

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the quarterly period ended May 31, 2007

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES
EXCHANGE ACT OF 1934**

From _____ to _____

VIROPRO INC.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of incorporation)

333-06718

(Commission File Number)

13-3124057

(IRS Employer Identification No.)

8515, Place Devonshire, Suite 207, Montreal, Quebec, Canada

(Address of principal executive offices)

H4P 2K1

(Zip Code)

(514) 731-8776

(Registrant's telephone number, including area code)

N/A

(Former name, former address & former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all documents and reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filings for the past 90 days.

YES ☒ NO ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

APPLICABLE ONLY TO CORPORATE ISSUERS:

As of July 1, 2007, the number of the Company's shares of par value \$.001 common stock outstanding was 35,190,754.

Transitional Small Business Disclosure format (check one): Yes ☐ No ☒

VIROPRO, INC.
FORM 10-QSB
May 31, 2007

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VIROPRO, INC.
FORM 10-QSB
May 31, 2007

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

General

The accompanying reviewed financial statements have been prepared in accordance with the instructions to Form 10-QSB. Therefore, they do not include all information and footnotes necessary for a complete presentation of financial position, results of operations, cash flow, and stockholders' equity in conformity with generally accepted accounting principles. Except as disclosed herein, there has not been a material change in the information disclosed in the notes to the financial statements included in the Company's annual report on Form 10-KSB for the year ended November 30, 2006. In the opinion of management, all adjustments considered necessary for a fair presentation of the results of operations and financial position have been included and all such adjustments are of a normal recurring nature. Operating results for the six months ended May 31, 2007 are not necessarily indicative of the results that can be expected for the year ended November 30, 2007.

Viropro, Inc.
(A Development Stage Company)
Consolidated Balance Sheet (Unaudited in US\$)
May 31, 2007

ASSETS

Current assets	
Cash	\$ 37,688
Other receivables	75
Prepaid expenses	8,328
GST taxes	9,053
Financing costs	428,811
Total current assets	<u>483,955</u>
Investment	51,973
Property and equipment, net	14,257
Other assets	
Patent, net	904,870
Total Assets	<u><u>\$ 1,455,055</u></u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities	
Accounts payable and accrued expenses	544,386
Other payables	8,739
Deferred revenue	50,000
Common stock payable	10,000
Total current liabilities	<u>613,125</u>
Convertible debentures (net of unamortized debt discount of \$225,955)	666,045
Total Liabilities	<u><u>1,279,170</u></u>
Stockholders' equity	
Common stock, \$.001 par value, 100,000,000 shares authorized, 35,190,754 shares issued and outstanding	35,191
Additional paid in capital	12,214,672
Deferred stock compensation	(193,500)
(Deficit) accumulated during the development stage	(9,829,434)
Accumulated (deficit)	<u>(1,971,555)</u>
	255,374
Other Comprehensive income:	
Foreign currency translation adjustment	<u>(79,488)</u>
Total Stockholders' Equity	<u>175,885</u>
Total Liabilities and Stockholders' Equity	<u><u>\$ 1,455,055</u></u>

See accompanying notes to financial statements

Viropro, Inc.
(A Development Stage Company)
Consolidated Statements of
Operations
(Unaudited)

	Three months ended		Six months ended		Inception (July 1, 2003) to May 31, 2007
	May 31, 2007	May 31, 2006 Restated	May 31, 2007	May 31, 2006 Restated	
Revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Cost of revenue	-	-	-	-	-
Gross profit	-	-	-	-	-
Operating expenses:					
Consulting fees - Non cash stock compensation	224,513	477,978	415,325	663,123	5,829,587
Selling, general and administrative expenses	733,073	580,226	1,297,122	784,255	3,999,837
	<u>957,586</u>	<u>1,058,204</u>	<u>1,712,447</u>	<u>1,447,378</u>	<u>9,829,434</u>
Net (loss)	<u>(957,586)</u>	<u>(1,058,204)</u>	<u>(1,712,447)</u>	<u>(1,447,378)</u>	<u>(9,829,434)</u>
Comprehensive income:					
Foreign currency translation adjustment	<u>(37,059)</u>	<u>77</u>	<u>(37,913)</u>	<u>94</u>	<u>(78,642)</u>
Comprehensive income (loss)	<u>(\$994,645)</u>	<u>(\$1,058,127)</u>	<u>(\$1,750,361)</u>	<u>(\$1,447,284)</u>	<u>(\$9,908,076)</u>
Per share information - basic and fully diluted:					
Weighted average shares outstanding - basic and diluted	<u>34,437,994</u>	<u>21,678,148</u>	<u>33,475,996</u>	<u>17,932,136</u>	
(Loss) per common share - basic and diluted	<u>(\$0.03)</u>	<u>(\$0.05)</u>	<u>(\$0.05)</u>	<u>(\$0.08)</u>	

See accompanying notes to financial statements

Viropro, Inc.
(A Development Stage Company)
Consolidated Statements of Cash Flows
(Unaudited)

	Six Months May 31, 2007	Six Months May 31, 2006 Restated	Inception (July 1, 2003) to May 31, 2007
Cash flows from operating activities:			
Net (loss)	\$ (1,712,447)	\$ (1,447,378)	\$ (9,829,434)
Adjustments to reconcile net (loss) to net cash (used in) operating activities:			
Foreign currency translation adjustment	(281)		
Depreciation and amortization	55,435	37,283	153,388
Consulting fees paid in stock compensation	415,325	663,123	5,829,597
Interest paid in stock compensation	42,733	-	42,733
Amortization of financing costs	333,481	10,137	410,838
Amortization of beneficial conversion feature	165,646	20,260	206,248
Decrease in other receivables	3,499	(851)	28,585
Decrease in receivable for common stock	-	(75,000)	25,000
Increase in prepaid expenses	(4,212)	(1,110)	(8,328)
Decrease in GST taxes	13,051	(27,431)	(9,052)
Increase in account payable and accrued expenses	91,432	16,220	515,724
Increase in other payables	551	3,550	8,739
Increase in deferred revenue	35	7,333	50,000
Net cash (used in) operating activities	<u>(595,752)</u>	<u>(793,864)</u>	<u>(2,575,962)</u>
Cash flows from investing activities:			
Investment in minority interest	-	-	(51,973)
Acquisition of property and equipment	-	(6,769)	(22,515)
Net cash (used in) investing activities	<u>-</u>	<u>(6,769)</u>	<u>(74,488)</u>
Cash flows from financing activities:			
Common stock payable	10,000	373,588	1,490,233
Issuance of debentures for cash	563,965	649,860	1,277,393
Net cash provided by financing activities	<u>573,965</u>	<u>1,023,448</u>	<u>2,767,626</u>
Net increase (decrease) in cash	(21,787)	222,815	117,176
Effect of changes in exchange rate	(37,913)	94	(79,488)
Beginning - cash balance	<u>97,388</u>	<u>70,466</u>	<u>-</u>
Ending - cash balance	<u>\$ 37,688</u>	<u>\$ 293,375</u>	<u>\$ 37,688</u>

See accompanying notes to financial statements

Viropro, Inc.

(A Development Stage Company)

Notes to Financial Statements

May 31, 2007

(UNAUDITED)

Note 1: Organizations and Basis of Presentation

The accompanying unaudited Consolidated Financial Statements of Viropro, Inc. (the "Company") have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) for interim financial information and with the instructions to Form 10-QSB. The financial statements reflect all adjustments consisting of normal recurring adjustments which, in the opinion of management, are necessary for a fair presentation of the results for the periods shown. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles (GAAP) for complete financial statements.

These Consolidated Financial Statements should be read in conjunction with the audited financial statements and footnotes included in Viropro, Inc.'s Form 10-KSB for the year ended November 30, 2006, as filed with the Securities and Exchange Commission.

The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and that affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2: Net Income (Loss) Per Common Share

The Company calculates net income (loss) per share as required by Statement of Financial Accounting Standards (SFAS) 128, "Earnings per Share." Basic earnings (loss) per share is calculated by dividing net income (loss) by the weighted average number of common shares outstanding for the period. Diluted earnings (loss) per share is calculated by dividing net income (loss) by the weighted average number of common shares and dilutive common stock equivalents outstanding. During periods in which the Company incurs losses, common stock equivalents, if any, are not considered, as their effect would be anti-dilutive.

Note 3: Going Concern

The Company's financial statements are presented on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business.

The Company has experienced significant losses from operations. The aggregate accumulated deficit and accumulated deficit during the development stage of the Company is \$11,800,989 (\$1,971,555 and \$9,829,434, respectively) including a net loss for the six months ended May 31, 2007, in the amount of \$1,712,447. In addition, the Company has no revenue generating operations.

The Company's ability to continue as a going concern is contingent upon its ability to secure additional financing, to increase ownership equity and to attain profitable operations. In addition, the Company's ability to continue as a going concern must be considered in light of the problems, expenses and complications frequently encountered in established markets and the competitive environment in which the Company operates.

Viropro, Inc.

(A Development Stage Company)

Notes to Financial Statements

May 31, 2007

(UNAUDITED)

Note 3: Going Concern (continued)

The Company is pursuing financing for its operations and seeking additional investments. In addition, the Company is seeking to expand its revenue base by adding new customers and increasing its advertising. Failure to secure such financing or to raise additional equity capital and to expand its revenue base may result in the Company depleting its available funds and not being able pay its obligations. The Company is aggressively pursuing strategic alliances, which will bring cash infusion, restructuring and a forward-looking business plan.

The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the possible inability of the Company to continue as a going concern.

Note 4: Convertible Debentures

Viropro agreed to issue up to \$1,310,000 of convertible debentures. The time frame for collecting the financing and issuing convertible debentures was March 1, 2007. As of May 31, 2007, \$1,300,000 was collected and none of the convertible debenture remains available. The Company has determined the debentures to have a beneficial conversion feature totalling \$225,955. The beneficial conversion feature has been recorded as a debt discount which will be amortized on a straight line basis over the life of the loans. The beneficial conversion feature was valued under the Black-Scholes option pricing model using the following assumptions: a stock price between \$0.19 and \$1.19; estimated life of 3 years; historical volatility rate ranging between 205% and 251% and debt discount rate of 6.00%. The investors shall have 3 years from March 1, 2006 to exercise 6,500,000 warrants. The warrant strike price shall be \$0.25 per share of restricted stock. The Company has determined the warrants to have a value of \$428,811 which has been reflected as a financing cost and will be amortized on a straight-line basis over the life of the loans. The warrants were valued under the Black-Scholes option pricing model.

From March 1, 2007 to May 31, 2007, investors converted \$428,127 in private debenture financing as well as accumulated interest into 2,140,633 common shares. As of May 31, 2007, \$1,300,000 was collected, \$408,000 was converted and none of the convertible debenture remains available.

Note 5: Stockholders' (Deficit)

During the six months ended May 31, 2007, the Company issued 100,000 common shares for \$32,000 to its investor relations firm, 457,500 common shares for \$73,200 for consulting services and employee performance bonus, and 2,140,633 for \$428,127 to debenture holders who exercised their conversion rights.

Viropro, Inc.

(A Development Stage Company)

Notes to Financial Statements

May 31, 2007

(UNAUDITED)

Note 6: Commitments and Contingencies

During November 2004, the Company entered into an agreement with the Tokyo-based firm Immuno Japan Inc. for the marketing and production of therapeutic proteins in international markets. According to the agreement, the Company has acquired licenses to patented technologies related to the production of therapeutic proteins for certain countries. As compensation for the rights, the Company issued 500,000 shares of common stock in February 2005, with a fair value of \$220,000 which has been charged to operations during the year ended November 30, 2004, and is obligated to issue an additional 500,000 shares of common stock upon the initial sale of the licensed products, which has not yet occurred. In addition the Company will pay a royalty of 15% on the sales of the licensed products.

On April 26, 2007, a Memorandum of Understanding was signed with Intas Biopharmaceuticals Ltd. (IBPL) for the production of an undisclosed high value therapeutic product. IBPL will pay Viropro a licensing fee for the development and technological transfer of the manufacturing process and Viropro will receive royalties based on net sales. A payment of \$50,000 was expected from IBPL upon the signature of the MOU in exchange for shares in Viropro. As of the report date, the payment has not been received and the contract has not been signed. The MOU stipulates a deadline of ninety days from the signature of the MOU for the finalization and signature of the contract.

Note 7: Legal Proceedings

On June 16, 2006, the Company became involved in a legal dispute in which a shareholder, holding 177,500 shares, claimed the Company was purposefully not removing his trading restrictions. The Company has appeared and answered the allegations of the lawsuit, denies liability, and has vigorously defended itself. In addition, the Company has asserted a counter-claim seeking the return and cancellation of 6.8 million improperly issued shares of Viropro. The majority of these shares are owned or controlled by the previous managers of Viropro. On June 5, 2007, the Company was awarded a judgment for the cancellation and return of 4.5 million shares. The Company cannot anticipate the effect of this judgment on the financial statements at this time. The Company is currently executing the judgment and will be able to provide a better assessment in the third quarter.

There is pending litigation concerning Viropro Pharma Inc., a wholly owned subsidiary of Viropro Inc., where a consultant is claiming \$34,563 CDN. Viropro Pharma Inc. vigorously contests the claim; however, does agree that \$5,000 CDN is owed. This claim was dismissed on May 25, 2007 as the plaintiff chose not to pursue the case.

Viropro, Inc.

(A Development Stage Company)

Notes to Financial Statements

May 31, 2007

(UNAUDITED)

Note 8: Recent Pronouncements

In July 2006, the FASB issued FASB Interpretation No. 48 ("FIN 48"), "Accounting for Uncertainty in Income Taxes," which clarifies the accounting for uncertainty in income taxes recognized in the financial statements in accordance with SFAS No. 109, "Accounting for Income Taxes." FIN 48 is effective for fiscal years beginning after December 15, 2006. The adoption of this statement did not have an effect on the Company's financial statements.

In October 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" ("SFAS 157"). The purpose of SFAS 157 is to provide users of financial statements with better information about the extent to which fair value is used to measure recognized assets and liabilities, the inputs used to develop the measurements, and the effect of certain of the measurements on earnings for the period. SFAS No. 157 also provides guidance on the definition of fair value, the methods used to measure fair value, and the expanded disclosures about fair value measurements. This changes the definition of fair value to be the price that would be received to sell an asset or paid to transfer a liability, an exit price, as opposed to the price that would be paid to acquire the asset or received to assume the liability, an entry price. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods with those fiscal years (e.g., January 1, 2008, for calendar year-end entities.) We do not expect the adoption of SFAS No. 157 to have a material impact on the Company's consolidated financial position, results of operations or cash flows.

In September 2006, the FASB issued SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans" ("SFAS 158") which amends SFAS No. 87, 88, 106, and 132(R). Post application of SFAS 158, an employer should continue to apply the provisions in Statements 87, 88, and 106 in measuring plan assets and benefit obligations as of the date of its statement of financial position and in determining the amount of net periodic benefit cost. SFAS 158 requires amounts to be recognized as the funded status of a benefit plan, that is, the difference between plan assets at fair value and the benefit obligation. SFAS 158 further requires recognition of gains/losses and prior service costs or credits not recognized pursuant to SFAS No. 87 or SFAS No. 106. Additionally, the measurement date is to be the date of the employer's fiscal year-end. Lastly, SFAS 158 requires disclosure in the financial statements effects from delayed recognition of gains/losses, prior service costs or credits, and transition assets or obligations. SFAS No. 158 is effective for years ending after December 15, 2006 for employers with publicly traded equity securities and as of the end of the fiscal year ended after June 15, 2007 for employers without publicly traded equity securities. We do not expect the adoption of SFAS No. 158 to have a material impact on the Company's consolidated financial position, results of operations or cash flows.

In February 2007, the FASB issued Statement No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities, including an amendment of FASB Statement No. 115" (FAS 159). FAS 159 permits companies to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value and establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities. The provisions of FAS 159 become effective as of the beginning of the Company's 2009 fiscal year. We are currently evaluating the impact that FAS 159 will have on our financial statements.

Item 2. Management's Discussion and Analysis and Plan of Operations

THE FOLLOWING DISCUSSION OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF VIROPRO, INC. SHOULD BE READ IN CONJUNCTION WITH THE FINANCIAL STATEMENTS AND NOTES INCLUDED ELSEWHERE IN THIS REPORT.

THIS DISCUSSION CONTAINS FORWARD-LOOKING STATEMENTS THAT INVOLVE RISKS AND UNCERTAINTIES, VIROPRO, INC.'S ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THOSE ANTICIPATED IN THESE FORWARD-LOOKING STATEMENTS AS A RESULT OF CERTAIN FACTORS, INCLUDING, BUT NOT LIMITED TO COMPETITION AND OVERALL MARKET CONDITIONS.

Overview

Viropro is a company operating in the pharmaceutical sector specializing in the sale of technological transfers for biopharmaceutical generic drugs in emerging markets. Its expertise in cell line and biopharmaceutical manufacturing process development is supported by alliances with major partners in biotechnology. Recently restructured, Viropro is a young company with eighteen months of completed activity.

Viropro is not a standard biotech company. It maintains as its primary focus, generic versions of blockbuster biopharmaceutical drugs (defined as drug with sales of greater than US\$ 1 billion per year), and involving low risk. These products are known and have already been FDA approved; furthermore, developing manufacturing processes for these drugs is quite well standardized.

Viropro International (the subsidiary through which Viropro, Inc. operates) holds a versatile platform technology with an exclusive license portfolio. This is due to a strong partnership with Immuno Japan Institute, a company that specializes in target products and early cell line development. This contract was extended in January 2006 in terms of products, technology, and territory. It includes the use of a proprietary promoter that significantly enhances the yield of biological products.

In order to strengthen and expand Viropro International's manufacturing and development capabilities, a partnership agreement was signed on October 6, 2005 with the National Research Council of Canada's Biotechnology Research Institute in Montreal (NRC-BRI) for scale-up of process development. This agreement allows the Company to benefit from the BRI'S outstanding expertise in biological product process development and scale-up. With this agreement, the Company is granted an exceptional R&D leverage that minimizes its R&D expenditure, which in turn enables a greater focus on development of novel products such as monoclonal antibodies. On October 26, 2006, Viropro signed a second agreement with NRC-BRI for the use of powerful inducible expression systems developed and patented by the NRC-BRI. Viropro has obtained a worldwide exclusive license for the production of the recombinant human interferon beta («rH IFN beta»). Viropro is also planning to sign new licenses with NRC-BRI in the near future for the production of other therapeutic human proteins including cytokines and monoclonal antibodies.

Viropro International has also concluded an agreement with Laboratory for Food and Veterinary Biotechnology, University of Montreal (LFVB) which is a significant partnership concerning current Good Manufacturing Practices (cGMP) standards and Drug Master File development.

Viropro is targeting markets with unmet medical needs (emerging markets) such as South America, Asia, and Africa with biopharmaceutical generic products for which patents have expired and others about to expire. Emerging markets are served by few if no competitors. The potential market for Viropro services

is high with additional growth to come when Western countries open their markets to biopharmaceutical generic products.

The worldwide biopharmaceutical market was estimated at over US\$ 50 billion in 2004 (Biopharma). Biopharmaceuticals are a growing field, the rate of new products being approved has increased steadily, more than doubling from the 1990s through to 2005 (Bioplan 2006 and Nature 2004). A series of key blockbuster products developed in the 1980s and 1990s and selling for over US\$ 30 billion are predicted to remain the dominant revenue generators over the coming years (Nature Biotech., 2004). All of Viropro's targeted biogenerics are among these blockbuster biopharmaceuticals.

Viropro's platform technology allows it to develop manufacturing processes for blockbuster biological products. Viropro manufacturing processes benefit our clients in that they are less expensive, more efficient and thus allow a lower cost of production. This provides greater access to medications to a population that would normally not have any. What differentiates Viropro is its business model, platform technology and intellectual property and rights. They allow Viropro to stand out as a leader in the technological transfer market.

Viropro's management structure is very lean. It has an overall headcount of less than 10 people in its management and scientific team. The President and CEO, Dr. Jean-Marie Dupuy, has a wealth of experience in the public and large pharmaceutical sector. The CFO, Gino Di Iorio, C.A., has an extensive background in the management of public companies. Viropro also has strong operations and business development groups headed by Prosper Azoulay and André Bédard, respectively. It is Viropro's intention to keep its management and scientific personnel at a minimal level until operations and positive revenue streams justify expansion of the team.

On November 7, 2006, Viropro signed its first major contract worth US\$ 42 million with Biochallenge S.A., a Tunisian private pharmaceutical company, for the development and the technology transfer of 4 biotherapeutic products. Biochallenge will manufacture locally and commercialize these high quality low cost biopharmaceuticals. Viropro will receive US\$ 42 Million as licensing fees, development and technology transfer costs, and royalties on future sales. Viropro holds an initial equity participation of 14% in the project. This alliance will allow Tunisia to develop a strong biotech and pharmaceutical industry in the healthcare sector by acquiring an industrial platform technology for biological drugs to service markets such as Africa, the Middle East, Indonesia, Pakistan, Turkey and western territories of the European Community (the "Territory"). Biochallenge will commercialize these biogeneric drugs at a much lower price to more than 700 million people who do not have access to specific biological drugs for the treatment of diseases such as anaemia, multiple sclerosis, neutropenia, chronic hepatitis B and chronic hepatitis C. Process development will be initiated in the near future by Viropro and its Canadian partners such as the Biotechnology Research Institute and the Laboratory for Food and Veterinary Biotechnology. Revenues for Biochallenge will arise in 2008 with a pre-marketing of finished products purchased from Contract Manufacturing Organizations ("CMO's"). Plant construction should start in the fall of 2007 and first revenues coming from that plant would arise at the end of 2009. Biochallenge will export 98% of its production to other countries in the Territory. The training of Biochallenge's specialized workers will be done in Canada and in Tunisia by Viropro's qualified scientists and engineers. In 2007, this contract is expected to generate US\$ 400,000 for Viropro.

On April 26, 2007, a Memorandum of Understanding was signed with Intas Biopharmaceuticals Ltd. (IBPL) for the production of an undisclosed high value therapeutic product. IBPL will pay Viropro a licensing fee for the development and technological transfer of the manufacturing process and Viropro will receive royalties based on net sales. This contract will generate US\$ 2.1 million of revenue currently anticipated to start in July 2007 and continue over the coming 18 months.

Contractual work is also very low risk and will allow Viropro to generate constant revenues and cash flow for its development projects.

Business Model

The business model as set-up by Viropro assures its partners a full technology transfer package (systems, processes and training) for a complete integration of cutting-edge technologies that do not exist yet in that part of the world. Furthermore, the Company will provide its expert advice/consultation regarding technical and regulatory requirements, procedures to be implemented and equipment purchase, installation and validation of new manufacturing facilities. Viropro is focusing on a number of biogenerics (also known as biosimilars, follow-on biologics, and generic biologics) already in the public domain or soon to come off patent. Our objectives include specific monoclonal antibodies that will be coming off patent as of 2011 such as rituximab (sold under the brand name Rituxan® or MabThera®), with annual sales of US\$ 3.2 Billion in 2005 (The Future of Monoclonal Antibody Therapeutics, Business Insights, 2006).

Through Biochallenge and other potential partners, Viropro is working to establish itself in North African and Middle Eastern countries. The most promising bio-therapeutics are G-CSF and Erythropoietin. From about 700 million inhabitants, the potential client population is several hundred thousands of people.

Technology and strategic alliances

Viropro now holds a versatile technology platform with an exclusive license portfolio. This is a result of strong partnerships with the *Biotechnology Institute in Montreal* and with *Immuno Japan Institute* through an agreement that includes the use of a proprietary promoter that significantly enhances the yield of recombinant proteins.

Viropro's platform technology allows it to develop manufacturing processes for blockbuster biotech products which are already off patent or for which patent expiry is imminent. The platform also allows the Company to undertake contractual development for biotechnology and biopharmaceutical manufacturing companies, and develop or co-develop new products with partnering companies.

Our strength is in our technological platform, i.e. the intellectual property and know-how and rights that allows us to quickly develop high quality biopharmaceutical manufacturing processes at low cost. Our technological platform will allow us to develop more efficient manufacturing processes than those of our competitors who most often use technologies dating to the 1980s and 90s. Additionally, Viropro's leadership team has a strong international network of contacts, which enables Viropro to acquire and out-license technologies and furthers the development goals of the company.

In order to strengthen and expand Viropro's manufacturing and development capabilities, a partnership agreement was signed with the *National Research Council of Canada's Biotechnology Research Institute in Montreal (BRI)* for scale-up of process development. This agreement allows the Company to benefit from BRI's proven expertise in recombinant protein process development and scale-up. With this agreement, the Company has an advantageous R&D leverage that minimizes its R&D expenditure and allows for a greater focus on development of novel products such as monoclonal antibodies. Viropro's collaboration with the BRI is a productive one, and the company enjoys the advantages of the BRI's infrastructure and expertise, its highly specialized equipment for applied biotech, and a local network of skilled scientists and technicians to complement Viropro's own. On October 26, 2006, Viropro signed a second agreement with the National Research Council- Biotechnology Research Institute (NRC-BRI) for the use of powerful inducible expression systems developed and patented by the NRC-BRI. Viropro has obtained a worldwide exclusive license for the production of the recombinant human interferon beta («rH

IFN beta»). Viropro is also planning to sign new licenses with NRC-BRI in the near future for the production of other therapeutic human proteins including cytokines and monoclonal antibodies.

Viropro also concluded agreements with *Parteurop*, a French consulting company, as well as with world-known universities and research institutes in France and in Canada. Other significant partnerships concern GMP production and Drug Master File development.

Industry

The pharmaceutical industry was evaluated at approximately US\$ 600 billion in 2006 (*Emerging Markets in Asia, Latin America and Eastern Europe Gain Strength, IMS Health, 2006*). Of this, biopharmaceutical products make up approximately 10%, or about US\$ 60 billion. The biopharmaceutical sector is the fastest growing segment and is commonly said to be the future of the pharmaceutical industry. Revenues of the world's publicly-traded biotech companies grew 18 percent in 2005, reaching an all-time high. The U.S. and European biotechnology sectors showed 16% and 17% growth, respectively, with the former posting its third consecutive year of strong product approvals and solid financial results (Beyond Borders: The Global Biotechnology Report, Ernst & Young, 2006).

Products, goals and objectives

Therapeutic protein products are the primary reason for the boom in biotech. Products such as erythropoietin, interferons alpha and beta, G-CSF, and factor VII are all showing double-digit sales growth. At the same time, monoclonal antibodies (a specific class of therapeutic proteins) posted sales of US\$ 14.5 billion in 2005, and it is predicted that by 2008 they will account for 32% of all biotech revenue (The Future of Monoclonal Antibody Therapeutics, Business Insights, 2006). With a considerable portion of the therapeutic protein sector having recently lost patent protection, or being set to lose it by 2010, there is a major opportunity in the technology transfer of therapeutic proteins throughout the world.

Viropro's goals and objectives are as follows:

- To develop and out-license manufacturing processes for biogenerics already in the public domain for various biopharmaceuticals;
- To develop new biopharmaceutical products with various partners (conditional to total development cost coverage);
- Short term goals are to obtain recurring revenue – this will be achieved shortly with the implementation of the first contract in 2007;
- Growing to 15 product- contracts within 5 years;

Viropro is focused on the development and transfer of “in licensing” leading technological processes for the manufacturing of high quality biopharmaceuticals. The business strategy being developed since the inception is to target emerging, un-served markets with high potential development by transferring technologies and know-how to pharmaceutical partners in various local markets worldwide. The main markets that Viropro has focused on are South America, Northern Africa, and Asia (mainly India).

Administrative overhead

The Company plans to maintain low administrative and overhead costs that will ensure the funds are available for the development activities and accordingly create the maximum value for its shareholders. Research and Development work will be subcontracted to BRI, to university laboratories for experimental studies or to specialized companies for GMP manufacturing, toxicology and clinical studies. Selecting the appropriate partnering organizations for the required expertise will minimize capital expenditures, generate results quickly and assure a high degree of confidence in results.

Development

All the research and development procedures, from the build-up of biological systems to the industrial production on a large-scale are done in close collaboration with key partners with whom Viropro has established strategic alliances:

1. The main partner is Immuno Japan Institute (IJI), specialized in the production of various monoclonal antibodies, immuno-diagnostic reagents and high yield producing biological systems. IJI possesses a very unique technological platform of bio-products for which Viropro has obtained the exclusive licensing rights. Through its scientific expertise and support, IJI provides Viropro with mammalian expression systems for the high yield production of therapeutic proteins.
2. The second alliance was formed with the Biotechnology Research Institute of the National Research Council Canada (NRC-BRI located in Montreal, Canada). This alliance gives Viropro access to expertise as well as state-of-the-art equipment and facilities for bio-process innovation and purification process development as well as the scalability of bioprocesses under industrial scale conditions.
3. Viropro is also in close relationship with the Laboratory for Food and Veterinary Biotechnology (LFVB) of the University of Montreal that can offer a wide range of technical capabilities to adapt Viropro's technologies to reliable large scale GMP manufacturing. This will enable Viropro to meet high quality international standards and carry out all necessary clinical trials required for regulatory approval of safe and active bio-products.
4. In April 2007, Viropro and Invitrogen entered into an R&D collaborative agreement in which Invitrogen is testing and helping to develop innovative production technologies.
5. Other negotiations are ongoing with North American companies specialized in providing clients and partners with industrially adapted biological material as well as offering high level services for the optimization of specific steps in the development of bioprocesses.

Viropro believes that market share for locally implemented companies will grow considerably. Viropro has determined a list of products capable of generating short to medium-term profits. These products are well proven in developed markets but are not yet manufactured at large scale in the emerging markets, where there is an important and growing demand.

IJI granted Viropro exclusive licensing rights to use mammalian expression systems for the industrial production of three bio-therapeutic products, Interferon alpha, Interferon beta and G-CSF, used for the treatment of human diseases. Viropro is also negotiating sub-licensing rights with other biotech companies in order to transfer the manufacturing of other bio-products such as erythropoietin (current international sales above \$8 Billion). These products represent a great opportunity for the company to gain share in the quickly growing biopharmaceutical market. Viropro targets two different markets to generate a long-term recurrent revenues stream: (i) Brazil and Latin America and (ii) North Africa and the Middle East.

Competition.

Viropro's management team has chosen to actively intervene in the biotechnology emergent sector by entering into the market not serviced by the large multinational pharmaceutical companies. The Company searches for partners in countries where it has identified a market potential. This gives the Company the

opportunity to assure an active presence in the target countries and to have a thorough knowledge of these markets, namely customers, suppliers, investors and regulatory government agencies.

Viropro's international business strategy targets the niche market in Latin American, African and Asian countries offering local companies solutions such as technology transfers. These integrated solutions range from R&D to development procedures, through manufacturing and certification to enable manufacturing of several recombinant proteins.

Results of Operations

Six Months Ended May 31, 2007 and May 31, 2006.

Revenues and Operating Loss

During the six-month periods ended May 31, 2007 and 2006, the Company's had no operating revenues and thus there was no gross profit for either period. This resulted in the Company incurring net operating losses of \$1,712,447 compared to a net loss of \$1,447,378 in the same period of the prior year. The major portion of this difference is attributable to 2007; debenture interest and amortization expense as the Company was completing its debenture financing.

Basic loss per share was \$0.05 in 2007 as compared to \$0.08 in the corresponding period in 2006.

Operating Expenses

During the six month period ended May 31, 2007, expenses were \$1,297,122 for selling, general, and administrative. Non-cash expenses of \$415,325 were incurred for consulting fees for the same period. This compared to \$784,255 of selling, general, and administrative expenses in the period ending May 31, 2006. The Company incurred non-cash expenses of \$663,123 for the same period. The difference is attributable to debenture interest and amortization expense as the Company was completing its debenture financing.

Material Changes In Financial Condition, Longevity And Capital Resources

As at May 31, 2007, the Company had \$37,688 in cash. While the funds on hand are inadequate to fully implement the Company's plans over the next 12 months, the Company is actively seeking additional funding.

Plan of Operations

As indicated above, the Company will focus on the development and transfer of "in licensing" leading technological processes for the manufacturing of high quality biopharmaceutical products. The business strategy being developed since 2005 is to target emerging, un-served markets with high potential for the Company's chosen product line by transferring technologies and know-how to pharmaceutical partners in various local markets worldwide. The markets that Viropro has chosen to focus on are South America (mainly Brazil), Northern Africa, and Asia (mainly India).

Viropro has developed 2 main lines of therapeutic proteins:

- Cytokines that no longer have exclusive patent protection such as interferon's alpha, G-CSF, erythropoietin (EPO) and interleukins used in various clinical indications (cancers, multiple sclerosis, hepatitis, chronic renal failure).
- Monoclonal antibodies such as anti-cd20

As indicated earlier, all the research and development procedures are to be done in collaboration with the partners that Viropro has established its strategic alliances. The next 12 months priority will be given to the further development of these alliances, establishing the optimal product line, methods of manufacturing, distribution, and signing joint venture partnerships in the targeted markets.

Negotiations with several prominent firms in Brazil and Tunisia are fairly advanced. The Company has signed two agreements or contracts.

The first contract, signed with a Tunisian company known as Biocallenge, is in accordance with our model built on recurring sales revenues and short and long term profitability. This agreement would bring Viropro its first revenues, based on specific objectives consisting of fixed licensing fees, development milestones, technology transfer and royalties varying from 5% to 10% of net sales depending on the total volume. Revenues generated from the technology transfer of 4 proteins should reach approximately U.S. \$25 million during the 4-year period, to which royalties estimated at U.S. \$17 million, will be added after year 4 over a 10-year period.

The second agreement was signed on April 26, 2007 with Intas Biopharmaceuticals Ltd. (IBPL) for the production of an undisclosed high value therapeutic product. IBPL will pay Viropro a licensing fee for the development and technological transfer of the manufacturing process and Viropro will receive royalties based on net sales. This contract will generate US\$ 2.1 million of revenue starting in July 2007 and for the following 18 months.

Item 3. Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's Exchange Act reports is recorded, processed and summarized and is reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure control procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As of the end of the period covered by this report, the Company's management carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Exchange Act Rule 13a-14. Based upon the evaluation, the Company's President (principal executive officer) and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective in timely alerting them to material information required to be included in the Company's periodic SEC filings.

Changes in Internal Control

There have been no significant changes in the Company's internal controls or in other factors that could significantly affect those controls since the most recent evaluation of such controls.

VIROPRO, INC.
FORM 10-QSB
May 31, 2007

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

On June 16, 2006, the Company became involved in a legal dispute in which a shareholder, holding 177,500 shares, claimed the Company was purposefully not removing his trading restrictions. The Company has appeared and answered the allegations of the lawsuit, denies liability, and has vigorously defended itself. In addition, the Company has asserted a counter-claim seeking the return and cancellation of 6,800,000 million improperly issued shares of Viropro. The majority of these shares are owned or controlled by the previous managers of Viropro.

On June 5, 2007 the Company was awarded a judgment for the cancellation and return of 4.5 million shares. The Company cannot anticipate the effect of this judgment on the financial statements at this time. The Company is currently executing the judgment and will be able to provide a better assessment in the third quarter.

There is a pending litigation concerning Viropro Pharma Inc., a wholly owned subsidiary of Viropro Inc., where a consultant is claiming \$34,563 CDN. Viropro Pharma Inc. vigorously contests the claim; however, does agree that \$5,000 CDN is owed. This claim was dismissed on May 25, 2007 as the plaintiff chose not to pursue the case.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Submission of Matters to a Vote of Security-Holders.

None

Item 5. Other Information.

None

Item 6. Exhibits

Exhibits.

Exhibit 31.1 – Certification required by Rule 13a-14(a) or Rule 15d-14(a), Dupuy

Exhibit 31.2 – Certification required by Rule 13a-14(a) or Rule 15d-14(a), Di Iorio

Exhibit 32.1 - Certification Required by Rule 13a-14(b) or Rule 15d-14(b) and section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350 , Dupuy

Exhibit 32.12 - Certification Required by Rule 13a-14(b) or Rule 15d-14(b) and section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, Di Iorio

SIGNATURE

In accordance with the requirements of the Security Exchange Act of 1934, the Registrant has caused this report to be signed on its behalf by the undersigned, duly authorized.

VIROPRO, INC.

/s/ Jean-Marie Dupuy

Dr. Jean-Marie Dupuy, President & CEO

Dated: July 16, 2007

/s/ Gino Di Iorio

Gino Di Iorio, CFO

Dated: July 16, 2007