organization, will counsel management on what steps to take.

Héma-Québec did not develop on its own; several partners contributed to its growth and continue to play an essential role. Donors, volunteers, hospitals, government organizations, associations, companies, suppliers, universities and the media together form an impressive network of collaborators. Their invaluable contribution helped us achieve our mission, and Vision 2005-2010 fully recognizes this long-standing trust. This year, several events provided us with the opportunity to pay them tribute. During public regional meetings held across Québec, we held discussions with the blood drive organizing committees, the media and the general public. Several of the visits served as opportunities for us to demonstrate our expertise and equipment to government, industry, scientific and regulatory representatives.

We are very proud of our new university partnership, which strengthens the important contribution of scientific and medical advances on our ability to innovate. The Héma-Québec Foundation, with its Association of Blood Donation Volunteers Fund, together with Bayer and the CHUM foundation, have created the Chair in Transfusion Medicine at Université de Montréal, an excellent means of helping to train the next generation of hematology specialists.

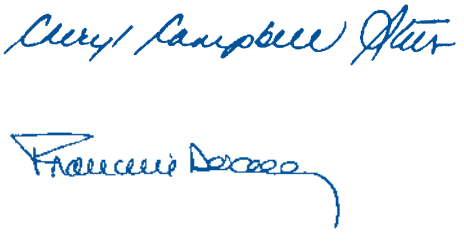
The threat of an influenza pandemic is making headlines. In order to reduce to a minimum the potential impact of such an event on the delivery of our services, we have developed a contingency plan. We have also updated our Business Continuity Plan and developed specific action plans to manage personnel and communications in a crisis situation. We are already preparing ourselves to take every step necessary to guarantee an adequate supply of blood products to the population.

Therefore, we approach the end of 2005-2006 with a feeling of accomplishment—patients were able to rely on us at all times. Our financial statements also indicate rigorous management. In fact, we had set an objective of keeping the cost of a unit of packed red blood cells as low as possible. As such, in keeping with the Défi ÉTAPES project, we called on all employees to find ways of saving in all activity sectors. Our efforts were rewarded, with savings that surpassed the initial recovery objective of $5.6 million. This group effort has resulted in a 5.9% improvement in the price of a unit of packed red blood cells compared with the previous year, in spite of an anticipated 8% decrease in demand.

To better summarize our activities, you will also note that the layout of this annual report was reworked. In order to reflect our corporate vision, the document is centred on this vision: Our employees come first, followed by our partners, and then our products and services. We present our products separately, specifying the adequacy and safety measures for each one. We hope that this new format will demonstrate the importance that we grant to our team and our full range of activities.

To conclude, we would like to acknowledge the collaboration of all our blood donor volunteers. We would especially like to thank all the members of the Board of Directors and the advisory committees for their important contribution to Héma-Québec's mission.

Thank you to everyone.



Mission

Héma-Québec's mission is to efficiently provide adequate quantities of safe, optimal blood components, substitutes, human tissues and cord blood to meet the needs of all Quebecers; provide and develop expertise along with specialized and innovative services and products in the fields of transfusion medicine and human tissue transplantation.

Values

Authenticity and transparency
Solving problems at the source
Getting it right the first time
Always thinking "customer"

From the outset, the organization planned to become the North American leader in its field by 2005. This ambitious objective has been achieved on more than one level and this success brings a sense of pride and satisfaction to all our employees. Here are some of our significant achievements:

Héma-Québec, North American leader

Safety innovations

- Implementation of an exclusion regarding variant Creutzfeldt-Jakob disease: Exclusion of all donors having spent one month or more cumulatively in the United Kingdom since 1980 (September 30, 1999). Since 2005, this exclusion period has been limited to trips between 1980 and 1996 (July 6, 2005).
- Implementation of Abbott Diagnostics' ABBOTT PRISM® donation screening instrument (May 2002).
- Implementation of an in-house test for detecting the West Nile virus (June 23, 2003).
- Implementation of a new collection device that includes a bypass pouch for the first 42 mL of blood (February 2003).

Efficiency innovations

- Implementation of SAP® R/3® with accelerated solution (September 28, 1998).
- Implementation of a seasonal analysis of West Nile virus (WNV), the first of its kind in North America, for all blood donations between June 1 and November 30 each year (April 4, 2005).

R&D innovations

- Securing of a North American patent for a technique to produce proteins with therapeutic potential from transgenic alfalfa plants (November 1999).
- Creation of the Hématech Testing Group: A Canadian first (January 2000).
- Securing of North American and European patents for a new method of producing natural interferon alpha from precursors of dendritic cells (September and October 2002).

Héma-Québec, Canadian leader

Innovations related to the safety of blood products

- Partial deleukocytation of whole blood by filtration before storage (June 14, 1999).
- Installation of MAK-SYSTEM's PROGESA blood management software (November 1999).
- Distribution of SD plasma, a plasma treated with solvent detergent for the reduction of pathogens (October 21, 1999).
- Nucleic acid test (NAT) to screen for HIV (January 17, 2001).
- Bacterial detection for all platelet components (February 15, 2005).
- Test to detect the Hepatitis B virus (anti-HBc) (April 2003).

Innovations concerning product adequacy

- Initial scientific study on the factors that motivate blood donors (2001-2005).
- Creation of the Public Cord Blood Bank (September 2004).
- Acquisition of the Québec Human Tissue Conservation Centre (December 2001) and certification from the American Association of Tissue Banks (April 2005).
- Creation of a registry of donors with IgA deficiencies (February 2003).

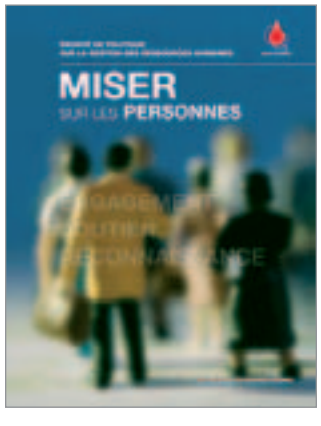
OUR STAFF

Vision 2005-2010

In 2005-2006, the organization undertook a review of its vision statement. An advisory committee comprised of 12 directors was mandated to make suggestions to the management committee to develop a new vision statement, as well as a relevant process for its unveiling.

A consultation with employees led to several suggestions for the vision and aspects to be included. The management committee welcomed these suggestions enthusiastically and submitted a proposed vision that was approved by the Board of Directors. The Vision 2005-2010 was unveiled to all employees in November 2005.

Human resources management policy



Based on this vision, Héma-Québec drafted a human resources management policy statement to solidify its preferred management style. This statement stems from the organization's response to one of the recommendations it received—"Do better," i.e. "reexamine management practices in an effort to better align them with scientific and operational realities."

Through its HR management policy, Héma-Québec intends to demonstrate the value it places on all its employees and their contribution to the organization's success. The organization's management style is characterized by commitment, support and recognition.

Commitment

Héma-Québec's approach is based on listening to its employees, who have the expertise required to perform day-to-day operations. When adequately apprised of the organization's motives and actions, employees have a full understanding of the issues and feel involved.

Listening to employees

Meetings with employees

At the employees' request, the Chief Executive Officer held a series of 31 one-hour meetings with employees, who spoke to her openly and directly. The vice-presidents attended the meetings in order to hear the comments as well and ensure the necessary follow-up.

Work-life balance

Work-life balance is an important concern at Héma-Québec and, as with the Vision Committee, it was addressed with an emphasis on listening to the employees. Following an invitation to employees, a task force representing the various sectors at Héma-Québec was formed of volunteer employees, selected based on their interests. This group of 13 people began work in May 2005 with the general objective of improving the balance between work requirements and personal demands. Its initial goal was to draw up a list of employees' perceived irritants.

After several months of work, the task force proposed a series of priorities for management to implement in the short, medium or long term. After examining them, the management committee announced them to the employees last November. Furthermore, this task force was approved as a management advisory committee on work-life balance.

Efficient information sharing

Working efficiently with a diversified staff that is often scattered across the province requires systematic and open communication. In 2005-2006, several steps were taken in this direction:

Team meetings

Formal or informal team meetings are being held more systematically within the divisions, with the following objectives: Listen to employees, provide them with continuous support, and discuss decisions that impact both the organization and the employees.

Internal publications

Several internal documents were published during the year, including the corporate newsletter *Les Mots d'Héma*. Employees can also read about achievements in various divisions (*Spécial Exploitation*, *Spécial Administration et finances*, newsletters from Operations, and Finance and Administration), the status of major projects (SIGRHQ newsletter, INFO-PROMINI newsletter) and special events (*Info Halte-ressources*).

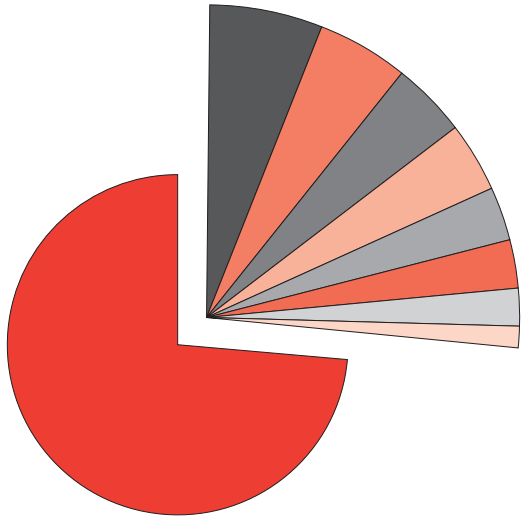
The Héma-Vigie newsletter features a literature review service on topics of interest to Héma-Québec.

Meetings with the unions

The labour relations (LR) committees created in 2003 and the occupational health and safety (OHS) committees held meetings pursuant to the provisions stipulated in the collective agreements of the nine unions.

Moreover, some 30 meetings were held with union representatives in the aim of keeping the unions better informed of the organization's decisions. In Operations, committees were formed to involve employees in problem-solving in order to give them a better understanding of the issues in their division.

Breakdown of employees per division as at March 31, 2006



Operations: 73%

Medical Affairs: 6%

Information Technology: 5%

Research and Development: 4%

Finance and Administration: 4%

Quality and Standards: 3%

Human Resources: 2%

General Management
Legal Affairs
Public Affairs — **2%**

Human Tissues: 1%

Héma-Québec has 1,326 employees, with 73% in Operations, who are mainly responsible for planning the blood supply, organizing community blood drives, qualifying collected blood bags, processing blood into labile blood products, technical services (material resources and biomedical equipment), and distributing labile and fractionated products.

Support

Integrated human resources management system

Of all the corporate projects undertaken this year, the most significant was no doubt the *Système intégré de gestion des ressources Héma-Québec* (SIGRHQ—Héma-Québec integrated resource management system). This infrastructure project is aimed at harmonizing, integrating and optimizing the administrative systems and processes related to human resources management. The project required reviewing 73 processes, thereby reducing the number of data entry points, from hiring to time management. At the end of this process, the organization will be able to provide better service to its employee-clientele and achieve greater efficiency in its administrative activities.

The project also stood out for its human dimension. From the outset, the two divisions responsible for the project, Information Technology and Human Resources, recommended performing almost all operations in-house. A dedicated team was set up, supported by a large team mainly comprising the managers of the processes under review. Approximately 25 people were involved in this project, not to mention occasional collaborators from Human Resources, Finance and Administration, Operations and Quality and Standards.

The SIGRHQ project proceeded on schedule and without any cost overruns. One of the project managers was asked to give a report on Héma-Québec's success at the annual meeting of the Americas' SAP Users' Group (ASUG).

Work restructuring

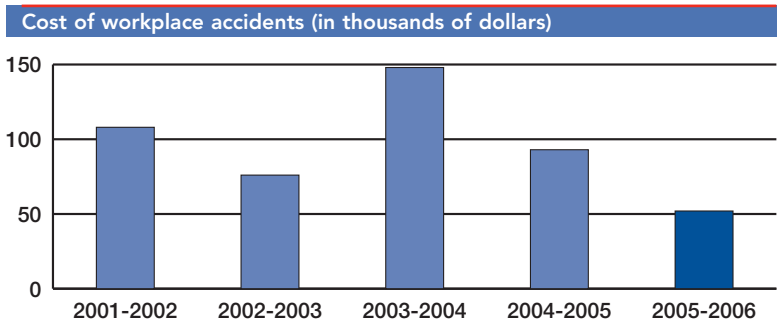
Several divisions implemented measures to better identify each person's tasks. For example, after having noted that the network administrators were tending to gradually become more specialized, Information Technology now considers the strengths and weaknesses of each person in assigning projects. Moreover, thanks to a new computerized management tool, we carefully plan the resources required within this division, which is directly involved in 60% of the organization's activities.

Adoption leave

In 2005-2006, a new leave was instituted, allowing adoptive families to take a few months off work. The *Act respecting Labour Standards* requires employers to offer this leave, but Héma-Québec moved its application up by one year. Adoption leave also applies to same-sex partners (non discriminatory).

Occupational health and safety (OHS)

Health and wellbeing remain at the forefront of the organization's concerns. The Occupational Health and Safety department (OHS) and the three committees under its responsibility took several initiatives in this regard. Their constant efforts have helped considerably reduce the number of occupational injuries and costs, which stood at $51,611, a 56% decrease compared with the previous period.



Since 2003-2004, the costs due to injuries have decreased three-fold. This decrease is mainly due to an increase in activities geared to preventing and managing occupational injuries.

Adjustments on the costs of previous years have been made, in compliance with CSST accounting practices, which calculate costs per file and per billing period (year in which the accident was declared).

Some 15 conferences and workshops on physical and mental health were organized. Various projects were consolidated, including the implementation of corrective and preventive measures initiated by the Ergonomic Improvement Committee of the Nucleic Acid Tests (NAT) laboratory. As part of the contest "Pleins feux sur l'innovation," the OHS parity association in Social Affairs recognized the ERGO TAN project, which improved the decapsulation and extraction steps.

Training and certification

Training aimed at improving customer service (donors, hospitals, telephone recruitment) was provided to close to 150 people responsible for external telephone calls in Operations. Moreover, Public Affairs also provided media training for employees who perform public relations duties at blood drives.

Employees had access to other types of training. Medical Affairs organized courses/conferences on molecular biology, specific hematological diseases, and laboratory techniques. Researchers and students in Research and Development gave in-house lectures, open to everyone, and outside speakers were invited to give talks on current topics.

Two employees from Human Tissues attended the conference of the American Association of Tissue Banks (AATB), obtaining certification as human tissue specialists (CTSB).

Information Technology continued its efforts to obtain ITIL (Information Technology Infrastructure Library) certification, a set of internationally recognized recommendations in the sector. All employees who needed certification have acquired it, as well as two employees from Quality and Standards.

Also, Human Resources adopted concrete measures to provide managers with training to develop the skills needed to manage people and teams.

Recognition

Halte-ressources 2005

This year was marked by the third edition of Halte-ressources. This employee training day had three objectives: Discuss topics of general interest, promote the organization's achievements and projects, promote interaction and create ties. This year, the event was specifically aimed at recognizing and thanking employees for their commitment to the organization's Vision 1998-2005.

To minimize the impact on our operations, Halte-ressources was held over three days. Under the theme "Héma-Québec, c'est nous tous!," participants viewed multimedia presentations on the most important achievements, learned tips for better work-life balance and discussed Vision 2005-2010.

The event was organized entirely by a committee comprised of ten employees from all levels, who spared no effort to make the event an unqualified success. The committee's work was highly appreciated, with an overall satisfaction rate of 96.4% according to the 882 evaluation forms collected.

This excellent internal communications record earned the organization two prestigious awards, one from the Société des relationnistes du Québec and the other from the Canadian Public Relations Society, Inc.

Service recognition

Dr. Francine Décary and some vice-presidents, Dr. André Lebrun (left) as well as Yvan Charbonneau and Roger Carpentier (right), with employees from Québec cumulating 30 and 35 years of service. From left to right: Marie Côté, Diane Corriveau, Céline Deslauriers, Renée Lessard, and Johane Dancose.

Dr. Francine Décary and Roger Carpentier flank employees from Montréal cumulating 30 and 35 years of service. From left to right: Johanne Marcotte, Aline Bouchard, Viviane Champagne, Maryvonne Tannier, Ginette Lafond, Lyne Tremblay, Danielle Laforest, Ghislaine Cloutier, Jacqueline Megnant, Anna Lefebvre, and Michèle Bigonesse.

The careers of 222 employees—148 in Montréal and 74 in Québec City—were honoured at two seniority recognition ceremonies.

Service recognition

YEARS OF SERVICE	NUMBER OF EMPLOYEES
5	121
10	26
15	31
20	13
25	9
30	18
35	4

2005 Armand-Frappier award

CREDIT: DENIS CHALIFOUR

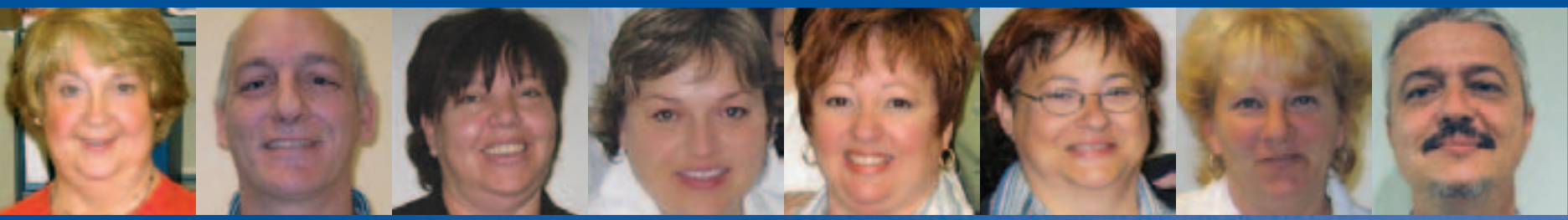
Last fall, Dr. Francine Décary, Chief Executive Officer, was presented with a prestigious Prix du Québec, the 2005 Armand-Frappier award, during a ceremony at the National Assembly. This award is the highest distinction bestowed by the Québec government for the creation or development of research establishments or for the administration and promotion of research. Dr. Décary was awarded this prize by the Minister of Economic Development, Innovation and Export Trade.

Although this award was an individual distinction, Dr. Décary considers it a group reward. In her speech, she honoured the entire staff, whose efforts and dedication have contributed to the organization's success, helping it earn the trust of all Québecers.

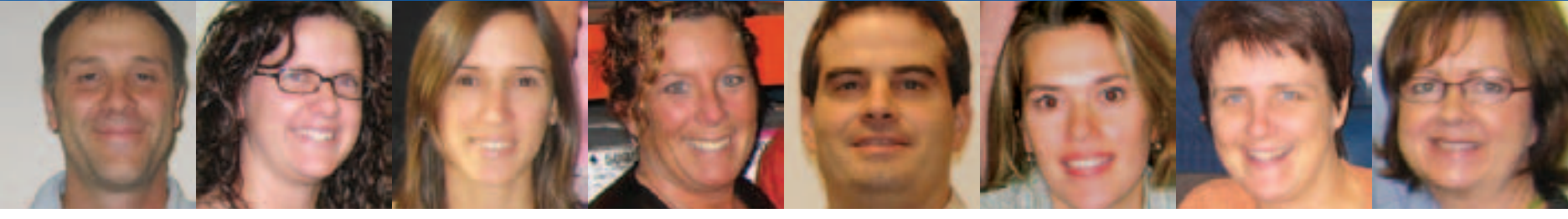
" ... my colleagues, the directors, the 1,300 employees and the 16,000 volunteers all share this honour with me.

Héma-Québec could not have been possible without their tireless work, constant concern for safety and unshakable belief in the greater good ... "

Dr. Francine Décary



OUR PARTNERS



Diverse network

Héma-Québec has a network of partners in all sectors—public, parapublic and private—and many fields, from science to finance, and research to teaching, whether they be suppliers or clients. Once again this year, they have all played a role in maintaining the blood supply.

Héma-Québec's main partners are the donors of whole blood, platelets, plasma, cord blood, bone marrow or human tissues.

Volunteers who work on the organizing committees, telephone recruitment and blood drives should not be forgotten. Some of these volunteers are members of the Association of Blood Donation Volunteers (ABDV), an important partner, specifically in terms of raising awareness among young people. For example, these awareness efforts in cégeps and universities in the Eastern Townships have led to an increase in the number of donors.

Our partners

Héma-Québec's mission relies on the collaboration of numerous community partners. After over seven years in operation, the organization still needs, and will always need, their support. The new Vision 2005-2010 fully recognizes the crucial role of its network of partners and emphasizes the importance of securing the trust of each one in order to remain a model of excellence.

OUR HOSPITAL CLIENTS OR SUPPLIERS

- Hospitals
- Sainte-Justine and St. Mary's for the Public Cord Blood Bank
- User committees from hospital blood banks
- Comité consultatif en médecine transfusionnelle à Montréal (CCMTM – Québec Transfusion Medicine Advisory Committee in Montréal)
- Comité consultatif en médecine transfusionnelle à Québec (CCMTQ – Québec Transfusion Medicine Advisory Committee in Québec City)
- Halifax Regional Tissue Bank (heart valves)

OUR CLIENTS

- Academic clients
- Financial clients
- Governmental clients
    - Ministère de la Santé et des Services sociaux du Québec (MSSS)
        - Unité de biovigilance
    - National Advisory Committee on Transfusion Medicine (NACTM)
    - Haemovigilance committee

AT THE HEART OF HÉMA-QUÉBEC

- Donors (whole blood, platelets, plasma, cord blood, bone marrow, human tissues)
- Volunteers (organizing committees, telephone recruitment, blood drives)
- Association of Blood Donation Volunteers (ABDV)
- Héma-Québec Foundation and its associated funds

OUR SUPPLIERS

- Service providers
- Product suppliers

OUR BLOOD SECTOR PARTNERS

- Canadian Blood Services (CBS)
- America's Blood Centers (ABC)
- Health Canada

Recognition activities

Volunteers

Héma-Québec's success rests mainly on volunteer action, and the Partner for Life program pays tribute to its volunteers' contribution to the organization. Two regional recognition evenings celebrated the invaluable contribution of individuals or organizations that really stood out during the last year according to a series of criteria in various categories. The first evenings of this new program were held in April 2005 in Montréal and Québec City. Among the 14 honorees, three candidates were nominated for a Hommage Bénévolat-Québec award.

Montréal and Western Québec

CREDIT: MARC COUTURE

From left to right: Miville C. Mercier, Volunteer – Blood Donation Promotion, André Roch, Héma-Québec's Vice-President, Public Affairs, Mireille Biage, Volunteer, Yvan Charbonneau, Héma-Québec's Vice-president, Operations, Gilberte Sarrazin, Regional Volunteer, Zoé Yamani, Young Volunteer with Dr. Francine Décary, Héma-Québec's Chief Executive Officer.

Québec and Eastern Québec

CREDIT: MARC COUTURE

From left to right: Guimond Breton, Volunteer – Blood Donation Promotion, Noëlla Turgeon, Regional Volunteer, François Olivier, Young Volunteer, Alvyne Gendron, Volunteer with Dr. Francine Décary, Héma-Québec's Chief Executive Officer.

Blood donors

Blood donors who have made 100 or more donations were honoured at four galas held across Québec. There are over 2,500 career donors in Québec, whose blood products have saved or improved thousands of lives.

CREDIT: MARC COUTURE

Éric Bellefleur (left), father of Gabriel, a young recipient about two years old, and Henri Ravary (right), a donor who has made 380 donations to date, with The Honourable Lise Thibault, Lieutenant Governor of Québec, and Dr. Francine Décary, Héma-Québec's Chief Executive Officer.

Stem cell donors

In keeping with tradition, a recognition evening was held in September for stem cell donors. The 12 donors were in attendance, as well as a couple representing parents registered with the Public Cord Blood Bank.

From left to right: Andy Mak, Sarah Pilon-Savoie, Tania-Marie Iacourto, Andrée Barbeau Audet, Jocelyne Béliveau, Pierre Duguas, Leïlani Piette (recipient, bone marrow), Serge Boudreau, Julie W. Ouimette (recipient, cord blood), Marc Dumouchel, Dr. Francine Décary, Héma-Québec's Chief Executive Officer, Geneviève Gareau (donor, cord blood) and Lucie Godèrre.

Human tissue donors

The donation of human tissues is an important moment for the families of donors, and Héma-Québec provides them with its full support before and after the process. These families were also invited to the recognition evening for organ donors organized in the fall in Sherbrooke by the Canadian Organ Donors Association.

Regional public meetings

At the prompting of the Board of Directors, and with a view to openness and listening, meetings have been held with community members throughout Québec over the past several years. Several regional public meetings (RPM) were aimed at raising participants' awareness of the importance of community involvement and the role of blood drive organizing committees, as well as the need to prepare the next generation of volunteers and donors.

Gaston Martin, heart transplant patient with his spouse Diane and Dr. Francine Décary, Héma-Québec's Chief Executive Officer.

Ten cities were visited across Québec in 2005-2006. At each RPM, Héma-Québec representatives describe the organization's activities, summarize the year's achievements and present future projects. Regional volunteers and partners, including hospital representatives, are invited and can ask the representatives questions. A workshop is held with the partners before these RPMs in order to answer questions of a technical or logistical nature.

The media and general public are also invited. The tour received significant media attention: 35 articles in the print press and 17 interviews with electronic media.

Meetings with hospital blood bank directors

There are two committees comprising the directors of hospital blood banks served by Héma-Québec: the Comité consultatif en médecine transfusionnelle à Montréal (CCMTM-Québec Transfusion Medicine Advisory Committee in Montréal), created in 1987, and its counterpart in Québec City (CCMTQ), created in 1995. Regular meetings are held with Héma-Québec representatives to discuss the mutual needs of the organization and its hospital clients.

Meetings with staff at hospital blood banks (user committees)

The head technicians at hospital blood banks have a similar structure. The User Committees in Montréal and Québec City meet with the same frequency as the CCMTM and CCMTQ. Hospital Relations and Inventory organize meetings with these two committees to promote and maintain direct and regular contact with its hospital clientele, in order to discuss news, limitations, and ups and downs in the client-supplier relationship.

During the year, six meetings were held with representatives from all areas of Québec; the meeting in Québec City was held by videoconference and involved 13 hospitals, including those in Îles-de-la-Madeleine, Gaspésie and Kuujuaq.

Consensus forum on plasma self-sufficiency in Québec

With authorization from the Board of Directors, management organized a consultation on the management of plasma intended for preparation of fractionated products. On February 17 and 18, 2006, over 125 participants attended a consensus forum entitled "Plasma self-sufficiency in Québec," including several Québec, Canadian, American and international clients and partners.

Discussions focused on the level of sufficiency for intravenous immunoglobulins derived from the plasma of Québec donors. A consensus was reached on the concept of self-sufficiency for the needs of patients with immunoglobulin deficiencies. This consensus will require the organization to increase the amount of plasma it collects.

Honoured guests

Labile blood products:

- **ABC (America's Blood Centers)**

This conference was held for the first time outside of the United States, in Québec City in August 2005. It was attended by several hundred blood bank representatives from several U.S. states and Canadian provinces, who accepted an invitation to tour Héma-Québec's facilities.

- **PIC/S (Pharmaceutical Inspection Cooperation/Scheme)**

In October 2005, as part of the annual conference of this international group that advocates the standardization of inspection practices, Health Canada invited a delegation of Canadian and European inspectors to visit Héma-Québec's facilities. The visitors were very impressed by the size of the facility and especially by the operating practices.

Stem cells:

- **Insception Biosciences**

Representatives from a private cord blood bank in Ontario toured the facilities of the Public Cord Blood Bank. Once again, the visitors had nothing but praise for Héma-Québec's work and operating practices in this emerging sector.

Other notable visitors

Finance and Administration hosted several companies interested in implementing the SAS software. Members of the SAP User Group Québec and a delegation from the Association québécoise de l'industrie de la sécurité also toured the facilities. Several tours for engineering students (ÉTS, Polytechnique) were also organized.

Public Affairs organizes several group visits every year. In 2005-2006, a total of 332 people on 40 tours visited our Montréal facilities, including the Bahamas' Minister of Health and several of his associates.

Training the next generation

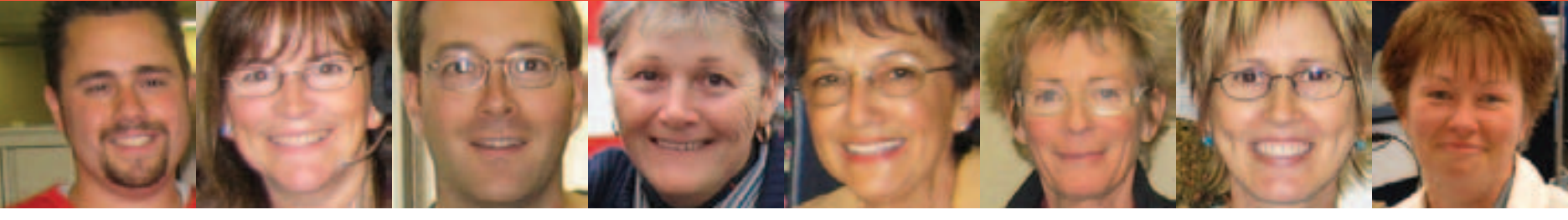
One of the missions of Research and Development is to train the next generation of blood and transfusion specialists. Other divisions are also actively involved in training students. The following table lists the various activities in this field:

Students or interns per division	
CATEGORIES	NUMBER
R&D	
Master's students (MSc)	9
Doctorate's students (PhD)	6
Scholarship students	2
Foreign intern	1
Summer interns (2005)	9
Scholarship students	7
Human Tissues Master's students (MSc)	1
Medical Affairs Fellow in transfusion medicine Resident in transfusion medicine	 1 6
Legal Affairs Student	1
Operations Master's students (MSc)	1

International training workshops

Héma-Québec maintains close ties with countries that want to implement a national blood donor recruitment program. The organization provides them with training sessions on how to build up an adequate and safe blood supply. In addition, the chief of Direct Marketing participated in training events organized by the World Health Organization (WHO) and the International Federation of Red Cross and Red Crescent Societies (IFRCRCS) in Abuja (Nigeria), Gaborone (Botswana) and Santiago (Chile). The Swiss Red Cross organized another workshop in Cairo, Egypt.

OUR PRODUCTS AND SERVICES



Safety

The safety of the blood supply is one of Héma-Québec's main priorities as a producer and supplier of labile blood products, hematopoietic stem cells and human tissues. The organization spares no effort to provide Québecers with safe, top-quality products. In 2005-2006, several measures were implemented and numerous projects launched to guarantee and improve the safety of the blood supply.

Labile blood products

PROMINI project

Approximately 18 months after its launch, the PROMINI project is on schedule, and the design phase is now completed. This regulated project involves updating PROGESA (PROgiciel de GEstion du SAng—blood management software), the foundation of all Héma-Québec's activities, and has four main objectives:

- install a more recent version of PROGESA;
- implement the ISBT 128 blood products coding system;
- optimize and harmonize work methods and activities related to PROGESA to comply with the new realities at Héma-Québec;
- upgrade the IT infrastructure (servers) used by PROGESA.

The new PROGESA system is expected to be officially launched in early 2007.

In the wake of this project, Information Technology developed a new quality system for the optimal validation of information systems. The Système qualité des technologies de l'information (SQTI-information technologies quality system) complies with the most recent international standards in the pharmaceutical and biotechnology industry.

Review of the malaria criterion

Following several reported cases of malaria in people having traveled to the Dominican Republic, this at-risk area was reinstated on the list of malaria risk areas this year. As a result, the exclusion rate of donors from this qualification criterion increased from 1% to 3%.

Modification of the exclusion period for variant Creutzfeldt-Jakob disease

Data in the scientific literature have shown a steady decrease in confirmed cases. Moreover, safety measures implemented in the United Kingdom and France have helped reduce the risk of transmission of variant Creutzfeldt Jakob disease (vCJD) associated with travel to these areas.

Consequently, the exclusion period for donors having visited the areas in question now ends at December 31, 1996. The adoption of this less restrictive criterion meant that more donors were eligible to give blood and excluded donors were reinstated. The exclusion rate for vCJD dropped 40% compared with 2004. Thus 227 donors were reinstated on the list, representing 292 blood donations.

Bacterial culture

In February 2005, the organization introduced a bacterial detection system for blood platelets. A bacterial culture test is now done on all platelet products (platelets from whole blood and platelets by apheresis) using bioMérieux's BacT/ALERT® 3D System.

This process also helps improve the safety of platelet products. As at March 31, 2006, 86,200 bacterial cultures had been done on these products, with no positive results (bacterial growth) for platelets by apheresis. Only 11 cultures were positive in platelets from whole blood. Of these 11 cultures, 10 were withdrawn in time from Héma-Québec's inventory. Only one product was transfused, but no transfusion reaction was reported.

Bacterial culture on platelets

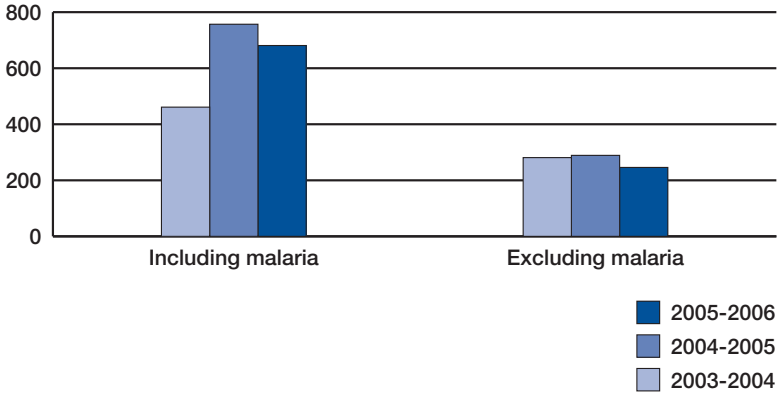
PLATELET TYPE	NUMBER OF CULTURES	CULTURES TESTED POSITIVE
Thrombapheresis	13,669	0
Platelets from whole blood	72,531	11
Total	86,200	11

A culture is positive when the bacterial contamination detected in the platelet concentrate has also been confirmed by a quality control performed on the other components of the donation (packed red cells or plasma). Of the 11 positive cultures, 10 products were withdrawn in time from Héma-Québec's inventory. Only one product was transfused, but no transfusion reaction was reported. Each of these cases was detected less than 24 hours after incubation. Note that there are fewer cultures than donations of platelets by apheresis as a single culture is done on double platelet donations.

Post-donation information reports

Information received after a blood donation includes reports of infections, medications taken or at-risk activities reported after the blood donation. Since this information may compromise the safety, purity or effectiveness of the blood products derived from the donation in question, post-donation information reports require that products be withdrawn from the inventory.

Post-donation information



Post-donation information reports, including all information received by the donors after giving blood, are an important quality assurance tool. A total of 681 declarations of information regarding travel to malaria-endemic areas were received in 2005-2006, or 76 fewer than in 2004-2005. This decrease is due to the introduction, in February 2006, of a new blood drive work tool, the malaria cardex. This guide allows nurses to ask donors more precise questions in order to better identify potential problems. The downward trend should hold steady. In addition, a total of 246 declarations, excluding malaria, were received after donations in 2005-2006, or 43 less than the previous year.

Quality control of labile blood products

To ensure that the labile blood products produced respect prevailing standards and are safe, Héma-Québec applies various quality control procedures. The organization always complies with the highest standards. This year, it has implemented certain requirements of the Canadian Standards Association's (CSA) Blood and Blood Components standard.

The following table sets out the quality control results for labile blood products in 2005-2006.

Quality control of labile blood products for 2005-2006

TYPE OF PRODUCT	TESTS	NUMBER OF PRODUCTS TESTED	PERCENTAGE OF COMPLIANCE	ACCEPTABLE VALUE	ACCEPTABLE PERCENTAGE
Packed red cell AS-3	Residual leukocytes	763	[1] 99%	< 5,0 x 10^6/bag	100% of bags tested
	Sterility	769	100%	No contamination	100% of bags tested
Platelet concentrate	Residual leukocytes	1,010	[2] 98%	≤ 8,3 x 10^5/bag	100% of bags tested
	Platelet count	1,006	85%	≤ 5,5 x 10^{10}/bag	75% of bags tested
	pH	978	[3] 99%	≥ 6,0	100% of bags tested
	Sterility	992	[4] 99%	No contamination	100% of bags tested
Thrombapheresis	Residual leukocytes	1,360	100%	< 5,0 x 10^6/bag	100% of bags tested
	Platelet count	13,931	86%	≥ 3,0-5,1x10^{11}/bag	75% of bags tested
Granulopheresis	White cell count	91	80%	≥ 1,0 x 10^{10}/bag	75% of bags tested
	Sterility	91	100%	No contamination	100% of bags tested
Cryoprecipitate	Fibrinogen	196	100%	≥ 150 mg/bag	75% of bags tested
	Factor VIII	195	90%	≥ 80 IUbag	75% of bags tested
Fresh frozen plasma	Factor VIII	1,071	92%	≥ 0,52 IU/mL	75% of bags tested
Fresh frozen plasma (PFC)	Factor VIII	256	[5] 72%	≥ 0,70 IU/mL	75% of bags tested
Fresh frozen plasma by apheresis	Factor VIII	128	79%	≥ 0,70 IU/mL	75% of bags tested
	Sterility	136	100%	No contamination	100% of bags tested

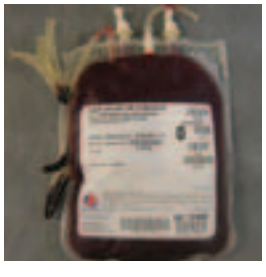
[1] Residual leukocytes in packed red cells AS-3: Two non-compliant units detected early in the year, cause unknown, isolated event.

[2] Residual leukocytes in platelet concentrates: The CSA standard for residual leukocyte counts in platelet concentrates was implemented in February 2005. Following the non-compliant results, the filtration process was reviewed, exposing some problems with devices and handling errors that led to training for the personnel. The situation is now being monitored.

[3] pH of platelet concentrates: non-compliant results noted for the pH of platelet concentrates are due to analysis delays.

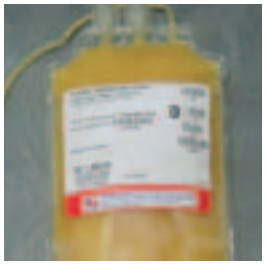
[4] *Aerococcus christensenii*

[5] FFP factor VIII: Changes to the freezing method, combined with the inadequate distribution of ABO groups during selection of FFP bags used in the monthly measurement of factor VIII, led to a fluctuation in the results. Both the freezing method and ABO distribution were reviewed, and since January 2006, a rate of compliance between 82% and 100% has been attained.



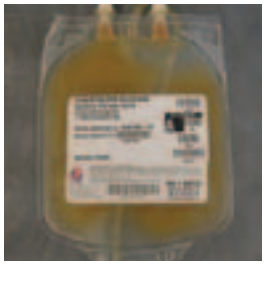
Packed red blood cells

Storage period:
42-day shelf life at a temperature of 2° to 6°C



Plasma

Storage period:
One-year shelf life at a temperature below -20°C



Platelet concentrate

Storage period:
Five-day shelf life at a temperature of 20° to 24°C

Cryoprecipitate

Storage period:
One-year shelf life at a temperature below -20°C

Annual proportion (%) of donations confirmed positive for each virology marker

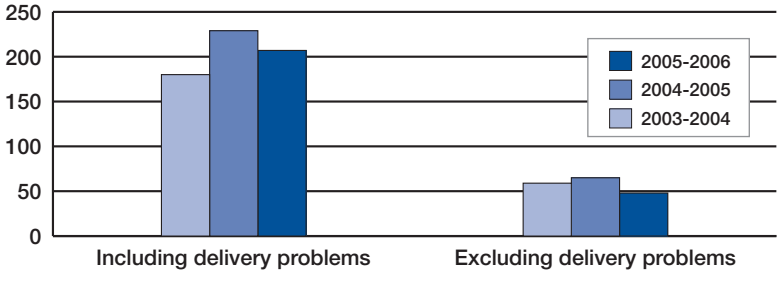
MARKERS	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006
HIV	0.0004%	0.0008%	0.0004%	0.002%	0.000%
HCV	0.0119%	0.009%	0.0160%	0.011%	0.005%
HBV	0.0123%	0.0082%	0.01%	0.015%	0.009%
HTLV	0.0008%	0.0016%	0.0039%	0.001%	0.001%
Syphilis	0.011%	0.0094%	0.0105%	0.010%	0.009%
Total number of donations tested	238,532	250,861	256,518	242,720	269,939

The prevalence of markers of infection in donors has remained stable through the years. Apparent fluctuations are not statistically significant. The rate for the HIV marker, after having increased slightly last year, is back to zero almost (0.0004%) since only one case has been reported this year. The 2005-2006 annual rates include thrombapheresis and plasmapheresis donations, whereas in previous years, the rates only took into account packed red cells.

Error and accident reports

We gather information on errors and unexpected deviations from procedures or standards that may occur at any step in the blood management process. These risk compromising the safety, purity or efficacy of a product. Where applicable, these products are immediately withdrawn from the process and the inventory, and destroyed. Accidents are also compiled; these are situations that can occur at any step in the blood management process, even if all procedures have been followed.

Errors and accidents



A total of 207 errors and accidents, including delivery problems, were reported for all labile blood products delivered by the organization, or 22 less than in 2004 2005. This slight decrease is the result of a new packaging process and the downward trend should continue. The errors and accidents results, excluding delivery problems, show a significant decrease. In fact, a total of 48 errors and accidents were recorded in 2005-2006 compared with 65 last year. This 26% decrease is due to a corrective action relative to physical changes to work spaces and the assignment of specific tasks to two groups of employees. This action helped improve the withdrawal process for blood products. The numbers of errors and accidents for 2004-2005 as published in the previous edition of the annual report have been corrected.

Health Canada inspections

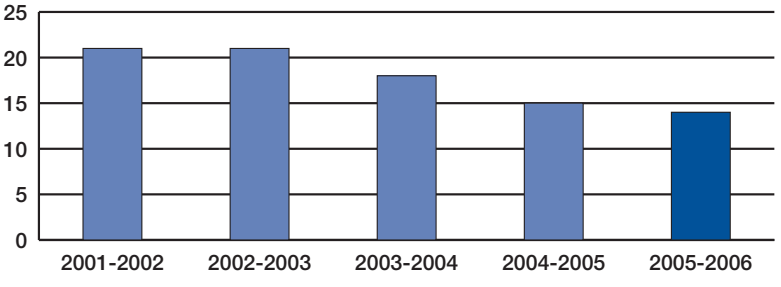
Héma-Québec's facilities were audited by Health Canada's Health Products and Food Branch Inspectorate, which is mandated to enforce required safety measures and the conditions of the operating license.

During the audit of the facilities, the inspectors noted the importance given by employees to the safety of blood products, and praised their professionalism. They also noted a general improvement in record-keeping, training of employees and management of the inventory of labile products, in terms of tracking.

This list of observations noted indicates that they are steadily declining. Moreover, the severity level of the observations is increasingly lower.

The fact that Héma-Québec maintained its operating license confirms that it respects the safety measures imposed by Health Canada and shows that the citizens, patients and hospitals of Québec are justified in trusting the organization and its team. In addition to these external audits, Héma-Québec also conducts regular internal audits.

Observations made by Health Canada



A total of 14 observations were issued in 2005-2006 by Health Canada, or one less than in 2004-2005, and four less than in 2003-2004. It is important to note that not only has the number of observations declined over the years, but the severity level regarding potential impacts on procedures and product safety is also increasingly low.

Inspections for AABB accreditation

Héma-Québec was inspected for the renewal of its accreditation from Advancing Transfusion and Cellular Therapies Worldwide (AABB). This accreditation agency evaluated the blood bank's quality system and activities.

The AABB accreditation process helps institutions ensure that their quality program meets requirements. These standards govern the professional requirements for U.S. blood banks and transfusion departments, as well as the operating criteria to be respected by their foreign counterparts.

Hematopoietic stem cells

Quality control of cord blood donations

During quality control, certain tests on cord blood are performed. More specifically, a screening for indicators (CD34 and CD45) on the surface of stem cells to determine their level of maturity is done. The presence of these markers indicates a low level of maturity of these cells, which is an indicator of success during transplantation. Sterility tests ensure that there is no bacterial contamination in the cord blood.

Quality control of cord blood					
	TESTS	NUMBER OF PRODUCTS TESTED	PERCENTAGE OF COMPLIANCE	ACCEPTABLE VALUE	ACCEPTABLE PERCENTAGE
Cord blood (pre-treatment)	Sterility	136	100%	No contamination	100% of cords tested
Cord blood (post-treatment)	Sterility	136	100%	No contamination	100% of cords tested

Human tissues

Control of bone tissue cultures

During the quality control process, sterility tests are performed on samples of human tissue taken during harvesting and after processing, which allows us to select tissue that meet prevailing standards and to check the effectiveness of the tissue sterilization method during processing.

Quality control of human tissues

TYPE OF PRODUCT	TESTS	NUMBER OF PRODUCTS TESTED	PERCENTAGE OF UNACCEPTABLE MICROORGANISMS
Human tissues (post-harvesting)	Culture	359	[1] 3.4%
Human tissues (post-treatment)	Culture	466	[2] 0.4%

Tissue compliance or non-compliance is determined by the presence of acceptable or unacceptable microorganisms. Tissues contaminated with unacceptable microorganisms are destroyed.

Unacceptable microorganisms detected:

[1] *Staph. aureus*
Candida albicans
Enterococcus sp. and other enterococci
Escherichia coli
Enterobacter cloacæ

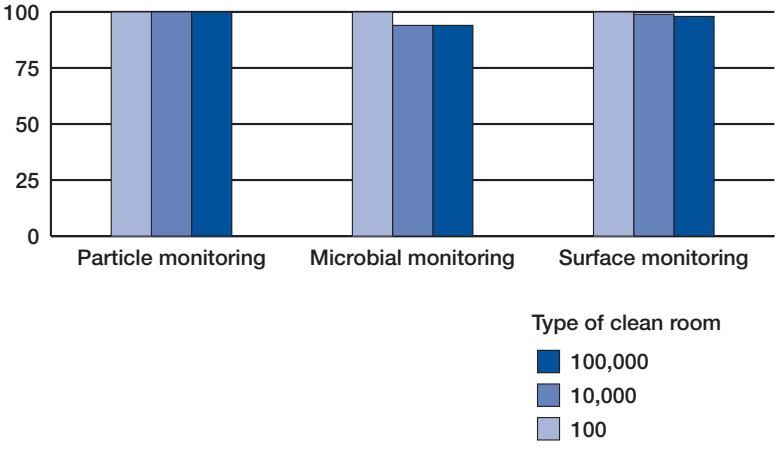
[2] *Streptococcus agalactiæ*

Environmental tests in clean rooms

To harvest and process tissues in optimal conditions, human tissue laboratories have controlled-environment rooms called clean rooms, classified according to the number of particles present in the air.

Clean rooms fall into three different categories, depending on the number of particles permitted inside: 100,000, 10,000 and 100. To guarantee the quality and classification of the rooms, the environment must be controlled.

Performance index (%): Environmental monitoring in clean rooms (January 1 to December 31, 2005)



Three types of environmental monitoring are performed weekly at several points in the product processing rooms:

- Particle monitoring (PM): Indicates the number of non-viable particles present in the air according to size per cubic metre of air;
- Microbial monitoring (MM): Shows the presence of contaminants in the air by indicating the number of bacteria per 1,000 litres of air;
- Surface monitoring (SM): A simple method for determining if work surfaces are clean; indicates the number of bacteria present.

In general, the environmental monitoring standards are 100% respected. Non standard results are isolated cases, and no specific trend has been noted. After an initial adjustment period, current results are now fully acceptable.

ISO 13485 certification for heart valves

Manufacturers of medical materials must have ISO 13485 certification to obtain Health Canada's authorization to distribute their products.

Héma-Québec obtained certification for the collection, processing and distribution of valve allografts further to an inspection by an accredited registrar of the Canadian Medical Devices Conformity Assessment System (CMDCAS). The latter made no observation.

Catherine
Monthly transfusions

Charles
2 transfusions

Jonathan
10 transfusions

Christine
15 transfusions

Adequacy

Labile blood products

Donor satisfaction survey

In September 2005, in conjunction with certain international partners, Marketing prepared and carried out under the same conditions, a survey on donor satisfaction. The donors were surveyed through a weekly mailed questionnaire. Of the survey respondents, 51% said they were fully satisfied with their experience for all donation sites. The organization reached this level for the first time last quarter, which places it among world leaders in terms of a positive blood donation experience.

The ranking shows that the organization often surpasses its international partners, in particular in terms of customer service. Although waiting time is still a weak point, dissatisfaction regarding its length is fading.

Donor loyalty

• Retention of new blood donors

Blood donor loyalty remains at the heart of the supply strategy. This year, after launching a loyalty program for Rh negative donors, then for donors at the GLOBULE Centres, Marketing implemented a retention program designed this time for new donors. Developed around the theme "Life goes on because of you!," it aims to encourage new donors to become involved and to make a second donation as soon as they are eligible.

The program targets all new donors, namely 15% of the annual total. Donors are given a pin and thanked at the blood drive site, and then mailed a welcome kit comprising a new donor card and a note from the Chief Executive Officer. From November 2005 to April 2006, more than 10,000 kits were shipped to new donors.

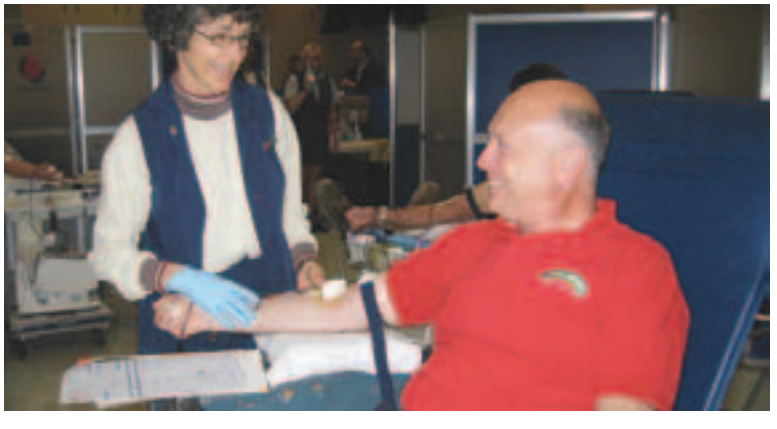
By this gesture, Héma-Québec wishes to multiply the number of donors repeating the experience and, above all, increasing the return rate within a period of six to eight months.

• Results of blood donor loyalty at GLOBULE Centres

Launched at the end of 2004-2005, the blood donor loyalty program at GLOBULE Centres is celebrating its first anniversary. Of the 11,000 targeted donors, more than 1,600, i.e. 14.6%, accepted the challenge by participating in the program in order to increase their annual number of donations. Close to 23% of participants attained their new objective during the same period. Note that the Association du marketing relationnel acknowledged this program by awarding it its Flèche d'argent 2005.

Reduction of losses related to donor discomfort

A committee comprising blood drive staff launched a pilot project related to the degree of inclination of the donor chair during the blood donation. This new position introduced in September helped significantly reduce the rejection of donations resulting from donor discomfort, and thereby recover numerous blood products.



Also in September 2005, the "Accompanying volunteers" project was officially launched, with the aim of offering new donors moral support during their first donation.

This pilot project was part of the general objective to offer blood donors a rewarding experience, avoid discomfort, increase the retention rate of new donors and improve the efficiency of blood drives.

Summer and Holiday campaigns

The theme of the 2005 summer campaign was: "This summer, bring good habits to life. Give blood. Give life." It took place from June 6 to September 4; 75,500 donations were collected at some 600 blood drives. The Holiday campaign, with the theme "Share a unique gift. Give blood. Give life," was held from November 28, 2005 to January 6, 2006. During some 200 blood drives, the 27,500 donations collected helped maintain the supply at an adequate level. The success of these two campaigns, organized by Marketing and Communications, was due to the work of numerous volunteers and media partners.

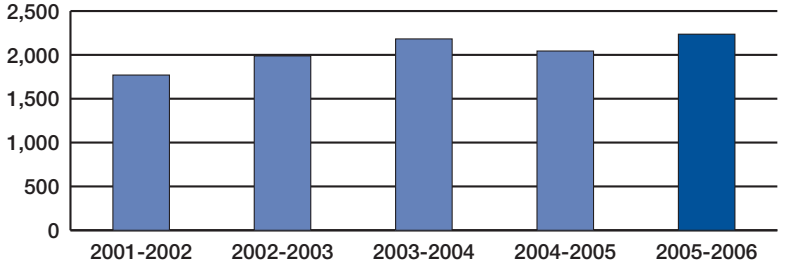
Donor recruitment

Blood drives and GLOBULE Blood Donation Centres

In 2005-2006, the Operations Division mostly focused its actions on blood drives in cities and on the Island of Montréal. In addition, the focus was placed on holding blood drives in companies, shopping malls and schools. This development of blood drives was made possible through numerous partnerships, specifically with cultural communities, in which several blood drives were held.

In total, 2,236 days of blood drives were organized in 2005-2006.

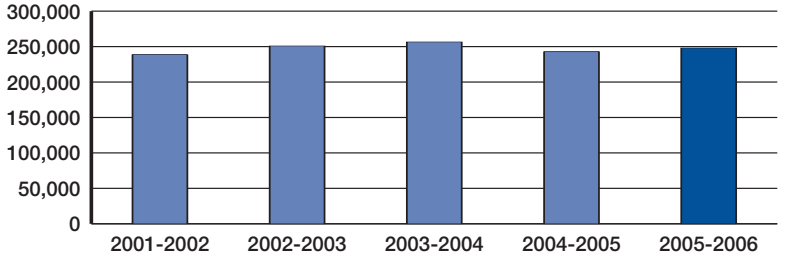
Number of days of blood drives



The number of days of blood drives across Québec rose from 2,044 last year to 2,236 this year.

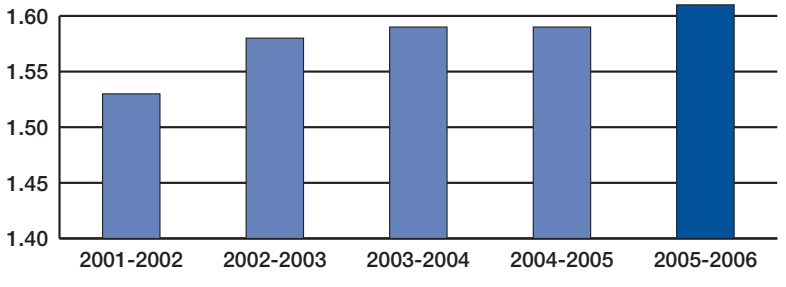
GLOBULE, mobile blood drives and the mobile unit

Number of donations collected (whole blood)



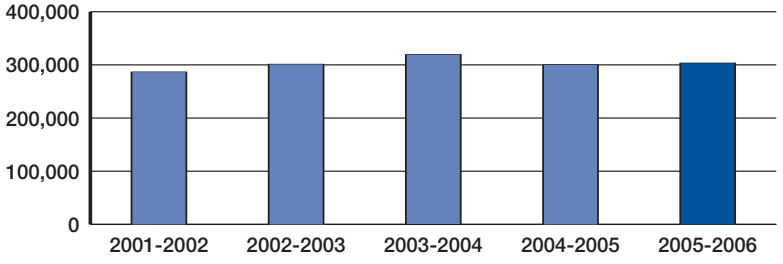
In 2005-2006, a total of 248,386 blood donations were collected, corresponding to an increase of 2.3% compared with the previous year. The Greater Montréal area experienced a decrease in the number of collections, but this was offset by an increase in the volume of collections in the Québec City area.

Average number of donations per blood donor



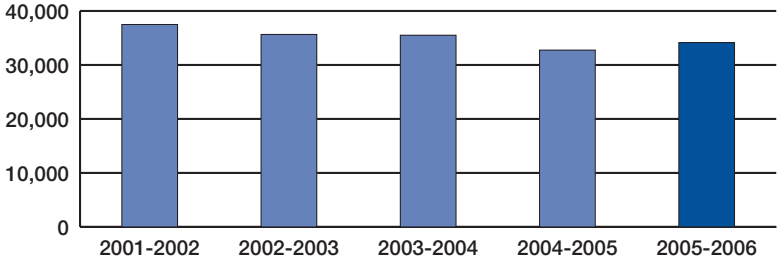
The average number of donations per donor increased slightly this year, as did the total number of blood donations collected, to reach 1.61. This represents a 1.1% increase.

Number of registered blood donors (whole blood)



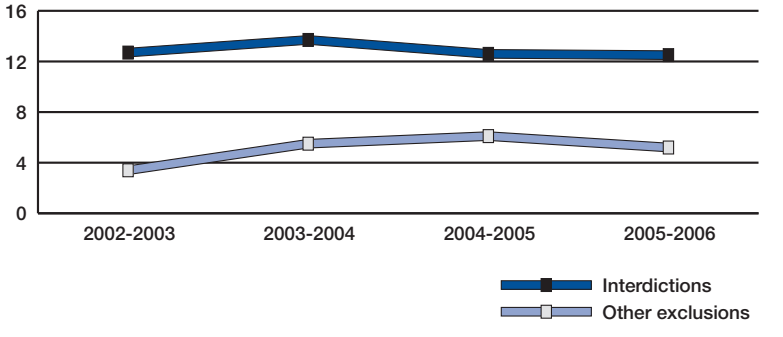
In 2005-2006, the number of registered blood donors increased slightly due to recruitment efforts made in the Québec City area. A total of 304,026 people registered to give blood, compared with 300,364 last year.

Number of new registered whole-blood donors (including designated donations, but excluding directed ones)



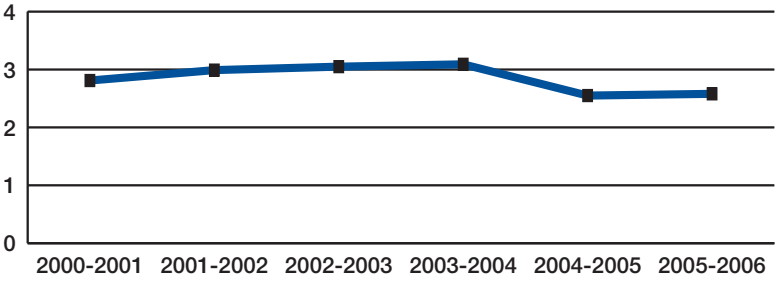
In 2005-2006, the number of new blood donors climbed to 34,136, an increase of 4% compared with 2004-2005. New donors represent 11.2% of the total number of blood donors. This year, the number of new directed donors who gave blood is excluded from the graph, but not the number of new excluded designated donors. This creates a very slight overestimation of the number of new donors in the graph.

Proportion (%) of donors who could not make a donation



The proportion of excluded donors decreased in comparison with last year. As such, 12.5% of registered donors in 2005-2006 could not make a donation because of regulatory restrictions. This proportion was almost identical to the 2004-2005 results (12.6%). In addition, 5.2% of registered donors were unable to make a donation in 2005-2006 for various reasons such as discomfort or simply leaving the blood drive site, as compared to 6.1% in 2004-2005. The improvement in the exclusion rate allowed us to collect 2,035 more units of packed red cells. Globally, there has been a 1% increase in the number of donors who could make a donation.

Proportion (%) of people who gave blood among all people age 18 and over in Québec

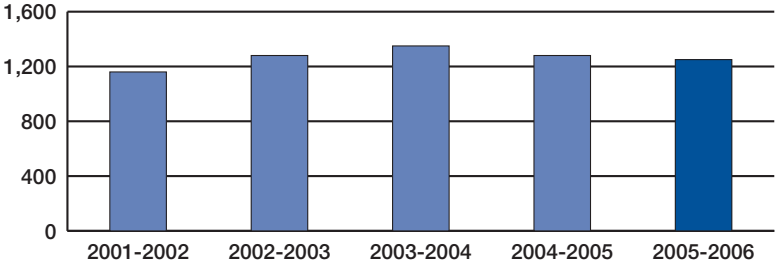


The proportion of blood donors among the population rose slightly from 2.55% in 2004-2005 to 2.58% in 2005-2006. The proportion is calculated differently than in previous years, which largely explains the marked decreased observed in 2004-2005. In fact, the number of people old enough to give blood increased, following the removal of the upper age limit for blood donors in Québec. Furthermore, data previously used on the Québec population dated back to 2001 and were updated by the Ministère de la Santé et des Services sociaux du Québec.

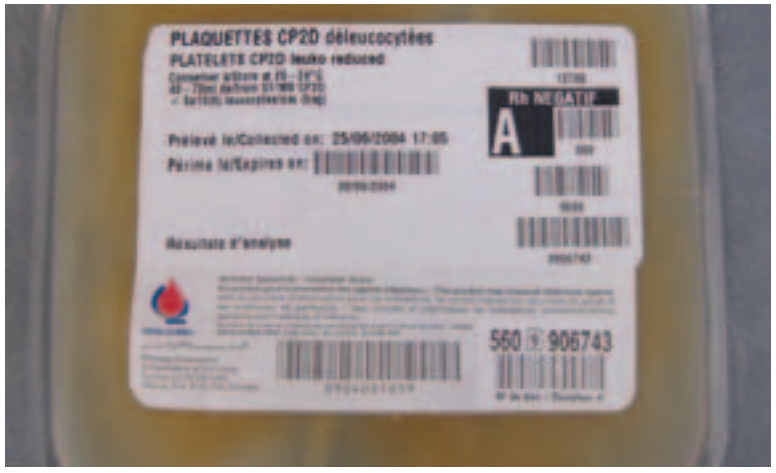
Telephone calls

During the year, 1,251,673 telephone calls were made to donors to ask them to make another blood donation.

Number of telephone recruitment calls (in thousands)



Platelets



The management of platelets remains a priority for the Operations Division.

• Thrombapheresis:

Specific objectives have been set in terms of collection, management and delivery of platelets by apheresis (thrombapheresis). A donor can now make a double donation of platelets by apheresis, which at the end of the year represents 34.8% of this type of donation. In total, 16,673 units of platelets were collected by thrombapheresis, in keeping with the objective.

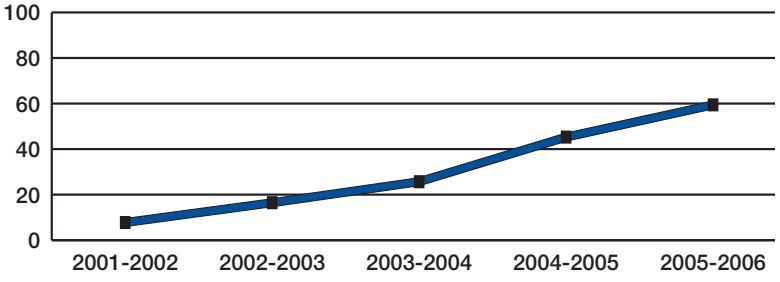
• Rendez-vous information system:

This computer system, installed in summer 2005, improves the management of appointments for donors of platelets by apheresis. For example, it helps target donors according to specific criteria and thereby optimizes the management of appointments.

• PDS computer system:

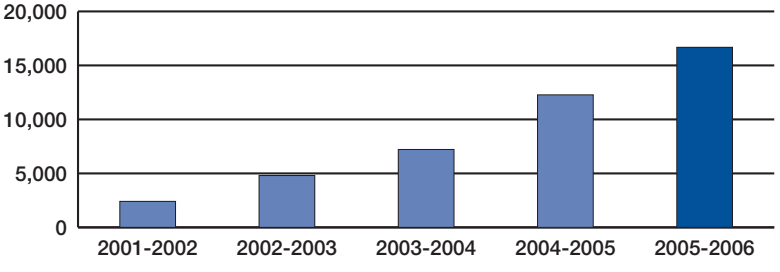
Certain combinations of platelet surface antigens can cause immune reactions in patients (HLA system). A new computer tool, the PDS system (*Platelet Donor Selection*), acquired from Canadian Blood Services, was remodeled for Héma-Québec's needs and installed during the fall, and makes it possible to classify platelet donations according to decreasing compatibility.

Proportion (%) of shipments of platelets by apheresis with respect to total platelet shipments



In compliance with the organization's supply strategy that focuses on product safety, the proportion of shipments of platelets by apheresis with respect to total platelet shipments has increased every year since 2001. It now stands at 59% of total shipments.

Number of platelet donations collected by apheresis



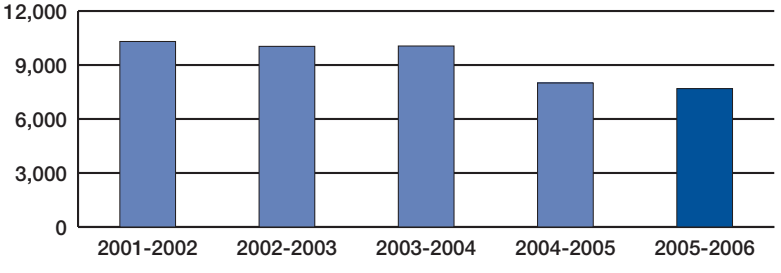
We noted an increase of 4,400 donations, the equivalent of a 36% rise in the number of platelet donations collected by apheresis in 2005-2006 compared with 2004-2005. A rise in the number of donors registered for donations by apheresis and the introduction of double thrombapheresis donations explain this year's increase.

Plasma

55% of the volume of whole blood is made up of plasma. Red cells, white cells and platelets are suspended in it.

Plasma can either be extracted from whole blood donations, or collected directly with an apheresis device (plasmapheresis). In order to bring up the plasma supply level, recruitment efforts were made this year at the Laurier GLOBULE Centre.

Number of plasma donations collected by apheresis



We noted a slight decrease in the number of plasmapheresis collections, from 8,001 donations last year to 7,690 donations this year. In 2003-2004, a portion of the plasmapheresis donor bank had been transferred to the thrombapheresis donor bank, which explains the lower results of the last two years.

GLOBULE mobile blood donation unit

As part of a year-long pilot project, a mobile unit (a 12.8-m bus fully equipped to receive blood donors) was put into service on May 1, 2005. The Association of Blood Donation Volunteers (ABDV), affiliated with the Héma-Québec Foundation, covered the capital cost of the vehicle.

The new vehicle is very popular: Donors who used it had nothing but praise for the personalized service, the layout and the comfort. The mobile unit makes it possible to reach new markets and conclude new private partnerships.

Targeted blood drives

When the reserve of products of a specific blood type drops, a drive aimed at donors of this group is organized. These are blood drives involving fewer than 50 donors; this year, Héma-Québec had to organize 34 of these drives—7 in Québec City and 27 in Montréal.

Labile blood products delivered to hospitals					
PRODUCTS	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006
Packed red cells	211,901	221,659	223,723	220,215	221,256
Platelets from whole blood	114,305	107,612	98,114	71,284	55,295
Equivalent-platelets by apheresis*	9,600	21,170	33,875	58,950	80,945
Total platelets	123,905	128,782	131,989	130,234	136,240
Plasma from whole blood	33,481	39,324	46,090	46,999	45,535
Equivalent-plasma by apheresis*	13,978	16,400	16,462	14,340	14,998
Total plasma	47,459	55,724	62,552	61,339	60,533
Cryoprecipitate	12,102	12,685	12,888	11,568	13,451
Cryoprecipitate supernatants	6,714	6,593	10,866	8,768	8,910
Total	402,081	425,443	442,018	432,124	440,390

* One bag of platelets by apheresis is equivalent to the quantity of platelets derived from five bags of whole blood. One bag of plasma by apheresis is equivalent to the quantity of plasma from two bags of whole blood.

The organization delivered 440,390 labile blood products, including 221,256 units of packed red cells to meet hospital needs. This represents an increase of 8,266 products compared with the previous year.

Specialized products

The supply of various specialized products to Québec hospitals is a central part of the organization's mission, which helps its hospital clientele identify and use the necessary blood type in complex transfusions. To achieve this, Héma-Québec provides four types of packed red cells to hospitals.

Specialized packed red cells delivered to hospitals			
PRODUCTS	2003-2004	2004-2005	2005-2006
Phenotyped blood components	13,149	16,300	16,493
Washed packed red cells	1,518	1,556	1,596
Bags of rare blood	65	70	24
Pediatric bags	746	602	626

In 2005-2006, Héma-Québec supplied roughly the same volume of specialized red cells compared with the previous year. We noted a decrease in the demand for rare phenotypes of packed red cells this year. Note that due to a change in accounting methods, the data from earlier years was adjusted.

Hospital Services

The provision of expert services to Québec hospitals is also part of the organization's mission, which provides the following specialized tests: Erythrocyte and platelet serology and genotyping, HLA ABC and HLA DR and DQ typing.

Number of specialized tests done for hospitals					
TESTS	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006
Specialized red cell immunology tests	1,978	1,844	1,177	1,350	1,405
Platelet immunology tests	180	178	199	226	215
Red cell genotyping	0	18	359	948	1,150
HLA ABC typing	953	1,337	1,812	1,193	1,875
HLA DR and DQ typing	402	452	574	482	786

In 2005-2006, specialized erythrocyte immunology tests increased 4% compared with last year. Furthermore, the demand for platelet immunology tests decreased about 5%. Since erythrocyte and platelet immunology tests as well as erythrocyte genotyping performed for related patients and donors are made at the clinicians' request, the number of patients requiring such tests explains these fluctuations.

The demand for genotyping tests increased 21%. This newly introduced test had a major growth rate over the past years. The 21% increase represents a flattening of the growth curve, which was expected.

HLA typing for loci A, B and C performed for related patients and donors increased 57%. Moreover, HLA typing requests for loci DR and DQ increased 63%. This last increase is related to the recruitment of donors from the Canadian Registry of HSC donors, after the registry's decision to allow the donation of apheresis-induced HSC.

Due to a change in accounting methods, the number of specialized erythrocyte immunology tests for 2003-2004 published in an earlier edition needed to be changed.

Contingency plan (influenza pandemic)

The threat of a possible influenza pandemic led Héma-Québec to actively make advance preparations. The Québec public must be confident that an adequate and safe supply of blood products will be available, despite the urgency of the situation. Also, the organization's employees must also be reassured so that they are able to do their work in a difficult situation.

To this end, we plan to implement a number of measures, as applicable. In terms of activities, the organization already has a Business Continuity Plan (BCP) that defines the measures to adopt in the case of an extended emergency. The plan has just been updated to take into account a possible pandemic.

The contingency plan also includes a communications plan and human resources management plan.

Fractionated products

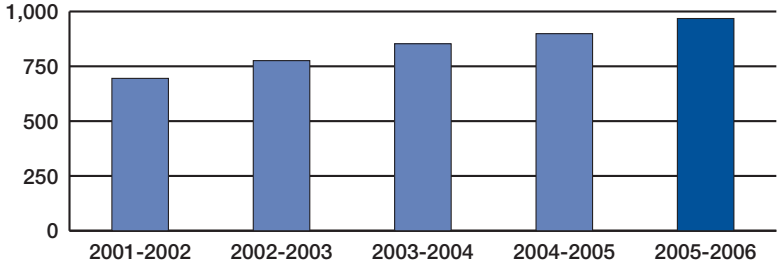
New products

Four new products have been added to the list of stable products. On April 1, 2005, the Ministère de la Santé et des Services sociaux mandated Héma-Québec to guarantee the supply to Québec hospitals of anti-rabies and anti-tetanus immunoglobulins, as well as anti-botulism and anti-diphtheria anti-serums. The Comité consultatif national de médecine transfusionnelle (CCNMT) had made this recommendation in order to ensure the tracability of these products.

Plasma for fractionation

A portion of the plasma collected is sent under contract to a fractionation company, Talecris Biotherapeutics. This company converts the plasma into fractionated products: Intravenous immunoglobulins and albumin.

Litres of plasma sent to Talecris Biotherapeutics

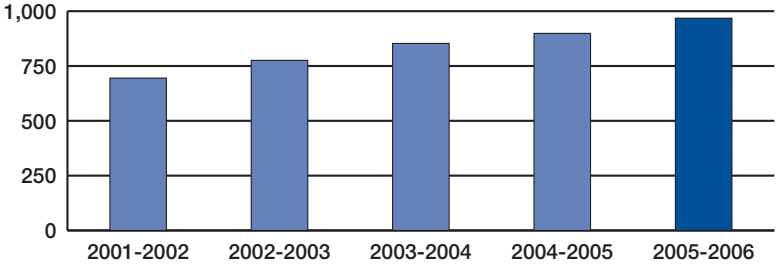


In 2005-2006, 42,249 litres of plasma, an increase of 9.4% compared with last year, were sent to Talecris Biotherapeutics for fractionation into fractionated products. The larger volume of plasma sent is the result of a shipment in April of about 2,000 L of fresh frozen plasma by apheresis obtained from bags of plasma no longer valid for transfusion but meeting standards for fractionation. The increase in the number of platelets by apheresis also led to the recuperation of more plasma from bags of whole blood.

Shipments of fractionated products to hospitals

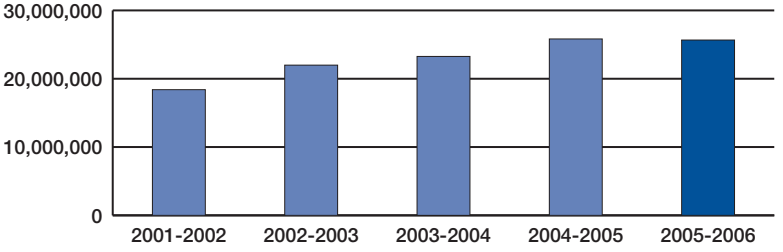
In 2005-2006, a volume of fractionated products worth CAD 135 million were distributed to Québec hospitals.

Shipments of intravenous immunoglobulins (in kilograms)



In 2005-2006, the demand for intravenous immunoglobulins amounted to 967.7 kilograms, an increase of 7.6% compared with 2004-2005.

Shipments of recombinant anti-hemophilic factor VIII (in IU)



Recombinant anti-hemophilic factor (FVIIIr) is used to prevent and control bleeding related to type A hemophilia. In 2005-2006, the demand for FVIIIr amounted to 25,662,331 IU (international units), a decrease of 0.6% compared with the previous year.

Hematopoietic stem cells

Hematopoietic stem cells (HSC) are an integral part of the organization's product line. These multipurpose cells are found mainly in bone marrow and, in a smaller quantity, in the blood circulation. Cord blood is also a new source of supply. An HSC transplant represents a therapeutic option for certain diseases, including leukemia.

Stem Cell Donor Registry

Héma-Québec prepares and manages Québec's Stem Cell Donor Registry, a computer database containing the names of consenting individuals who could be called on to donate their HSC to a compatible patient.

The Québec Registry is linked to the Canadian Registry, and to international registries, which makes it possible to conduct an international search for an unrelated donor for a Québec patient. Conversely, all patients awaiting an HSC transplant in Canada and elsewhere in the world have access to the Québec Registry.

During the year, 620 people registered with Québec's Stem Cell Donor Registry, bringing the total number of registered Québec donors to 34,547 in December 2005. During this period, there were successful matches between nine Québec donors and nine recipients. The likelihood of finding a compatible donor and recipient varies from 1 in 450 to over 1 in 750,000, depending on the recipient's HLA typing.

Number of registrations in the Stem Cell Donor Registry

	2002	2003	2004	2005
Québec	36,867	36,445	35,227	34,547
Canada	223,430	218,500	217,521	221,836
Worldwide	8,500,000	9,000,000	9,600,000	10,300,000

The number of registered donors in the Québec Registry decreased somewhat compared with the previous calendar year, even though 692 new donors were added. This decrease is due mainly to a dip in the active recruitment of new donors and to the removal of registered donors over age 60, the age limit after which they can no longer belong to the Registry.

Public Cord Blood Bank

The goal of the Public Cord Blood Bank is to make stem cells from cord blood a collective resource and provide an optimal-quality supply that meets the needs of patients, primarily children, waiting for a transplant of these cells.

We collect four times the number of bags placed in inventory, which illustrates the experience of other public banks.

Public Cord Blood Bank

ACTIVITIES FROM THE BEGINNING OF THE PROGRAM UNTIL MARCH 31, 2006	
Registrations	1158
Qualified parturients	868
Cords collected	626
Cords treated	153

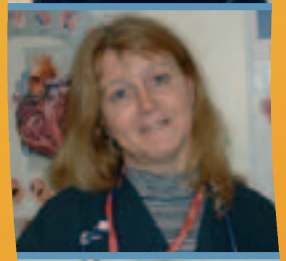
The difference between the number of qualifications, eligible future mothers registered, and the number of cords collected can be explained by various factors at the time of delivery.

The difference between the number of cords collected and the number of cords stored:

- Insufficient volume collected (< 120 mL, including the anticoagulant solution);
- Insufficient number of nucleated cells (< 1.0 x 10^9, according to the international standard).

Danièle and Ghislain, parent of a young donor

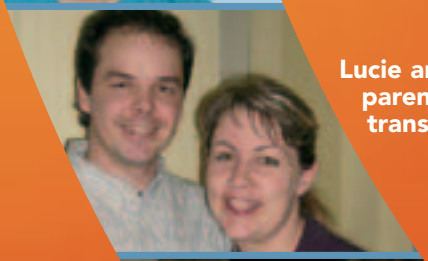
Marie-Ève, donor



Claire, nurse

Sylvain, Héma-Québec coordinator

Jean, pediatric heart surgeon



Lucie and Jasmin, parents of a young transplant patient

Jean-François, transplant patient

Human tissues

Human tissues, such as bones, heart valves and skin, help improve patients' quality of life. After collection, they can be kept for long periods (up to five years) without deteriorating in quality by using appropriate preservation methods.

Raising awareness for human tissue donation

Efforts to raise awareness were started this year in the Greater Montréal area to develop the referral of donors by hospital personnel. During the year, there were 83 donors of human tissue, which enabled us to reach the objective set at the start of the year. The increase in the number of tissue donors stems in large part from the awareness-raising activities conducted among hospital personnel.

Number of tissue donors collected on	
83 human tissue donors	32 bone tissue donors
	22 heart tissue donors
	29 donors of both types of tissue

A total of 243 bone grafts were distributed this year, compared with 67 last year; of this number, there were 128 grafts of morcelized bone, a new product that was offered this year in response to a demand from surgeons.

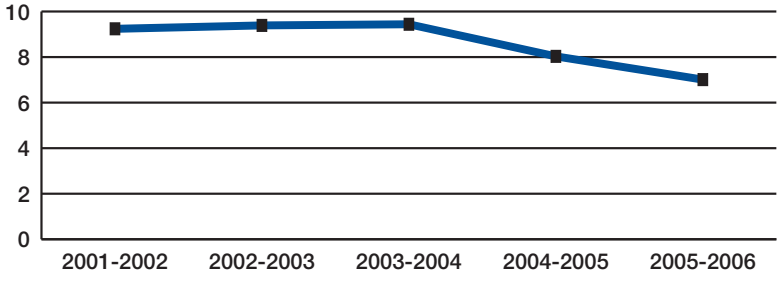
Number of bone grafts distributed to hospitals		
	2004-2005	2005-2006
Morcelized bone	N/A	128
Head of femur	24	55
Other	43	60
Total	67	243

Efficiency

Performance of operations

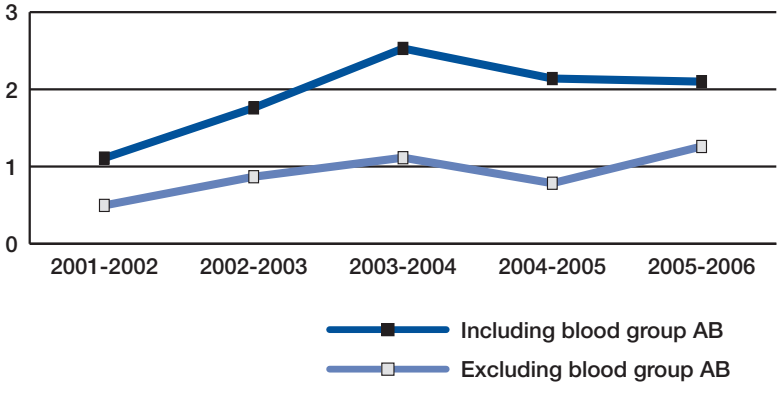
This year, we posted fewer product losses during production, and for various reasons. Last year, the focus was placed on developing the management and production of labile blood products. This time, the effort was focused on raising the awareness of personnel with regard to reducing losses during operations.

Loss rate (%) of allogenic packed red cells during production



Once again this year, the loss rate of allogenic packed red cells decreased more than 1%. In fact, the overall rate dropped from 8.03% to 7.01%. This decrease is due to the improvements made to work procedures throughout the entire supply chain.

Expiry rate (%) of allogenic packed red cells



The expiry rate of allogenic packed red cells (including blood group AB) remained steady at 2.1% in 2005-2006, as in 2004-2005. The AB group represents a small proportion of the population (3%); however, blood products derived from it represent an average of over 50% of expiries. This is why we also show the expiry rate for allogenic packed red cells excluding group AB, which increased from 0.8% in 2004-2005 to 1.21% this year. Since the stock of packed red cells increased for the most part of 2005-2006, the expiry rate rose as well.

Billing of blood products

Since April 1, 2005, following a 1998 government decision, the organization has been self-financing. This means that Héma-Québec bills its products delivered at rates negotiated and approved by the Supply and Financing Management Committee and Approvisionnements-Montréal. This billing structure was successfully implemented by the Finance and Administration Division.

Défi-ÉTAPES: An efficiency challenge

The organization undertook to find ways to save money in every sector of activity by launching a challenge to all personnel. Their efforts have borne fruit, since the savings realized exceeded the initial objective of $5.6 M. This collective effort resulted in a 5.9% improvement in the price of a unit of packed red cells compared with last year, despite a decrease of approximately 8% in anticipated demand.

Accountability by activity

From April to June 2005, a management software package was adapted by the Management Accounting team to optimize performance management at Héma-Québec. The information system called "*Activity-Based Management,*" or ABM, is used to better assess and understand the impact of costs on activities, and the impact of these activities on the cost of various labile products. This information system enables a better management of activities and the resulting costs.

Model of quality and innovation

R&D research programs

Cell engineering

For several years now, the Cell Engineering Department has pursued two research programs, whose general objective is the laboratory production of certain blood component substitutes. These two programs focus on the laboratory production of immunoglobulins and platelets, respectively.

Immunoglobulins

Numerous scientific breakthroughs have marked this year, resulting in the publication of seven papers in international scientific journals. In addition, the quality of work conducted by the cell engineering team in this field has been recognized, with the researchers in this program being invited to write two journal papers on IgIV.

Platelets

Regarding achievements during the year, we should mention a publication that proposes a statistical approach for determining the optimal composition of induction factors for platelet differentiation. This novel achievement is a good illustration of the collaborative synergy with researchers at Université Laval, which combines an engineer's approach with that of a cell biologist.

Operational research

Operational research aims primarily to support Héma-Québec's activities. It now has two teams: The Operational Trials Group (OTG), previously called Hématech, and a "Screening Group" developed following comments by the committee of experts that evaluated the operational research projects in October 2004.

Operational trials group

The Operational Trials Group continued its work aimed at extending the storage period from 8 to 24 hours of whole blood intended for the preparation of platelets from platelet-rich plasma. Extending this storage period up to 24 hours would have a positive impact on blood drive logistics and blood processing, without having to opt for the *buffy coat* technique.

The team also developed a packaging without dry ice for transporting frozen blood products. Moreover, it evaluated three technologies that use an eutectic fluid for the cooling and shipping of bags of whole blood from blood drives to Héma-Québec.

Screening group

The Screening Group continued its erythrocyte and platelet genotyping work. Twelve new erythrocyte antigens were added to the genotyping kit used by Hospital Services. In addition, the Screening Group participated successfully in an international study sponsored by the International Society of Blood Transfusion (ISBT). The results confirmed the efficiency and specificity of the genotyping tests developed in-house.

Bioproduction

The Bioproduction Department continued to offer its expertise and expand the line of services offered to numerous partners. It signed an agreement with a French company for the production of monoclonal antibodies, and launched two monoclonal antibody development projects for university researchers.

In April 2005, Health Canada approved the request for an experimental trial of the PCR-WNV test for detecting West Nile virus (WNV) in cadaver blood (Human Tissues) and a confirmation test of WNV in samples of donor blood found to be positive or indeterminate during the systematic screening test. Lastly, Bioproduction conducted a second screening phase for IgA deficient donors, to maintain the pool of individuals entered on the register.

Further innovations

Innovative adapted packaging

The packaging methods and types of boxes used to ship labile and stable blood products were completely overhauled. The project, conducted in collaboration with Université Laval, consisted in developing packaging for the shipment of these products to hospitals while adequately and easily maintaining the regulatory cold chain. The adoption of this new method in January 2006 enabled Héma-Québec to pioneer this method in Canada and the United States.

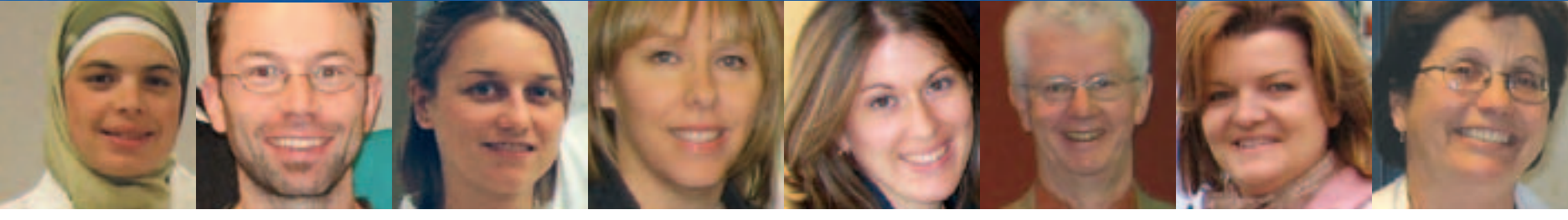
New instrument for preparing morcelized bone

In response to a request from orthopedic surgeons, Héma-Québec itself now distributes morcelized bone thanks to a new instrument specifically designed to prepare this type of graft. This is a first in Canada.

Wireless network for mobile blood drives

On January 23, 2006, Health Canada approved the use of a wireless network for mobile blood drives. This system, launched by Héma-Québec, combines robustness, reliability and security, and represents a major improvement over the old method.

OUR CORPORATE OUTREACH



Corporate and scientific presentations

Conférences du CREFSIP (Centre de recherche sur la fonction, la structure et l'ingénierie des protéines) et du Département de biochimie et de microbiologie, Université Laval, Québec, Canada, March 2005

By invitation

Pineault N. « Les gènes HOX et la leucémie myéloïde aiguë ».

Meakins-Christie Laboratories (respiratory research centre), McGill University, Montréal, Canada, April 2005

By invitation

Néron S. "*In vitro* reconstituting the CD40-CD54 interaction: A tool to better understand peripheral human B lymphocytes."

Joint conference of the Canadian Society for Transfusion Medicine (CSTM), the Canadian Blood Services (CBS) and Héma-Québec, Banff, Alberta, Canada, April 21-24, 2005

Oral presentations

Cortin V, Garnier A, Lemieux R, Pineault N, Proulx C. "Rational screening and optimization of a cytokine cocktail for *in vitro* megakaryocyte maturation and platelet production."

Delage G, Peltier L, Richard L, Roy D. "Héma-Québec's experience in the development of a public cord blood bank."

Goldman M, Delage G. "Bacterial detection in apheresis platelets: experience of Canadian blood suppliers."

Robitaille N, Delage G, Robillard P. "Potential impact on Québec blood supply of excluding female parous plasma and platelet apheresis donors."

Thibault L, Beauséjour A, de Grandmont M-J, Côté C, Perreault J, Leblanc J-F, Lemieux R. "Quality of components prepared from whole blood units by the PRP method after a hold of 24 hours at 20-24°C."

By invitation

Thibault S. « Gestion des plaquettes : du prélèvement à la distribution ».

Poster

Bazin R, Lemieux R, Tremblay T, Laroche A. "Increased phagocytosis inhibitory activity of IVIg following immune cross-linking of IgG."

Chevrier M-C, Caron B, Castilloux C, St-Louis M. "Validation of an in-house NAT assay for the detection of West Nile virus in tissue donor blood."

Dupuis N, Lemieux R. "Design and validation of a small scale perfusion bioreactor suitable for the *in vitro* expansion of normal human cells."

Dussault N, Simard C, Côté S. "Reactive oxygen species promote polyploidization of the megakaryocytic cell line M-07e."

Habel M-È, Jung D. "Decrease of cyclin A expression triggers iron specific growth inhibition of Burkitt's lymphoma cells *in vitro*."

Habel M-È, Drouin M, Jung D. "Iron specific growth inhibition of Burkitt's lymphoma cells *in vitro* due to homeostasis disruption by c-myc over-expression."

Jung D, Néron S, Drouin M, Jacques A. "Efficient gene transfer into normal human B lymphocytes by AD5/F35 chimeric adenoviral vectors."

Page D, Robillard P, Delage G, Poulin C and the members of the Québec Hemovigilance Committee. "The Québec Hemovigilance Committee: an important partner in blood safety."

Perreault J, Cayer M-P, Richard M, St-Louis M. "More molecular typing of blood groups."

Philippeau C, Tremblay T, Laroche A, Bazin R, Lemieux R. "High polyspecificity of autoantibodies present in intravenous immunoglobulins (IVIg)."

Proulx C, Dupuis N, St-Amour I, Boyer L, Lemieux R. "Increased megakaryopoiesis in cultures of CD34-enriched cord blood cells maintained at 39°C."

19th National Conference of the Operating Room Nurses Association of Canada, Palais des congrès, Montréal, Québec, Canada, May 1-5, 2005

Oral presentation

Delage G. « Infections en émergence et médecine transfusionnelle ».

11th Annual Meeting of the International Society for Cellular Therapy (ISCT), Vancouver, British Columbia, Canada, May 4-7, 2005

Oral presentation

Wagner E, Delage G, Peltier L, Brassard N, Décary F, Duperron L, Duval M, Gauthier R, Girard I, Menezes J, Richard L, Roy D, Champagne MA. "The Québec Public Cord Blood Bank: Combining Therapeutic and Research Purposes."

Poster

Pineault N, Boyer L, Cortin V, Lemieux R. "Maintenance of megakaryocyte (MK) differentiation potential in expanded hematopoietic cells through optimized culture conditions of cord blood (CB) CD34+ cells."

5e Symposium annuel du CREFSIP, Université Laval, Québec, Canada, May 20, 2005

Posters

Aubin É, Lemieux R, Bazin R. « Inhibition de l'expression de l'IL-1, suite à l'utilisation d'immunoglobulines intraveineuses (IgIV) chez un modèle animal de maladie auto-immune ».

Ducas É, Racine C, Côté S, Néron S. « Caractérisation de l'effet direct d'une solution polyclonale d'IgG humains sur les fonctions physiologiques de neuf lignées de cellules B humaines ».

Paquin Proulx D, Ducas É, Côté S, Néron S, Lemieux R, Bazin R. « Effet des autoanticorps sur les lymphocytes B humains ».

Canadian Hematology Society (CHS) Annual Meeting and Scientific Program, Toronto, Canada, June 2005

Oral presentation

Décary F. "A public cord blood bank in Québec."

The Xth International Symposium on Blood Substitutes, Providence, Rhode Island, United States, June 2005

By invitation

Lemieux R. "Artificial platelets."

Congrès international interdisciplinaire sur les urgences (CIIU 2005), Montréal, Canada, June 26-30, 2005

Oral presentation

Germain M. « Les tissus humains destinés à la greffe : utilisations cliniques et rôle d'Héma-Québec ».

IXth Regional Congress of the ISBT, Europe, Athens, Greece, July 2-6, 2005

Oral presentations

Décary F. "The expanding role of the blood centre, human tissue banking."

Lemieux R, Proulx C, Dupuis N, St-Amour I, Boyer L. "Increased yield of mature platelets in cultures of CD34-enriched cord blood cells maintained at 39°C."

ABC (America's Blood Centers) Interim Meeting, Québec, Canada, August 5-6, 2005

MEDICAL DIRECTORS FORUM

Oral presentation

Germain M. "A Canadian perspective on screening donors for mundane (and less mundane) conditions."

QUALITY WORKSHOP

Oral presentation

Rémy S. "Héma-Québec quality practices."

SMT FORUM

Oral presentation

Delage G. "Parvovirus-safe blood components: a current controversy."

Congrès annuel de l'Association des orthopédistes, Gatineau, Québec, September 2005

Oral presentation

Germain M. « L'allogreffe osseuse au Québec : rôle et services offerts par Héma-Québec ».

58th Annual Meeting of the American Association of Blood Banks (AABB), Seattle, Washington, United States, October 2005

Oral presentations

Philippeau C, Tremblay T, Laroche A, Bazin R, Lemieux R. "Restricted diversity of native human serum proteins recognized by auto-IgG present in intravenous immunoglobulins (IVIg)."

Robillard P, Nawej K, Delage G. "Platelet bacterial contaminations and effectiveness of diverting the first 40 mls at whole blood donation."

Posters

Laprise S, Verrette S, Lévesques L, Bélanger V, Julien P, Levesques L, Charbonneau Y, Blais J. "Single platelet supply by apheresis."

Pelletier L, Tanguay G, Potvin S. "Integration of building automation system (BAS) and supervisory control and data acquisition (SCADA) for a blood bank – migration to a paperless system."

Thibault L, Beauséjour A, de Grandmont M-J, Côté C, Dupuis N. "A simple approach to evaluate blood mixer performance."

Université de Montréal, Faculté des sciences infirmières, Montréal, Canada, October 18, 2005

By invitation

Thibault S. « Bienvenue chez Héma-Québec ».

55th Annual Meeting of the American Society of Human Genetics (ASHG), Salt Lake City, Utah, United States, October 25-29, 2005

Posters

Habel M-È, Jung D. "c-Myc over-expression of Ramos Burkitt's lymphoma cell line predisposes to oxidative stress and to free radicals induced damages *in vitro*."

Jung D, Néron S, Drouin M, Jacques A. "Efficient gene transfer into normal human B lymphocytes with the chimeric adenoviral vector AD5/F35."

XIIIth Regional Congress of the ISBT, Western Pacific, Bangkok, Thailand, November 12-15, 2005

Oral presentations

Décary F. "Re-engineering of BTS - How a transfusion system can work."

Décary F. "A transfusion service model in a country: central regulation and local management."

Annual meeting of Americas' SAP Users' Group (ASUG), Montréal, Québec, Canada, November 29, 2005

By invitation

Huot S. « La réingénierie des processus d'affaires ».

57th Annual Meeting of the American Society of Hematology (ASH), Atlanta, Georgia, United States, December 10-13, 2005

Oral presentation

Côté S, Dussault N, Simard C. "The involvement of reactive oxygen species in polyploidization of the M-07e human megakaryocytic cell line."

Poster

Aubin É, Lemieux R, Bazin R. "Inhibition of IL-1β, and TNFα gene expression by IVIg or anti-red blood cell antibodies in a mouse model of ITP."

Institut international de recherche en éthique biomédicale, Faculté de droit, Université de Montréal, January 2006

Oral presentation

Décary F. « Les cellules souches de cordon ombilical : pour tous ? »

Comité des usagers du don de sang, Hôtel Classique, Ste-Foy, Québec, Canada, January 27, 2006

Oral presentation

Paquet J-P. « Les greffes de tissus... d'où proviennent-elles ? À quelles fins les utilise-t-on ? ».

Comité des usagers du don de sang, CHUM Hôpital Notre-Dame, Montréal, Québec, Canada, January 31, 2006

Oral presentation

Paquet J-P. « Les greffes de tissus... d'où proviennent-elles ? À quelles fins les utilise-t-on ? ».

Blood Safety Surveillance and Health Care Acquired Infections Division Center for Infectious Disease Prevention and Control Public Health Agency of Canada Workshop, "Planning for a pandemic in relation to blood supply and health care providers," Ottawa, Ontario, Canada, February 2006

Oral presentation

Delage G, Germain M. "Pandemic influenza contingency plan at Héma-Québec."

Département d'obstétrique, Hôpital St-François d'Assise, Québec, Canada, February 2006

Invited paper

Pineault N. « Les cellules souches issues de sang de cordon ».

Unité de recherche en santé des populations du CHA, Québec, Canada, February 27, 2006

Oral presentation

Germain M. « Pourquoi certains donneurs de sang cessent-ils de donner ? Une étude cas-témoin sur les facteurs de motivation au don de sang ».

10th Annual Spring Meeting, American Association of Tissue Banks, Tucson, Arizona, March 2006

Oral presentation

Germain M. "Human tissues for transplantation: the Canadian experience."

Building Solutions for Life Science Conference, London, England, March 2006

By invitation

Pelletier L. "Our experience with integrated systems."

Sanquin Blœdbankavond, Sanquin, Amsterdam, Netherlands, March 2006

Oral presentation

Décary F. "The role of blood banks in tissues and new cell therapy: a broader perspective."

Canadian Council for Donation and Transplantation, Montréal, Québec, Canada, March 6, 2006

Oral presentation

Germain M. "The expanding role of the Blood Center: Human tissues at Héma-Québec."

10th International Colloquium on the Recruitment of Voluntary, Non Remunerated Blood Donors, Santiago, Chile, March 23, 2006

Oral presentation

Daigneault S. "Value of education for future donors."

Miscellaneous publications

- Cortin V, Garnier A, Pineault N, Lemieux R, Boyer L, Proulx C. (2005) Efficient *in vitro* megakaryocyte maturation using cytokine cocktails optimized by statistical experimental design. Experimental Hematology 33 (10): 1182-1191.
- Godin G, Sheeran P, Conner M, Germain M, Blondeau D, Gagné C, Beaulieu D, Naccache H. (2005) Factors explaining the intention to give blood among the general population. Vox sanguinis 89 (3): 140-149.
- Habel M-È, Jung D. (2006) c-Myc over-expression in Ramos Burkitt's lymphoma cell line predisposes to iron homeostasis disruption *in vitro*. Biochemical and Biophysical Research Communications 341 (4): 1309-1316.
- International Society for Blood Transfusion Information Security Task Force (Couture A, Fournier S *et al.*) (2006) ISBT Guidelines for Information Security in Transfusion Medicine. International Society for Blood Transfusion, publisher. Amsterdam, Netherlands, 42 p.
- Jung D, Néron S, Drouin M, Jacques A. (2005) Efficient gene transfer into normal human B lymphocytes with the chimeric adenoviral vector AD5/F35. Journal of Immunological Methods 304 (1-2): 78-87.
- Lemieux R, Bazin R. (2006) Autoantibody-induced formation of immune complexes in normal human serum. Current Pharmaceutical Design 12 (02): 173-179.
- Lemieux R, Bazin R, Néron S. (2005) Therapeutic intravenous immunoglobulins. Molecular Immunology 42 (07): 839-848.
- Néron S, Dussault N, Racine C. (2006) Whole-blood leukoreduction filters are a source for cryopreserved cells for phenotypic and functional investigations on peripheral blood lymphocytes. Transfusion 46 (04): 537-544.
- Néron S, Racine C, Roy A, Guérin M. (2005) Differential responses of human B-lymphocyte subpopulations to graded levels of CD40-CD154 interaction. Immunology 116 (4): 454-463.
- Néron S, Suck G, Ma X.-Z, Sakac D, Roy A, Katsman Y, Dussault N, Racine C, Branch DR. (2006) B cell proliferation following CD40 stimulation results in the expression and activation of Src protein tyrosine kinase. International Immunology 18 (02): 375-387.
- Robillard P, Nawej K, Delage G. (2005) Platelet bacterial contaminations and effectiveness of diverting the first 40 mls at whole blood donation. Transfusion 45 (3S): 25A.

- Habel, M.-È. "Inhibition spécifique de la croissance des cellules de lymphome de Burkitt par le fer : caractérisation et compréhension des mécanismes d'action" (Iron-specific growth inhibition of Burkitt lymphoma cells: Characterization and understanding of the mechanisms of action). Thesis presented to the Faculty of Graduate Studies of Université Laval as part of the Ph.D. program in Biochemistry. Faculty of Sciences and Engineering, Université Laval, Québec, March 2006.

- Philippeau, C. "Caractérisation immunochimique des autoanticorps isolés des préparations d'immunoglobulines intraveineuses" (Immunochemical characterization of auto-antibodies isolated from preparations of intravenous immunoglobulins). Thesis presented to the Faculty of Graduate Studies at Université Laval as part of the Master's program in Biochemistry (M.Sc.). Faculty of Science and Engineering, Université Laval, Québec, November 2005.

- Sea, S.-P. "Effets des conditions de culture sur l'activation, la prolifération et la différenciation des lymphocytes B autoréactifs dans le système CD40-CD154" (Effects of culture conditions on the activation, proliferation and differentiation of auto-reactive B lymphocytes in the CD40-CD154 system). Thesis presented to the Faculty of Graduate Studies at Université Laval as part of the Master's program in Biochemistry (M.Sc.). Faculty of Science and Engineering, Université Laval, Québec, April 2005.

- Simon Fournier presented the installation of SAP® R/3®, reported in the document *mySAP*™ ERP – *100 Customer Success Stories* (pp. 324-329) published on the Web site www.sap.com.

- Collaboration by Jean Lapierre and Isabelle Gravel for the purposes of a paper in *Logistics Magazine* dealing with the logistics of managing fractionated products. The paper appeared in Vol. 9, No. 5 September/October 2005, pp. 38-40.

- Collaboration by Guy Lafrenière and Marco Décelles for the purposes of a paper "Banking on performance: SAS®9 allows Héma-Québec to report more accurate information." This paper, which focused on the successful installation of SAS tools, was published on the Web site www.sas.com/success.

Awards and distinctions

- 15th edition of the FLÈCHE D'OR competition 2005, Association du marketing relationnel, Flèche d'argent in the category "Fundraising/NPO" for the marketing of the GLOBULE Blood Donor Centre Loyalty program.

- Top 100 Competition (*print, video and Web communications*), League of American Communications Professionals, ranked 52nd among over 850 Web sites entered.

- Spotlight Awards 2005 ("*Web/Intranet Site*"), League of American Communications Professionals, Platinum award (first place). On average, 9,910 Internet surfers (separate computers) visited the Héma-Québec Web site each month. The schedule of blood drives for the week, in French and English, is viewed more than 79,931 times per year.

- Prix du Québec, Armand-Frappier award 2005, to Dr. Francine Décary, Québec City, November 8, 2005.

- Architectural merits of the City of Québec, finalist "Édifice public et institutionnel" (Public and institutional building) for the facility located at 1009 du Vallon, Québec City, December 2005.

- 4th edition of the competition "Pleins feux sur l'innovation dans le secteur de la santé" (Spotlight on innovation in the health sector), Association paritaire pour la santé et la sécurité du travail du secteur affaires sociales (ASSTSAS), jury prize in the category Solution d'une problématique santé et sécurité au projet ERGO TAN (Solution of a health and safety problem in the ERGO TAN project).

- Competition Prix Équinoxes 2006, Société des relationnistes du Québec, Prix Équinoxe, category Programme interne de relations publiques (Internal public relations program), "Héma-Québec, Mieux connaître et mieux faire", Nicole Pelletier, APR and Josette Martel, APR.

- Awards of Excellence 2006, The Canadian Public Relations Society, Award of Merit, category *Internal communications*, "Héma-Québec, Mieux connaître et mieux faire", Nicole Pelletier, APR, and Josette Martel, APR.

- Jacques Blais, Director of Marketing and Development, was a member of the jury for the 15th Personnalité marketing 2006 competition of the Association marketing de Montréal.

- Sylvie Daigneault, Chief of Direct Marketing, had her mandate renewed again this year as a member of the Board of Directors of the Association of Donor Recruitment Professionals.

- Dr. Francine Décary, Chief Executive Officer, has been a member of the Board of Directors of the Americas' Blood Centers since March 2006; she was elected president of the International Council for Commonality in Blood Bank Automation in fall 2005; president of the Comité de l'attribution des bourses of the Fondation Armand-Frappier since 2005.

- Dr. Marc Germain, Vice-President, Human Tissues, is president of the Tissues Committee of the Canadian Council for Donations and Transplantation.

- Jean Lapierre, Director, Fractionated Products, was appointed November 8, 2005, to the Board of Directors of the International Plasma Fractionation Association.

Research grant

Bayer-Canadian Blood Services (CBS)-Héma-Québec Partnership Fund: Grant of $162,400 for two years awarded to Réal Lemieux, PhD (principal investigator) and Renée Bazin, PhD (co-investigator), to fund the project entitled: "Activité biologique des autoanticorps isolés des immunoglobulins intraveineuses" (Biological activity of isolated auto-antibodies of intravenous immunoglobulins).

OUR ADMINISTRATION

Changes to the Board of Directors

New appointments to the Board of Directors of Héma-Québec have led to several changes in its operating practices. The Policy on reporting financial irregularities was implemented in early 2005. This was a major change indicative of the organization's concern for openness.

With respect to governance, directors were given an initial self-evaluation questionnaire. Other changes in governance are under review; Héma-Québec anticipates extending application of its code of ethics to all of its managers; currently, it is limited to directors and the Chief Executive Officer.

Audit Committee

This year, the Audit Committee, one of the committees of the Board of Directors, implemented a major change. This committee requested the establishment of a new procedure for drafting the annual report. An administrative directive, prepared by Public Affairs, came into effect on February 2, 2006. All divisions and management must comply with it. In future, the Audit Committee will receive the English and French versions of the annual report for approval, before sending them to the Health Minister.

This report is the first to respect these new control measures.

Board of Directors

As at March 31, 2006

FIELD REPRESENTED	MEMBER
Business Community	Chair **Cheryl Campbell Steer**[1] President, Campbell Steer & Associés
Hospitals	Vice-chair **Dr. Lucie Poitras**[1], General Assistant Director of University and Medical Affairs CHU Sainte-Justine
Héma-Québec	Secretary **Dr. Francine Décary**[1], Chief Executive Officer Héma-Québec
Donors	**Hélène Darby**[1], President Association of Blood Donation Volunteers
Hospitals	**Carole Deschambault**[2], General Manager Hôpital Maisonneuve-Rosemont
Transfusion Medicine	Vacant (2)
Transfusion Medicine	**Dr. Serge Montplaisir**[2], Tenured professor Department of Microbiology Université de Montréal
	Dr. Pierre Ouellet, Oncohematologist Centre hospitalier universitaire de Québec (CHUQ)
Transfusion Medicine	**Jean-Pierre Allaire**[2], Partner KPMG
Recipients	**Christian Gendron**[1 2], Director, Operations Johnson & Johnson Canada
Public Health	**Dr. Marc Dionne**, Scientific Director Institut national de santé publique du Québec
Hemovigilance Committee	**Wilson Sanon**, President Québec Sickle Cell Association Observer

[1] Members (5) from the Board of Directors who sit on the Executive Committee.
[2] Members (4) from the Board of Directors who sit on the Audit Committee.

Management Committee

As at March 31, 2006

1st row

Operations	**Yvan Charbonneau**, Eng.
Human Tissues	**Marc Germain**, MD, PhD
Quality and Standards	**Suzanne Rémy**, MSc, MBA
Chief Executive Officer	**Francine Décary**, MD, PhD, MBA
Legal Affairs	**Smaranda Ghibu**, BCL, LLB
Medical Affairs in Hematology	**André Lebrun**, MD, CSPQ

2nd row

Public Affairs	**André Roch**, BCom
Information Technology	**Simon Fournier**, DEC
Research and Development	**Réal Lemieux**, PhD
Medical Affairs in Microbiology	**Gilles Delage**, MD, MSc
Finance and Administration	**Guy Lafrenière**, MBA, CMA
Human Resources	**Roger Carpentier**, CRIA

Scientific and Medical Advisory Committee

As at March 31, 2006

FIELD REPRESENTED	MEMBER
Transfusion Medicine	Committee Chair **Dr. Gwendoline Spurll**, Director McGill University Health Centre Designated Transfusion Centre (Royal Victoria Hospital) Associate Professor, McGill University
Molecular Biology	**Dr. Jean-Pierre Cartron**, Scientific Director Institut national de la transfusion sanguine, Paris, France
Biotechnology	**Dr. Bernard Massie**, Researcher NRC Biotechnology Research Institute
Plasma Derivatives	**Dr. Dana Devine**, Director Research and Development Canadian Blood Services Professor University of British Columbia
Blood Component and Tissue Manufacturing	**Dr. Locksley Earl McGann**, Professor Department of Laboratory Medicine and Pathology University of Alberta
Hematopoiesis	**Dr. Julie Audet**, Associate Professor Institute of Biomaterials and Biomedical Engineering, Toronto
Immunology	**Dr. Walid Mourad**, Associate Professor Centre de recherche en rhumatologie et immunologie Centre hospitalier universitaire de Québec, pavillon CHUL
	Dr. Yves St-Pierre, Professor Centre de recherche en immunologie Université du Québec – Institut Armand-Frappier
Transfusion Medicine	**Dr. Glen Michael Fitzpatrick**, Chief Policy Officer America's Blood Centers
Industrial Research	**Dr. Denis Riendeau**, Director Biochemistry and Molecular Biology Merck Frosst Centre for Therapeutic Research
Diagnostic Technologies	**Marc Delpech**, Professor Genetics, Development and Molecular Pathology Faculté de medicine Cochin Port-Royal, Paris, France
Observer of the Board of Directors	**Dr. Serge Montplaisir**
Representative of the Liaison Committee	**Marius Foltea** Canadian Hemophilia Society – Québec Chapter

Safety Advisory Committee

As at March 31, 2006

FIELD REPRESENTED	MEMBER
Public Health	**Dr. Bryce Larke**, Medical Health Officer Yukon Health and Social Services
Infectious Diseases	**Dr. Susan Stramer**, Executive Scientific Officer National Confirmatory Testing Laboratory American Red Cross, Washington, DC
Epidemiology	**Dr. Steven Kleinman**, Biomedical Consultant, Victoria, British Columbia
Transfusion Medicine and Practice	**Dr. Luiz Amorim**, Director HEMOBRAS, Brasilia, Brazil
	Dr. James Aubuchon, Medical Director, Blood Bank and Transfusion Darmouth-Hitchcock Medical Center, Hanover, New Hampshire
	Dr. Paul Holland, Consultant, Sacramento, California
	Christopher Verrall Prowse, SNBTS Research & Development Director SNBTS National Science Laboratory, Edinburgh, Scotland
	Dr. Danielle Rebibo, directeur adjoint et responsable des pôles de vigilance Établissement français du sang
	Dr. Henk W. Reesink, Manager Infectious Disease Donor Laboratory Central Laboratory of the Blood Transfusion Services
Canadian Blood Services	**Dr. Stephen Vamvakas**, Executive Vice-President, Medical, Scientific and Research Affairs Canadian Blood Services
Representative of the Liaison Committee	**Michel Morin** COCQ-Sida
Representative of the public	**David Page** Canadian Hemophilia Society – Québec Chapter
Observers of the Board of Directors	**Hélène Darby**
	Dr. Marc Dionne

Liaison Committee

As at March 31, 2006

FIELD REPRESENTED	MEMBER
Canadian Hemophilia Society – Québec Chapter	Committee Chair **Daniel Baribeau**
Association des grands brûlés	**Martin Guay**
	Jean-Pierre Juneau
COCQ-Sida	**Michel Morin**
Canadian Hemophilia Society – Québec Chapter	**Marius Foltea**
Canadian Sickle Cell Society	**Évelyne Jean**
Québec Sickle Cell Association	**Wilson Sanon**
Québec Society of Thalassemia	**Sophie Tuyssuzian**
Observers of the Board of Directors	**Hélène Darby**
	Christian Gendron

Research Ethics Committee

As at March 31, 2006

FIELD REPRESENTED
Blood Donors
Recipients
Law
Ethics
Research areas specialists

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 that 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 that places their personal interest in conflict with that 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 customary and of modest value.

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

13. If directors are offered a gift, hospitality or a benefit that is not customary 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 from acting on behalf of another person or persons 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 relinquished their duties.

18. The Chairman of the Board of Directors must ensure that Héma-Québec directors respect the organization's ethical principles and rules of professional conduct.

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 haemovigilance committee.

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

28. A director who has stepped down from the position as director, who has received or is receiving a 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 a severance allowance 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 it 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 may 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 and/or professional conduct stipulated in this code, the director in question shall be subject 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 has had to be treated under the terms of the Code of ethics and professional conduct, and the year 2005-2006 was not an exception.

OUR FINANCIAL REVIEW

Table of contents

Management's Report

The financial statements of Héma-Québec were drawn up by Management, which is responsible for their preparation and presentation, and include certain amounts that are based on Management's best estimates and judgments. This responsibility includes the choice of appropriate accounting policies in accordance with Canadian generally accepted accounting principles. The financial information presented elsewhere in this annual activity report is consistent with that provided in the financial statements.

In order to assume its responsibilities, Management maintains a system of internal accounting controls that are designed to provide reasonable assurance that assets are protected and that transactions are duly approved and accounted for correctly, within the prescribed timeframe, in order to produce reliable financial statements.

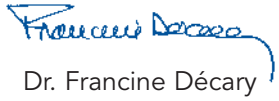
Héma-Québec recognizes that it is responsible for managing its affairs in accordance with the laws and regulations governing it.

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

The Board of Directors is required to monitor the manner in which Management carries out its financial reporting responsibilities and has approved these financial statements.

The Auditor General of Québec has audited the financial statements of Héma-Québec, in accordance with Canadian generally accepted auditing standards. His report sets out the nature and extent of the audit and includes his statement of opinion. The Auditor General of Québec can, without any restriction whatsoever, meet with the Board of Directors to discuss any aspect of this audit.

Guy Lafrenière, CMA
Vice-President, Administration & Finance



Dr. Francine Décary
Chief Executive Officer

Montréal, June 2, 2006

Auditor's Report

To the National Assembly:

I have audited the balance sheet of Héma-Québec as at March 31, 2006, and the statements of operating results, net assets and cash flows, for the year then ended. 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 at March 31, 2006, and the results of its operations and its cash flows for the year then ended, 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.

Renaud Lachance, CA
Auditor General of Québec

Québec City, June 2, 2006

Financial Statements

Operating results for the year ended March 31

(in thousands of dollars)

	2006	2005
REVENUES		
Blood products sold to Québec hospitals	$ 250,485	$ -
Grant from the Government of Québec	2,167	258,282
Interest on term deposits	1,143	742
Other income	1,627	1,744
	255,422	260,768
EXPENSES (note 4)	254,228	258,330
EXCESS OF REVENUES OVER EXPENSES	$ 1,194	$ 2,438

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

Financial Statements

Net assets for the year ended March 31

(in thousands of dollars)

	2006	2005
NET ASSETS AT BEGINNING OF YEAR	$ 17,291	$ 14,853
EXCESS OF REVENUES OVER EXPENSES	1,194	2,438
	$ 18,485	$ 17,291
TRANSFER TO THE GOVERNMENT OF QUÉBEC (note 3)	17,291	-
NET ASSETS AT END OF YEAR	$ 1,194	$ 17,291

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

Financial Statements

Balance sheet as at March 31

(in thousands of dollars)

	2006	2005
ASSETS		
Short-term		
Cash	$ 4 592	$ 9 709
Short-term investments (note 5)	91	7,343
Accounts receivable (note 6)	8,208	9,019
Grant forthcoming from the Government of Québec	83	137
Inventory (note 7)	16,767	18,632
Prepaid expenses (note 8)	4,859	4,655
	34,600	49,495
Fixed assets (note 9)	37,605	38,353
Deferred charges (note 10)	1,695	1,755
Accrued benefit asset (note 14)	1,199	554
	$ 75,099	$ 90,157
LIABILITIES		
Short-term		
Accounts payable and accrued liabilities (note 12)	$ 27,860	$ 30,420
Advance from the Government of Québec, non interest bearing	4,546	-
Payment on long-term debt (note 13)	5,216	5,701
	37,622	36,121
Long-term debt (note 13)	33,334	33,933
Accrued benefit liability (note 14)	2,949	2,812
NET ASSETS	1,194	17,291
	$ 75,099	$ 90,157
Commitments (note 16)		

ON BEHALF OF THE BOARD OF DIRECTORS,

Cheryl Campbell Steer
Director

Jean-Pierre Allaire
Director

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

Financial Statements

Cash flows for the year ended March 31

(in thousands of dollars)

	2006	2005
OPERATING ACTIVITIES		
Items not affecting cash and cash equivalents		
Excess of revenues over expenses	$ 1,194	$2,438
Depreciation of fixed assets	4,632	4,393
Depreciation of deferred charges	60	120
Loss on write-offs and disposal of assets	42	138
Unrealized exchange loss	340	1,538
Increase in accrued benefit asset	(645)	(555)
Increase (decrease) in accrued benefit liability	137	(404)
	5,760	7,668
Changes in non-cash working capital		
Decrease in accounts receivable	811	175
Decrease in grant forthcoming from the Government of Québec	54	69
Decrease in inventory	1,865	1,170
Increase in prepaid expenses	(204)	(1,256)
Increase in deferred charges	-	(1,876)
Increase (decrease) in payables and accrued liabilities	(2,560)	6,070
Increase in advance from the Government of Québec	4,546	-
Cash flows from operating activities	10,272	12,020
INVESTING ACTIVITIES		
Acquisition of fixed assets	(3,928)	(5,126)
Proceeds from disposal of fixed assets	2	-
Cash flows from investing activities	(3,926)	(5,126)
FINANCING ACTIVITIES		
Long-term debt	4,614	6,300
Settlement of long-term debt	(5,698)	(5,984)
Decrease in net assets	(17,291)	-
Cash flows from financing activities	(18,375)	316
Unrealized exchange loss on cash and non-cash elements of working capital denominated in foreign currency	(340)	(1,538)
INCREASE IN CASH AND CASH EQUIVALENTS	(12,369)	5,672
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	17,052	11,380
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 4,683	$ 17,052
Cash and cash equivalents are as follows:		
Cash	$ 4,592	$ 9,709
Short-term investments	91	7,343
	$ 4,683	$ 17,052
Interest paid	$ 1,992	$ 2,032

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

Financial Statements

Notes to the Financial Statements

For the year ended March 31, 2006 (in thousands of dollars)

1. INCORPORATION AND FUNCTIONS

Héma-Québec, incorporated on March 26, 1998, by letters patent issued under Part III of the *Companies Act* (R.S.Q., Chapter C-38), has continued its operations 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 efficiently provide adequate quantities of safe, optimal blood components, substitutes, human tissues and umbilical cord blood to meet the needs of all Quebecers, and to provide and develop expertise, services, and specialized and innovative products in the fields of transfusion medicine and human tissue transplantation.

2. SIGNIFICANT ACCOUNTING POLICIES

In preparing the financial statements of Héma-Québec in accordance with Canadian generally accepted accounting principles, Management used best estimates and judgments in certain instances. These estimates affect the accounting for assets and liabilities, the presentation of potential assets and liabilities at the financial statement date, as well as the accounting for revenues and expenses during the period covered by the financial statements. Actual results may differ from these estimates.

Recording of revenues

Revenues resulting from the sale of blood products are recorded at the time of delivery and when payment is reasonably secured.

Inventory

The inventory of fractionation products and of collection and laboratory equipment is valued 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 based on the economic life of these fixed assets, using the straight-line depreciation method and the following rates:

Tangible assets	
Building	4%
Betterment	5%
Leasehold improvements	length of lease
Automotive equipment	20%
Machinery and equipment	10% and 20%
Office furniture and equipment	20%
Computer equipment	33⅓%
Intangible assets	
Computer software	33⅓%
Software packages	20%

Foreign currency translation

Foreign currency transactions are accounted for at the average exchange rate on the transaction date. Monetary items are translated at the exchange rate in effect at the balance sheet date whereas non-monetary items are translated at the exchange rate in effect on the date of the transaction. Exchange gains or losses related to monetary items are included in the operating results for the current period.

Employee benefit plans

Héma-Québec provides defined benefit and defined contribution employee pension plans. Both Héma-Québec and the plan members contribute to these plans. Héma-Québec also offers its employees certain benefits that apply after termination of employment but before retirement and provides certain of its retirees with health insurance and life insurance benefits.

The cost of pensions and other retirement benefits earned by employees is actuarially determined using the projected benefit method, prorated on service and based on Management's best estimates of expected plan investment performance, salary increases, retirement age of employees and anticipated health-care costs.

The benefit obligation is valued using the market interest rate as at the valuation date. Pension plan assets are evaluated at fair value. This same method is used to calculate the expected performance of plan assets.

Actuarial losses and gains result, among other things, from the difference between the actual, long-term yield of plan assets and the expected yield of those assets, as well as from changes made to the actuarial assumptions used to determine the accrued benefit obligation.

The net actuarial gain or loss is amortized if, at the beginning of the current year, the unamortized balance of the gain or loss exceeds 10% of the accrued benefit obligation or the value of the assets, whichever is greater.

This excess is amortized using to the straight-line method over the average remaining service period of active employees. The average remaining service period is 12 years for the unionized employee pension plan, 14 years for the non-unionized employee pension plan, 10 years for the supplemental pension plan and 17 years for the other benefit plans.

The transitional obligation and the past service costs are normally amortized over the average remaining service period of active employees.

Cash and cash equivalents

Héma-Québec's policy is to present bank balances—including the debit or credit balance of accounts with overdraft facilities and short-term investments whose maturity dates do not exceed three months from the acquisition dates—in cash and cash equivalents.

3. TRANSFER TO THE GOVERNMENT OF QUÉBEC

According to letters patent, Héma-Québec is a non-profit entity. Accordingly, at the government's request, net assets totalling $17,291 as at March 31, 2005 were transferred to the government in February 2006.

4. EXPENSES BY RESPONSIBILITY CENTRE

	2006				2005
	LABILE PRODUCTS	FRACTIONATED PRODUCTS	OTHER SERVICES	TOTAL	TOTAL
Wages and benefits	$ 62,531	$ 332	1,760	$ 64,623	$ 64,824
Medical and blood drive supplies	29,256	324	180	29,760	31,363
Fractionated products	-	121,895	-	121,895	124,135
Purchased services	(527)	2,384	2,020	3,877	4,010
Loss on write-offs and disposal of assets	42	-	-	42	138
Exchange loss (gain)	(227)	173	-	(54)	904
Depreciation of fixed asset	4,377	166	89	4,632	4,393
Interest on long-term debt	1,980	-	-	1,980	2,032
Insurance	8,114	-	-	8,114	7,298
Other expenses	18,770	320	269	19,359	19,233
Subtotal	$ 124,316	$ 125,594	$ 4,318	$ 254,228	$ 258,330
Plasma for fractionation*	(9,447)	9,447			
Total	$ 114,869	$ 135,041	$ 4,318	$ 254,228	$ 258,330

* Some expenses related to collecting plasma for fractionation are incurred for labile products and reallocated to fractionated products on the basis of costs incurred. The costs are allocated based on units shipped.

5. SHORT-TERM INVESTMENTS

Héma-Québec holds an investment of $91 ($85 in 2005) in a trust account, recorded at cost, bearing interest at the rate of 1.30%. As at March 31, 2005, Héma-Québec also had a term deposit of $7,258 bearing interest at the rate of 2.74%.

6. ACCOUNTS RECEIVABLE

	2006	2005
Trade accounts receivables	$ 174	$ 85
Sales taxes	1,547	2,091
Security deposit	6,190	6,411
Other accounts receivable	297	432
	$ 8,208	$ 9,019

7. INVENTORY

	2006	2005
Fractionated products and substitutes	$ 14,136	$ 15,904
Collection equipment	1,788	1,862
Laboratory equipment	843	866
	$ 16,767	$ 18,632

8. PREPAID EXPENSES

	2006	2005
Insurance	$ 3,682	$ 3,205
Other	1,177	1,450
	$ 4,859	$ 4,655

9. FIXED ASSETS

	2006			2005
	COST	ACCUMULATED DEPRECIATION	NET VALUE	NET VALUE
Tangible assets				
Land	$ 2,140	$ -	$ 2,140	$ 2,140
Building	19,699	3,519	16,180	16,967
Betterment	7,617	1,670	5,947	6,109
Leasehold improvements*	1,582	476	1,106	986
Automotive equipment	40	19	21	22
Machinery and equipment	12,024	5,200	6,824	6,951
Office furniture and equipment	3,600	2,264	1,336	1,408
Computer equipment	7,668	5,884	1,784	2,465
	54,370	19,032	35,338	37,048
Intangible assets				
Software and software packages*	6,219	3,952	2,267	1,305
	$ 60,589	$ 22,984	$ 37,605	$ 38,353

* The accumulated cost of work in progress, as at March 31, 2006, totals $685, excluding taxes, of which $249 is included in leasehold improvements and $436 in software and software packages. The amortization of these assets will begin when the projects have been completed.

10. DEFERRED CHARGES

Under an emphyteutic lease, Héma-Québec initially paid $1,875 to obtain the right to occupy premises at Université Laval for a period of 30 years expiring in 2034. The amortization for the current period is $60 and was recorded in the statements under "Building and premises." The accumulated amortization using the straight-line method amounts to $180 ($120 in 2005).

11. BANK OVERDRAFT

As at March 31, 2006, Héma-Québec had a revolving line of credit of $15,000 bearing interest at the prime rate less 0.50%.

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2006	2005
Suppliers	$ 22,006	$ 24,001
Salaries and fringe benefits	5,854	6,419
	$ 27,860	$ 30,420

13. LONG-TERM DEBT

	2006	2005
Loan, secured by the land and the building, with a net book value of $18,320, repayable in monthly instalments of $36 (including capital and interest), at a fixed rate of 6.19%, renewable in 2008 and falling due in 2023.	$ 4,679	$ 4,819
Loan, secured by the land and building, with a net book value of $18,320 repayable in monthly instalments of $54 (capital only), at a fixed rate of 5.79%, renewable in 2009 and falling due in 2027.	13,769	14,414
Loan, repayable in monthly instalments of $100 (including capital and interest), at a fixed rate of 6.01%, falling due in 2008.	2,949	4,723
Loans, repayable in monthly instalments of $228 (capital only) and annual payments of $256 (capital only), at fixed rates varying from 3.16% to 4.98%, falling due between 2007 and 2012.	10,154	13,152
Loans, repayable in monthly instalments of $30 (capital only), at fixed rates of 5.17% and 5.41%, renewable in 2010 and 2013 and falling due in 2023 and 2026.	6,999	2,526
	38,550	39,634
Portion of long term debt payable within one year	(5,216)	(5,701)
	$ 33,334	$ 33,933

The instalments on long-term debt required during the next five years are as follows:

2007	$ 5,216
2008	4,823
2009	4,091
2010	2,843
2011	1,638

14. DESCRIPTION OF BENEFIT PLANS

Héma-Québec has several defined benefit plans, both funded and non-funded, which guarantee the payment of pensions, post-retirement benefits other than pensions and post-employment benefits to most employees.

The defined benefit pension plans are based on the number of years of service and the average salary at the time of the employee's retirement. They also provide for partial indexation of pension benefits, in keeping with the inflation rate.

Before January 1, 2004, Héma-Québec also offered defined contribution plans to certain employees. As of April 1, 2005, the employees with entitlements under the defined contribution plans were given the opportunity to convert these entitlements to defined benefit plans. The impact of this event was reflected in the statements as at March 31, 2005.

Total cash payments

Total cash payments for future benefits for 2006, which consist of Héma-Québec's contributions to its funded pension plans, amounts paid directly to beneficiaries under other non-funded plans and contributions to its defined contribution plan, amounted to $6,650 ($6,351 in 2005).

Dates for valuations of defined benefit plans

Héma-Québec determines its accrued benefits obligations and the fair value of the pension plan assets for accounting purposes as at March 31 of each year. The effective dates of the most recent actuarial valuations, as well as of the upcoming mandatory valuations for the purposes of funding those plans that are funded, are as follows:

	DATE OF MOST RECENT ACTUARIAL VALUATION	DATE OF MANDATORY ACTUARIAL VALUATION
Unionized employees' pension plan	December 31, 2002	December 31, 2005
Pension plan for management, professional, technical and administrative support staff	December 31, 2002	December 31, 2005

Composition of defined benefit plan assets

(IN % AS AT MARCH 31)	2006	2005
Shares	54%	61%
Bonds	38%	35%
Other	8%	4%
Total	100%	100%

14. DESCRIPTION OF BENEFIT PLANS (continued)

Reconciliation of financial position and amounts recorded in the financial statements

	2006		2005	
	PENSION PLANS	OTHER PLANS	PENSION PLANS	OTHER PLANS
Fair value of plan assets	$ 67,462	$ -	$ 56,433	$ -
Accrued benefit obligation	80,273	4,198	64,206	3,973
Financial position – deficit	-12,811	-4,198	-7,773	-3,973
Unamortized transitional obligation	36	-	41	-
Cost of benefits for unamortized past services	2,353	55	2,547	109
Net, unamortized actuarial losses	11,621	1,194	5,739	1,052
Accrued benefit asset (liability) at end of current year	$ 1,199	$ -2,949	$ 554	$ -2,812
Classification of amounts recorded in Héma-Québec's financial statements				
Accrued benefit asset	$ 1,199		$ 554	
Accrued benefit liability		$ 2,949		$ 2,812

The accrued benefit obligation exceeds plan assets for all Héma-Québec plans.

Cost recorded for the current year

	2006		2005	
	PENSION PLANS	OTHER PLANS	PENSION PLANS	OTHER PLANS
Cost recorded for employee future benefits	$ 3,715	$ 2,428	$ 3,045	$ 2,347

Main assumptions

	2006		2005	
	PENSION PLANS	OTHER PLANS	PENSION PLANS	OTHER PLANS
Accrued benefit obligation as at March 31				
Discount rate	5.25%	5.25%	5.75%	5.75%
Rate of salary increase	4.00%	4.00%	4.00%	4.00%
Cost of benefit for year ended March 31				
Discount rate	5.75%	5.75%	6.00%	6.00%
Expected rate of return on plan assets	7.00%	-	7.25%	-
Rate of salary increase	4.00%	4.00%	4.00%	4.00%

Assumed trend rates for health-care costs

	2006	2005
Initial trend rate of health-care costs as at March 31	8.00 %	8.50%
Level towards which trend rate is declining	5.00%	5.00%
Year when the rate is expected to stabilize	2013	2013

15. FINANCIAL INSTRUMENTS

FAIR VALUE OF FINANCIAL INSTRUMENTS

Long-term debt

As at March 31, 2006, the fair value of the long-term debt of $38,550 ($39,634 in 2005) totalled $38,362 ($41,811 in 2005), based on the discounted cash flows at the quoted market price for securities with similar maturity dates and interest rates.

Other assets and liabilities

The fair value of the cash on hand, accounts receivable, subsidy to be received, short-term investment, bank overdraft, accounts payable and accrued liabilities and advance from the government corresponds to their book value, given their short term to maturity.

DERIVATIVE INSTRUMENTS

Foreign exchange contract

Héma-Québec has entered into four contracts to purchase American currency in the amount of $45,000 at a rate of 1.1871 for the period from April 3 to September 29, 2006, in the amount of $13,500 at a rate of 1.1563 for the period from October 2 to November 30, 2006, in the amount of $6,750 at a rate of 1.1403 for the period from December 1 to 29, 2006, and in the amount of $6,750 at a rate of 1.1396 for the period from January 3 to 31, 2007 in order to manage certain identifiable risks linked to the purchase of products in foreign currency.

16. COMMITMENTS

Héma-Québec entered into long-term leases expiring at various dates over the next 28 years for its operating facilities and administrative offices. These leases include, in some cases, a five-year renewal option.

The lease expenses, for the financial year ended March 31, 2006, stood at $2,052 ($1,511 in 2005). The future minimum payments related to these long-term leases are as follows:

2007	$ 1,934
2008	1,896
2009	1,791
2010	1,542
2011	1,527
2012 and subsequent	35,626

17. RELATED PARTY TRANSACTIONS

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

18. HÉMA-QUÉBEC FOUNDATION

On October 26, 1999, the Héma-Québec Foundation was incorporated by letters patent issued under Part III of the *Companies Act* (R.S.Q., Chapter C-38). The Foundation is a non-profit legal entity whose mission is to provide financial support for the creation and development of innovative projects that will help keep Héma-Québec at the forefront of services and knowledge relating to the supply of blood, stem cells (bone marrow and umbilical cord blood) and human tissues.

The Foundation's Board of Directors is independent. Héma-Québec provides services at no charge to the Foundation that are necessary for the Foundation’s operations, as well as access to its premises and some equipment.

19. COMPARATIVE FIGURES

Certain figures for 2005 have been reclassified to conform with the financial statements presentation adopted in 2006.

The 2005-2006 Annual Report
is published by Héma-Québec's
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Legal deposit
2nd quarter 2006
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National Library of Canada
ISSN: 1703-227X

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