

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

**FORM 10-Q**

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

**For the quarterly period ended February 28, 2009**

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 April 14, 2009, the number of the Company's shares of par value \$.001 common stock outstanding was 82,098,793.

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

**VIROPRO, INC.**  
**FORM 10-Q**  
**February 28, 2009**

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**VIROPRO, INC.**  
**FORM 10-Q**  
**February 28, 2009**

**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-Q. Therefore, they do not include all information and footnotes necessary for a complete presentation of financial position, results of operations, cash flows, 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, 2008. 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 three months ended February 28, 2009 are not necessarily indicative of the results that can be expected for the year ended November 30, 2009.

**Viropro, Inc. and subsidiaries**  
**(A Development Stage Company)**  
**Consolidated Balance Sheet**  
**(Unaudited – in US\$)**

**As of**  
**February 28, 2009**

**ASSETS**

Current Assets

Cash	\$ 6,773
Prepaid expenses	830
Financing costs	68,722

Total current assets	76,325
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Property and equipment	2,448
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Total assets	\$ 78,773
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**LIABILITIES AND STOCKHOLDERS' DEFICIT**

Current Liabilities

Accounts payable and accrued expenses	\$ 139,649
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Convertible debentures, net of unamortized debt discount of \$458,189	656,754
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Total liabilities	796,403
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Stockholders' Deficit

Common stock, \$.001 par value, 100,000,000	82,101
shares authorized, 82,098,793 issued and outstanding	
Additional paid in capital	13,975,438
Deficit accumulated during the development stage	(12,672,855)
Accumulated deficit	(1,971,555)
	(586,871)

Other comprehensive income:

Foreign currency translation adjustment	(130,759)
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Total stockholders' deficit	(717,630)
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Total liabilities and stockholders' deficit	\$ 78,773
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See accompanying notes to financial statements

**Viropro, Inc. and subsidiaries**  
**(A Development Stage Company)**  
**Consolidated Statements of Operations and Other Comprehensive Loss**  
**(Unaudited – in US\$)**

	<b>Three months ended</b>		<b>Inception (July 1, 2003 to February 28, 2009)</b>
	<b>February 28 2009</b>	<b>February 28 2008</b>	
Revenues	\$ -	\$ -	\$ 264,000
Cost of revenue	-	-	-
Gross profit	-	-	264,000
Operating expenses:			
Consulting fees - Non cash stock compensation	42,000	69,861	6,198,730
Selling, general and administrative expenses	137,426	216,996	4,831,499
Total operating expenses	179,426	286,857	11,030,229
Operating loss	(179,426)	(286,857)	(10,766,229)
Other income (expense)			
Interest expense	(159,275)	(87,429)	(1,729,107)
Research and development credit	-	-	66,006
Gain (loss) on investment	-	-	(22,614)
Loss on impairment of patent	-	-	(799,870)
Gain (loss) on legal settlement	(9,417)	-	371,720
Gain on return of shares for services not rendered	248,333	-	280,333
Gain (loss) on sale of assets	3,340	-	(25,330)
Loss on settlement for conversion of debenture	(70,206)	-	(70,206)
Debt forgiveness	-	-	42,500
Loss on uncollectible advances	-	-	(20,058)
Total other income (expense)	12,775	(87,429)	(1,906,626)
Net loss	(166,651)	(374,286)	(12,672,855)
Comprehensive income:			
Foreign currency translation adjustment	450	(14,046)	(130,759)
Comprehensive (loss)	<u>\$ (166,201)</u>	<u>\$ (388,332)</u>	<u>\$(12,803,614)</u>
Per share information - basic and fully diluted:			
Weighted average shares outstanding - basic	<u>48,074,738</u>	<u>37,988,910</u>	
(Loss) per common share	<u>\$ (0.003)</u>	<u>\$ (0.01)</u>	

See accompanying notes to financial statements

**Viropro, Inc. and subsidiaries**  
**(A Development Stage Company)**  
**Consolidated Statements of Cash Flows**  
**(Unaudited - in US\$)**

	Three months February 28, 2009	Three months February 28, 2008	Inception (July 1, 2003 to February 28, 2009)
Cash flows from operating activities:			
Net (loss)	(166,651)	(374,286)	(12,672,855)
Depreciation and amortization	7,866	27,020	277,128
Consulting fees - Non-cash stock compensation	42,000	69,861	6,196,731
Amortization financing costs	75,862	49,415	961,186
Amorization beneficial conversion feature	83,413	31,558	651,502
Loss on sale of assets	(3,340)	-	25,330
Loss on uncollectible advances	-	-	20,058
Gain on legal settlement	-	-	(386,387)
Gain on return of shares for services non rendered	(248,333)	-	(280,333)
Loss on legal settlement	79,623	-	84,873
Loss on investment	-	-	51,973
Lost on impairment of patent	-	-	799,870
Debt forgiveness	-	-	(42,501)
Changes in operating assets and liabilities:			
Increase in Other receivables	-	(258)	(20,058)
Decrease in Prepaid expenses	3,502	5,474	(829)
Decrease in GST taxes	2,429	(9,468)	0
Decrease in Accounts payable and accrued expenses	(113,872)	177,987	437,097
Decrease in Other payables	-	486	30,648
Increase in Deferred revenue	-	-	-
Net cash (used in) operating activities	(237,501)	(22,211)	(3,866,567)
Cash flows from investing activities:			
Investment in minority interest	-	-	(51,973)
Sale of property and equipment	3,340	-	51,302
Acquisition of property and equipment	(2,448)	-	(98,213)
Net cash (used in) investing activities	892	-	(98,884)
Cash flows from financing activities:			
Proceeds from issuance of common shares	966,630	-	2,558,864
Proceeds from legal settlement	-	-	100
Payment of financing costs	-	-	(99,034)
Paument of convertible debenture	-	-	(56,000)
Common stock payable	(80,000)	-	0
Proceeds from convertible debentures	(646,424)	-	1,699,053
Net cash provided by financing activities	240,206	-	4,102,983
Net increase (decrease) in cash	3,597	(22,211)	137,532
Effect of changes in exchange rate	450	(14,046)	(130,759)
Cash, beginning of period	2,726	39,993	-
Cash, end of period	6,773	3,736	6,773

See accompanying notes to financial statements

# **Viropro, Inc. and subsidiaries**

(A Development Stage Company)

Notes to Financial Statements

February 28, 2009

(UNAUDITED – in USD\$)

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## **Note 1: Organization and Basis of Presentation**

The accompanying unaudited Consolidated Financial Statements of Viropro, Inc. and subsidiaries (“Viropro” or 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-Q. 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, 2008, 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: Summary of Significant Accounting Policies**

### **Use of Estimates**

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.

### **Reclassification**

Certain reclassifications, which have no effect on net income (loss), have been made in the prior period financial statements to conform to the current presentation.

### **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.

# **Viropro, Inc. and subsidiaries**

**(A Development Stage Company)**

**Notes to Financial Statements**

**February 28, 2009**

**(UNAUDITED – in USD\$)**

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## **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 \$14,644,410 (\$1,971,555 and \$12,672,855, respectively) including a net loss for the three months ended February 28, 2009, in the amount of \$166,651.

The Company's ability to continue as a going concern is contingent upon its ability to secure additional financing, increase ownership equity and 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.

## **Note 4: Convertible Debentures**

Viropro agreed to issue up to \$1,300,000 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 remained available. The Company has determined the debentures to have a beneficial conversion feature totalling \$420,527. The beneficial conversion feature has been recorded as a debt discount which will be amortized 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 \$838,587 which has been reflected as a financing cost and will be amortized over the life of the loans. The warrants were valued under the Black-Scholes option pricing model. As of August 31, 2008, the unamortized debt discount and unamortized financing cost was \$54,289 and \$93,801, respectively.

From March 1, 2007 to August 31, 2008, investors converted \$630,490 in private debenture financing as which included accumulated interest of \$74,490 into 3,032,112 common shares. In addition debentures totaling \$6,000, were settled with cash.

On October 2007, the Company announced an expected US\$ 1.5 million financing. On December 21, 2007, the Company informed its stockholders that the first tranche of US\$ 300,000 related to the US\$ 1.5 Million financing was not closed due to unfavorable market conditions. As of May 31, 2008, the Company raised only \$70,000 from this first tranche of \$300,000. The Company has determined the debentures to have a beneficial conversion feature totaling \$22,165. The beneficial conversion feature has been recorded as a debt discount which will be amortized over the life of the loan. As of August 31, 2008, the unamortized debt discount was \$13,483. The beneficial conversion feature was valued using the intrinsic value method.



# **Viropro, Inc. and subsidiaries**

**(A Development Stage Company)**

**Notes to Financial Statements**

**February 28, 2009**

**(UNAUDITED – in USD\$)**

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## **Note 4: Convertible Debentures (continued)**

On March 3, 2008, Viropro agreed to issue up to \$2,000,000 of convertible debentures. The time frame for collecting the financing and issuing convertible debentures began March 3, 2008 and will continue through December 15, 2008. As of November 30, 2008, \$992,082 of convertible debentures had been issued. The Company has determined the debentures to have a beneficial conversion feature totalling \$656,009. The beneficial conversion feature was valued under the Intrinsic value method using the following assumptions: a stock price between \$0.02 and \$0.07; and an estimated life of 3 years. This debenture bears an annual interest rate of 10% to be paid semi-annually, the conversion price is set at \$0.03 per share and the maturity is June 2011. As of November 30, 2008, the unamortized debt discount was \$506,452.

## **Note 5: Stockholders' Deficit**

During December 2008, the Company issued 5,000,000 common shares pursuant to the exemption contained in Regulation S for cash aggregating \$50,000.

During December 2008, the Company issued 750,000 common shares to settle a claim against the company and resulting in a loss on settlement of \$22,500.

During February 2009, the Company issued 20,000,000 common shares pursuant to the exemption contained in Regulation S for cash aggregating \$200,000.

During February 2009, 17,173,300 shares were issued for conversion of debentures and payment of interest on the debenture, valued at \$801,151 or \$0.03 per share.

During February 2009, 16,500 shares were issued for payment of interest on the debenture, valued at \$3,300 or \$0.20 per share.

During February 2009, 4,200,000 shares were issued for services performed which were valued at their fair market value totaling \$42,000.

Also during February 2009, the Company received 966,667 shares that had been granted to one consultant for work that prior management considered had never been performed. The shares were valued at \$248,333 and recorded as consulting expense in a prior year. The consultant agreed to return the shares and they were cancelled resulting in a gain in the current period of \$248,333.

# **Viropro, Inc. and subsidiaries**

**(A Development Stage Company)**

**Notes to Financial Statements**

**February 28, 2009**

**(UNAUDITED – in USD\$)**

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## **Note 6: Commitments and Contingencies**

During the periods covered by these financial statements, the Company issued shares of common stock and subordinated debentures without registration under the Securities Act of 1933. Although the Company believes that the sales did not involve a public offering of its securities and the Company did comply with the “safe harbor” exemptions from registration, if such exemptions were found not to apply, this could have a material impact on the Company’s financial position and results of operations. In addition, the Company issued shares of common stock pursuant to Form S-8 registration statements and pursuant to Regulation S. The Company believes that it complied with the requirements of Form S-8 and Regulation S in regard to these issuances; however, if it were determined that the Company did not comply with these provisions, this could have a material impact on the Company’s financial position and results of operations.

## **Note 7: Legal Proceedings**

In May 2007, judgement by default was awarded against the Company as a third party in a claim made against Central Network Communications Inc and Trivor Holding. Company is now disputing this judgement as it had received prior discontinuance. Hearing of the case is pending. Amount of the award is 162,163\$ against all 3 parties but Company believes it has a valid defense.

## **Note 8: Recent Pronouncements**

In September 2006, the FASB issued SFAS No. 157, “Fair Value Measurements” (“SFAS 157”), which provides guidance on how to measure assets and liabilities that use fair value. SFAS 157 will apply whenever another US GAAP standard requires (or permits) assets or liabilities to be measured at fair value but does not expand the use of fair value to any new circumstances. This standard also will require additional disclosures in both annual and quarterly reports. SFAS 157 will be effective for years beginning after November 15, 2007 (December 1, 2007 for the Company). The adoption of this standard did not have a material impact on its financial position, results of operations or cash flows.

In February 2007, the FASB issued SFAS 159 “The Fair Value Option for Financial Asset and Financial Liabilities – an amendment of FSAB statement 115”. This Statement permits entities 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. This statement also establishes presentation and disclosure requirements designed to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities. The statement is effective as of the beginning of an entity’s first fiscal year that begins after November 15, 2007. The adoption of this standard did not have a material impact on its financial position, results of operations or cash flows.

# **Viropro, Inc. and subsidiaries**

**(A Development Stage Company)**

**Notes to Financial Statements**

**February 28, 2009**

**(UNAUDITED – in USD\$)**

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## **Note 8: Recent Pronouncements (continued)**

In December 2007, the FASB issued SFAS 160 “Noncontrolling Interests in Consolidated Financial Statements – an amendment of ARB No. 51”. The objective of this statement is to improve the relevance, comparability, and transparency of the financial information that a reporting entity provides in its consolidated financial statements by establishing accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. This statement is effective for fiscal years beginning on or after December 15, 2008. The adoption of this Standard is not expected to have any material impact on the Company’s financial position, results of operations or cash flows.

In March 2008, the FASB issued SFAS No. 161, “Disclosures about Derivative Instruments and Hedging Activities – an amendment of FASB Statement No. 133,” (SFAS “161”) as amended and interpreted, which requires enhanced disclosures about an entity’s derivative and hedging activities and thereby improves the transparency of financial reporting. Disclosing the fair values of derivative instruments and their gains and losses in a tabular format provides a more complete picture of the location in an entity’s financial statements of both the derivative positions existing at period end and the effect of using derivatives during the reporting period. Entities are required to provide enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under Statement 133 and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity’s financial position, financial performance, and cash flows. SFAS No. 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. The Company is currently evaluating the effect this standard will have on the Company.

In May 2008, the Financial Accounting Standards Board (“FASB”) issued SFAS No. 163, “Accounting for Financial Guarantee Insurance Contracts – An interpretation of FASB Statement No. 60”. SFAS 163 requires that an insurance enterprise recognize a claim liability prior to an event of default when there is evidence that credit deterioration has occurred in an insured financial obligation. It also clarifies how Statement 60 applies to financial guarantee insurance contracts, including the recognition and measurement to be used to account for premium revenue and claim liabilities, and requires expanded disclosures about financial guarantee insurance contracts. It is effective for financial statements issued for fiscal years beginning after December 15, 2008, except for some disclosures about the insurance enterprise’s risk-management activities. SFAS 163 requires that disclosures about the risk-management activities of the insurance enterprise be effective for the first period beginning after issuance. Except for those disclosures, earlier application is not permitted. The adoption of this statement is not expected to have a material effect on the Company's future reported financial position or results of operations.

## **Note 9: Subsequent Events**

A Shareholders Meeting is called to approve the increase of the authorized number of shares and the change of control.

Given the investment made by BPD in Viropro, an important amount of treasury shares will have to be issued exceeding the current number of authorized shares. Management is therefore proposing to increase the authorized capital to 1,000,000,000 shares from the actual 100,000,000.

As BPD would hold more than 50% of the outstanding shares of the Company, Management is also asking for approval of the change of control. Although BPD does not intend to get involved in management in the short term, it is expected that operational procedures may change to optimize the use of BPD, Intas and Viropro's facilities.

Biologics Process Development Inc. has also indicated that it will name a new Member to the Board of Directors shortly after the Shareholders Meeting. Additional instalments are also to be disbursed as per the LOI.

## **Item 2. Management's Discussion and Analysis**

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 almost thirty-six 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 U.S. \$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 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 or are 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 U.S. \$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 1990's through to 2005 (Bioplan 2006 and Nature 2004). A series of key blockbuster products developed in the 1980's and 1990's and selling for over U.S. \$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's 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 differentiate Viropro is its business model, platform technology and intellectual property and rights.

On April 26, 2007, a Memorandum of Understanding (MoU) 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.

On September 21, 2007, the Final Collaborative Research, Development and License Agreement related to the abovementioned INTAS MoU was signed. It is a 10 year agreement along with a consultancy contract with IBPL which will provide Viropro with product development and licensing revenues of U.S.\$ 2.14 Million over the next 2 years. This agreement will bring multiple sub-licensing agreements around the world, generating licensing fees and royalties which could represent up to approximately U.S.\$ 100 Million in revenues for Viropro over the 10 year term of this agreement. This agreement is still in effect and an

important milestone is to be met in November 2009 where the level of research will be tested and if compliant with initial goals set, further fees will be payable to Viropro.

At year-end 2008, the Company merged its subsidiaries, Viropro Pharma and Viropro Canada into its Canadian operating subsidiary Viropro Inc. to simplify its structure and eliminate the costs associated with maintaining these entities in effect.

In December 2008, IBPL transferred this agreement to Biologics Process Development, ("BPD") Inc of San Diego, California, its newly acquired subsidiary. BPD in turn issued a Letter of Intent to Viropro to purchase a majority stake in the Company by a \$1.18 million private placement. \$1,000,000 will be used to purchase treasury shares at prices ranging from 0,01\$ to 0,02\$ per share and the original 180,000\$ investment from IBPL to be converted in a 9,000,000 shares private placement.

### 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 and consultation regarding technical and regulatory requirements, procedures to be implemented and equipment purchase, and 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<sup>®</sup> or MabThera<sup>®</sup>), with annual sales of U.S. \$3.2 Billion in 2005 (The Future of Monoclonal Antibody Therapeutics, Business Insights, 2006).

### 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 *National Research Council of Canada's Biotechnology Research Institute in Montreal (BRI)* 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 1980's and 90's. 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 Biotechnology Research Institute 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 Research and Development leverage that minimizes its Research and Development 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.

## Industry

The pharmaceutical industry was evaluated at approximately U.S. \$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 U.S. \$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 U.S. \$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 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 have been subcontracted to Innium Technologies. The purchase of a controlling stake in the Company by Biologics Process Development of San Diego will also enable us to select the appropriate partnering organizations to 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. An 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.

2. The pending acquisition of the Company by Biologics Process Development Inc., once approved by the shareholder, will give access to an important research and development infrastructure. Indeed BPD is a subsidiary of Intas Biopharmaceuticals of India, itself part of Intas Pharma; optimization of work procedures will increase productivity and impact efficiency of research.

3. 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.

### 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 Research and Development to development procedures, through manufacturing and certification to enable manufacturing of several recombinant proteins.

### First quarter events

In December 2008, the Company received a Letter of Intent from Biologics Process Development Inc. in San Diego, a subsidiary of Intas Biopharmaceuticals Ltd from India. The letter calls for an investment of \$1.18 million dollars from BPD and the issuance of 84 million shares of the Company. Upon regulatory and shareholders approval, Biologics Process Development will take control of Viropro Inc. A Meeting of Shareholders will be held to approve this change of control on April 24, 2009.

BPD, located in Poway, CA, has been providing contract laboratory services to the biotechnology and biopharmaceutical industries for more than decade. The range of services includes molecular biology, cell culture, fermentation, protein purification, frozen storage, contract manufacturing, process scale-up and consulting services.

Intas Biopharmaceuticals Limited is a fully integrated biopharmaceutical company based out of Ahmedabad, Gujarat, India. Since launch of biotechnology operations in May 2000, Research & Development (R&D) and Manufacturing of Biopharmaceutical products with a special focus on Oncology (Cancer) are the major thrust areas for the company.

In December 2008, the Company issued 89,500 free trading shares to 9134-6023 Québec Inc. a private Company owned by Suzan Reinharz as part of the release signed on April 2008. The Company also issued 750,000 free trading shares to LMC Communications to settle a claim against the Company.



In relations with the LOI mentionned above, 5,000,000 restricted shares were also issued in December 2008 to Biologics Process Development against a payment of 50,000 USD. Finally, 2,142,200 restricted shares were issued to First Royalties as interest payment on the debenture issued in March 2008.

### **Subsequent events**

A Shareholders Meeting is called to approve the increase of the authorized number of shares and the change of control.

Given the investment made by BPD in Viropro, an important amount of treasury shares will have to be issued exceeding the current number of authorized shares. Management is therefore proposing to increase the authorized capital to 1,000,000,000 shares from the actual 100,000,000.

As BPD would hold more than 50% of the outstanding shares of the Company, Management is also asking for approval of the change of control. Although BPD does not intend to get involved in management in the short term, it is expected that operational procedures may change to optimize the use of BPD, Intas and Viropro's facilities.

Meeting is called for April 24, 2009.

### **Results of Operations**

#### Three Months Ended February 28, 2009 and February 28, 2008.

##### *Revenues and Operating Loss*

During the three-month periods ended February 28, 2009 and February 29 2008, the Company had no operating revenues and thus there was no gross profit for either period. This resulted in the Company incurring net losses of \$166,651 compared to a net loss of \$374,286 in the same period of the prior year. The major portion of this favorable variance in continued items is attributable to decrease in expenses on all levels.

##### *Other Income*

During the three month period ended February 28 2009, Other Income show a gain of the cancellation of shares granted to a Consultant for the partnership agreement signed with Immuno Japan back in 2006. As this partnership was never implemented, the Consultant agreed to return his shares for cancellation. This generates an income of 248,333\$.

### **Material Changes In Financial Condition, Longevity And Capital Resources**

As at February 28, 2009, the Company had \$6,733 in cash so funds on hand are inadequate. As per the Letter of Intent of December 31st, the Company should receive a further 750,000 USD from Biologics Process Development. This is adequate financing for the Company's continued operation and going concern.

### **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 focuses on one main line of therapeutic proteins, 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. 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.

### **Item 3. Quantitative and Qualitative Disclosures about Market Risk**

Data is not available for Quarterly Financial Statements.

### **Item 4. Controls and Procedures**

As of the end of the period covered by this report, the Company conducted an evaluation, under the supervision and with the participation of the Chief Executive Officer and VP Corporate Affairs, of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the 1934 Act. Based on this evaluation, the Chief Executive Officer and VP Corporate Affairs concluded that there were deficiencies in the Company's disclosure controls and procedures; therefore disclosure controls and procedures were not effective.

Our management team is diligently developing and implementing disclosure controls and procedures to ensure that such information required for disclosure is recorded, processed, summarized and reported timely and accurately.

Notwithstanding the above-mentioned weaknesses, we believe that the consolidated financial statements included in this report fairly present our consolidated financial position.

Our management, including our Chief Executive Officer, does not expect that our disclosure controls and procedures or our internal controls over financial reporting are or will be capable of preventing or detecting all errors and all fraud. Any control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management's override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving our stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks.

Other than as described above, there was no change in the Company's internal control over financial reporting during the Company's most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

## 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.

## **PART II - OTHER INFORMATION**

### **Item 1. Legal Proceedings.**

At present, only one claim remains outstanding against the Company as judgement by default was awarded against it through a procedure that is now being revised. Amount of award is 162,163\$ to be paid by 3 defendants and Management believes this decision will be overturned and that there is no need to provision against it.

### **Item 1a. Risk factors**

An investment in Viopro, Inc. common shares involves a high degree of risk including, but not necessarily limited to, the risks described below.

**1. New Business.** The Company began undertaking a new business direction last year and faces all the risks, uncertainties, and problems associated with every start-up enterprise, including but not limited to, finding the necessary funding, skilled personnel, and developing its infrastructure.

**2. Competition.** The Company faces intense competition from other private, public, state-owned and foreign enterprises already well established in this field and with far more resources, experience and capabilities. In the event that competition between the Company and these enterprises intensifies, the Company's profitability and prospects may be significantly affected.

**3. Costly Business.** The development and ultimate marketing of new drugs is an expensive and often time-consuming undertaking. The Company faces substantial risks in under estimating the costs and efforts associated with bringing to market new and untried drugs. Should the Company fail to obtain sufficient financing, the development of the Company as well as the achievement of its objectives may be hindered.

**4. Technology.** The Company is principally engaged in the rapidly growing and developing field of Life Sciences and Biotechnology. New and improved drugs are constantly being discovered and developed. There is no guarantee that the Company will be able to keep abreast of the latest development and stay ahead of its competition. In the event that the Company fails to do so, its competitiveness and profitability may be adversely affected.

**5. Risks Relating to the Foreign Countries.** The Company intends initially to focus its activities on marketing and technology transfers to developing and third world countries where it faces business climates that are unpredictable and often hostile. "Rule of Law", foreign ownership, patent regulation, business and tax laws, and medical regulation can vary substantially and change quickly, adversely affecting projects and enterprises planned in these countries.

**6. Currency Risks.** Further, by having the major portion of its business in foreign countries, the Company faces all the inherent risks of Foreign Exchange, and convert-ability with regards to the U.S. dollar. This may also cause the Company to face a more complicated procedure in foreign exchange payment to foreign creditors under the current account items and thus will affect the restrictions on borrowing of international commercial loans, creation of foreign security and borrowing of foreign loans under guarantees in foreign currencies. Potential investors should note that any fluctuations in the exchange rate of RMB could have an adverse effect on the operational and financial conditions of the Company.

**7. Dependence on Key Personnel.** The success of the Company depends in large part upon the continued successful performance of its current officers and directors for the continued research, development, marketing and operation of the Company. Although the Company has employed, and will employ in the future, additional qualified employees as well as retaining consultants having significant experience, if current management and key personnel fail to perform any of their duties for any reason whatsoever, the ability for the Company to market, operate and support its systems will be adversely affected. While the Company is located in areas where the available pool of people is substantial, there is significant competition for qualified personnel.

**8. Regulatory Risks.** The products the Company intends to sell are heavily regulated and there cannot be any assurances that problems will not arise with regards to the safety and deemed viability of any of its biotechnical products.

**9. Market Acceptance.** As with any new product offered to the marketplace, there can not be any assurance that although products have been shown to be viable in a laboratory setting, they will function as well on a mass-produced scale or that they will be accepted by the consuming public. This may result in the loss of a substantial portion of the Company's product line.

**10. Legal Liability Risks.** All new drugs carry an inherent health risk that may surface only after substantial usage, resulting in potentially ruinous legal action against the Company. Although the Company will endeavor to mitigate these risks through thorough testing and by the purchase of liability insurance, no assurances can be given to eliminate these entirely.

**11. No Review of Offering Materials.** The recent offer and sale of the Company's shares and convertible debentures have not been registered under the Act, in reliance on exemptions from registration. As a result, the Agreement has not been reviewed by the Securities and Exchange Commission nor by any state or provincial securities commission and prospective investors do not benefit from any additional disclosure or requirements which might have been imposed by any of such Commissions.

**12. Non-liquidity of the Debentures.** While the common shares of the Company are currently quoted on the NASD OTC Bulletin Board market, the aforementioned debentures currently have no market for their re-sale, and no market for them is anticipated by the Company.

**13. Non-liquidity of the Underlying Shares.** While the underlying common shares of the Company are currently quoted on the NASD OTC Bulletin Board market, the underlying shares of the Units are subject to re-sale restrictions and thus are not liquid and no assurance can be given that the market in the underlying shares will be maintained and be available to the investor at such time that the underlying shares become freely trade-able.

**14. Penny Stock Regulation with Respect to the Underlying Shares.** Broker-dealer practices in connection with transactions in "penny stocks" are regulated by certain penny stock rules adopted by the Securities and Exchange Commission. Penny stocks generally are equity securities with a price of less than \$5.00 (other than securities registered on certain national securities exchanges or quoted on the NASDAQ system). The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document that provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction, and, if the broker dealer is the sole market-maker, the broker-dealer must disclose this fact and the broker-dealer's presumed control over the market, and monthly account statements showing the market value of each penny stock held in the customer's account. In addition, broker-dealers who sell such securities to persons other than established customers and accredited investors (generally, those persons with assets in excess of \$1,000,000 or annual income exceeding \$200,000 or

\$300,000 together with their spouse), must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. Consequently, these requirements may have the effect of reducing the level of trading activity in the secondary market for a security that becomes subject to the penny stock rules. The underlying shares are subject to the penny stock rules and investors in this Offering, upon conversion of the Units, may find it more difficult to sell their securities.

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

During December 2008, the Company issued 5,000,000 common shares pursuant to the exemption contained in Regulation S for cash aggregating \$50,000. Shares were issued to Biologics Process Development Inc and are restricted. Proceeds were used to pay accounts payables.

During February 2009, the Company issued 20,000,000 common shares pursuant to the exemption contained in Regulation S for cash aggregating \$200,000. Shares were issued to Biologics Process Development Inc and are restricted. Proceeds were used to pay accounts payables and towards general working capital requirements.

During February 2009, 4,200,000 shares were issued for services performed which were valued at their fair market value totaling \$42,000 under Regulation S. No funds were received.

## **Item 3. Defaults Upon Senior Securities.**

None.

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

A Shareholders Meeting is called to approve the increase of the authorized number of shares and the change of control.

Given the investment made by BPD in Viropro, an important amount of treasury shares will have to be issued exceeding the current number of authorized shares. Management is therefore proposing to increase the authorized capital to 1,000,000,000 shares from the actual 100,000,000.

As BPD would hold more than 50% of the outstanding shares of the Company, Management is also asking for approval of the change of control. Although BPD does not intend to get involved in management in the short term, it is expected that operational procedures may change to optimize the use of BPD, Intas and Viropro's facilities.

Meeting is called for April 24, 2009.

## **Item 5. Other Information.**

None

## **Item 6. Exhibits**

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

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 , Beausoleil

## **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/ Serge Beausoleil

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Serge Beausoleil, President & CEO

Dated: April 20, 2009