Consolidated Financial Statements of
(Unaudited)

THERATECHNOLOGIES INC.

Six-month periods ended May 31, 2007 and 2006

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Financial Statements

THERATECHNOLOGIES INC.

Consolidated Balance Sheets
(Unaudited)

May 31, 2007, with comparative figures as at November 30, 2006
(in thousands of dollars)

	May 31, 2007	November 30, 2006
		(Audited)
Assets		
Current assets:		
Cash	$ 12,647	$ 16
Bonds (note 2)	19,927	18,023
Accounts receivable	547	289
Tax credits receivable	1,843	1,911
Research supplies	2,616	850
Prepaid expenses	768	391
	38,348	21,480
Bonds (note 2)	41,888	17,641
Investments in public companies (market value: $975 in 2007; $1,112 in 2006) (note 2)	975	836
Property and equipment	1,646	1,580
Other assets (note 3)	8,441	9,431
	$ 91,298	$ 50,968
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 6,351	$ 6,493
Shareholders' equity:		
Capital stock (note 4)	238,315	177,552
Contributed surplus	4,522	3,486
Accumulated other comprehensive loss (note 2)	(561)	–
Deficit	(157,329)	(136,563)
	(157,890)	(136,563)
Total shareholders’ equity	84,947	44,475
Subsequent event (note 6)		
	$ 91,298	$ 50,968

See accompanying notes to unaudited consolidated financial statements.

THERATECHNOLOGIES INC.

Consolidated Statements of Earnings
(Unaudited)

Periods ended May 31, 2007 and 2006
(in thousands of dollars, except per share amounts)

	May 31, 2007	May 31, 2006	May 31, 2007	May 31, 2006
	(3 months)		(6 months)	
Revenues:				
Royalties, technologies and other	$ 5	$ 4	$ 9	$ 182
Interest	800	391	1,083	688
	805	395	1,092	870
Operating costs and expenses:				
Research and development	6,576	5,361	14,676	9,646
Tax credits	(273)	(208)	(1,035)	(384)
	6,303	5,153	13,641	9,262
General and administrative	1,884	1,082	3,682	2,540
Selling and market development	466	228	861	432
Patents and amortization of other assets	200	153	395	304
	8,853	6,616	18,579	12,538
Operating loss before undernoted item	(8,048)	(6,221)	(17,487)	(11,668)
Realized loss on disposal of investments in public companies	(41)	–	(41)	–
Net loss	$ (8,089)	$ (6,221)	$ (17,528)	$ (11,668)
Basic and diluted loss per share (note 4 (c))	$ (0.15)	$ (0.14)	$ (0.35)	$ (0.29)
Weighted average number of common shares outstanding	54,215,473	44,091,368	50,663,254	39,869,091

See accompanying notes to unaudited consolidated financial statements.

THERATECHNOLOGIES INC.

Consolidated Statements of Comprehensive Loss
(Unaudited)

Periods ended May 31, 2007 and 2006
(in thousands of dollars)

	May 31, 2007	May 31, 2006	May 31, 2007	May 31, 2006
	(3 months)		(6 months)	
Net loss	$ (8,089)	$ (6,221)	$ (17,528)	$ (11,668)
Unrealized losses on available-for-sale financial assets	(874)	–	(640)	–
Comprehensive loss	$ (8,963)	$ (6,221)	$ (18,168)	$ (11,668)

See accompanying notes to unaudited consolidated financial statements.

THERATECHNOLOGIES INC.

Consolidated Statement of Shareholders' Equity
(Unaudited)

Six-month period ended May 31, 2007
(in thousands of dollars)

	Capital stock		Contributed	Accumulated other compre-hensive income		
	Number	Dollars	surplus	(loss)	Deficit	Total
Balance, November 30, 2006	46,775,359	$ 177,552	$ 3,486	$ –	$ (136,563)	$ 44,475
Issuance of share capital	6,885,949	57,854	–	–	–	57,854
Share issue costs	–	–	–	–	(3,238)	(3,238)
Exercise of stock options:						
Cash proceeds	765,534	1,993	–	–	–	1,993
Ascribed value	–	916	(916)	–	–	–
Stock-based compensation	–	–	1,952	–	–	1,952
Changes in accounting policies (note 2)	–	–	–	79	–	79
Net loss	–	–	–	–	(17,528)	(17,528)
Unrealized losses on available-for-sale financial assets	–	–	–	(640)	–	(640)
Balance, May 31, 2007	54,426,842	$ 238,315	$ 4,522	$ (561)	$ (157,329)	$ 84,947

See accompanying notes to unaudited consolidated financial statements.

THERATECHNOLOGIES INC.

Consolidated Statements of Cash Flows
(Unaudited)

Periods ended May 31, 2007 and 2006
(in thousands of dollars)

	May 31, 2007	May 31, 2006	May 31, 2007	May 31, 2006
	(3 months)		(6 months)	
Cash flows from operating activities:				
Net loss	$ (8,089)	$ (6,221)	$ (17,528)	$ (11,668)
Adjustments for:				
Depreciation of property and equipment	129	151	245	293
Amortization of other assets	135	102	261	225
Stock-based compensation	317	141	1,952	590
Realized loss on disposal of investments in public companies	41	–	41	–
	(7,467)	(5,827)	(15,029)	(10,560)
Changes in operating assets and liabilities:				
Interest receivable on bonds	(830)	(312)	(630)	(67)
Accounts receivable	25	63	(233)	(114)
Tax credits receivable	(273)	(186)	68	(362)
Research supplies	(295)	455	(974)	(959)
Prepaid expenses	(262)	(135)	(377)	(213)
Accounts payable and accrued liabilities	(266)	(739)	(396)	(154)
	(1,901)	(854)	(2,542)	(1,869)
	(9,368)	(6,681)	(17,571)	(12,429)
Cash flows from financing activities:				
Share issuance	1,334	21,850	59,847	21,850
Share issue costs	(63)	(1,270)	(3,049)	(1,270)
	1,271	20,580	56,798	20,580
Cash flows from investing activities:				
Additions to property and equipment	(202)	(68)	(266)	(145)
Additions to other assets	(34)	(47)	(68)	(114)
Disposal of other assets	–	80	–	80
Acquisition of bonds	(34,379)	(16,082)	(34,379)	(16,082)
Disposal of bonds	301	3,853	8,076	8,728
Disposal of investments in public companies	41	–	41	–
	(34,273)	(12,264)	(26,596)	(7,533)
Net (decrease) increase in cash	(42,370)	1,635	12,631	618
Cash, beginning of period	55,017	70	16	1,087
Cash, end of period	$ 12,647	$ 1,705	$ 12,647	$ 1,705

See note 5 (a) for supplemental cash flow information.

See accompanying notes to unaudited consolidated financial statements.

1. Basis of presentation:

The financial statements included in this report are unaudited and reflect normal and recurring adjustments which are, in the opinion of the Company, considered necessary for a fair presentation. These financial statements have been prepared in conformity with Canadian generally accepted accounting principles. The same accounting policies as described in the Company's latest annual report have been used, except as described in note 2 below. However, these financial statements do not include all disclosures required under generally accepted accounting principles and, accordingly, should be read in connection with the financial statements and the notes thereto included in the Company's latest annual report. These interim financial statements have not been reviewed by auditors.

2. Changes in accounting policies:

Effective the commencement of its 2007 fiscal year, the Company has adopted the Canadian Institute of Chartered Accountants (''CICA'') Handbook Section 1530, *Comprehensive Income*, CICA Handbook Section 3251, *Equity*, CICA Handbook Section 3855, *Financial Instruments - Recognition and Measurement*, CICA Handbook Section 3861, *Financial Instruments - Disclosure and Presentation*, and CICA Handbook Section 3865, *Hedges*. These new Handbook Sections, which apply to fiscal years beginning on or after October 1, 2006, provide comprehensive requirements for the recognition and measurement of financial instruments, as well as standards on when and how hedge accounting may be applied.

Handbook Section 1530 also establishes standards for reporting and displaying comprehensive income. Comprehensive income is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income but that are excluded from net income calculated in accordance with generally accepted accounting principles. A new financial statement has been presented in relation to the new standards.

Under these new standards, all financial instruments are classified into one of the following five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are included on the consolidated balance sheet and are measured either at fair market value with the exception of loans and receivables, investments held-to-maturity and other financial liabilities, which are measured at amortized cost. Subsequent measurement and recognition of changes in fair value of financial instruments depend on their initial classification. Held-for-trading financial investments are measured at fair value and all gains and losses are included in net income in the period in which they arise. Available-for-sale financial instruments are measured at fair value with revaluation gains and losses included in other comprehensive income until the assets are removed from the balance sheet.

(in thousands of dollars, except per share amounts)

2. Changes in accounting policies (continued):

The standards also require derivative instruments to be recorded as either assets or liabilities measured at their fair value unless exempted from derivative treatment as a normal purchase and sale. Certain derivatives embedded in other contracts must also be measured at fair value. All changes in the fair value of derivatives are recognized in earnings unless specific hedge criteria are met, which requires that a company must formally document, designate and assess the effectiveness of transactions that receive hedge accounting.

As a result of the adoption of these standards, the Company has classified its bonds and investments in public companies as available-for-sale financial assets and are now measured at fair market value. Previously, these investments were recorded at the lower of cost and fair market value. On December 1, 2006, the impact of $79 of these changes in accounting policies is included in the opening balance of accumulated other comprehensive income.

The adoption of standards of Sections 3251, 3861 and 3855 has no impact on the financial statements for the period ended May 31, 2007.

3. Other assets:

			May 31, 2007
	Cost	Accumulated amortization	Net book value
Intellectual property	$ 7,670	$ 2,520	$ 5,150
Patent costs	1,825	944	881
Research supplies	2,360	–	2,360
Other assets	50	–	50
	$ 11,905	$ 3,464	$ 8,441

(in thousands of dollars, except per share amounts)

3. Other assets (continued):

			November 30, 2006
	Cost	Accumulated amortization	Net book value
Intellectual property	$ 7,670	$ 2,327	$ 5,343
Patent costs	1,737	876	861
Research supplies	3,152	–	3,152
Other assets	75	–	75
	$ 12,634	$ 3,203	$ 9,431

4. Capital stock:

During the first quarter of 2007, the Company concluded a public offering for the sale and issue of 6,875,000 common shares, including the over-allotment option, for cash proceeds of $57,750. The issuance costs amounted to $3,238.

During the second quarter of 2007, the Company also issued 10,949 common shares to employees for a consideration of $104, in connection with its share purchase plan.

(a) Share option plan:

Changes in outstanding options granted under the Company's stock option plan for the year ended November 30, 2006 and the six-month period ended May 31, 2007 were as follows:

	Number	Weighted average exercise price
Options as at November 30, 2005 (audited)	2,300,664	$ 5.50
Granted	840,000	1.69
Cancelled	(234,664)	6.70
Expired	(355,000)	4.60
Options as at November 30, 2006 (audited)	2,551,000	4.26
Granted	373,500	8.24
Cancelled	(4,167)	1.59
Exercised	(765,534)	2.60
Options as at May 31, 2007	2,154,799	$ 5.54

(in thousands of dollars, except per share amounts)

4. Capital stock (continued):

(a) Share option plan (continued):

Between June 1, 2007 and July 9, 2007, 48,333 stock options were exercised at a weighted average price of $3.87 per share for a cash consideration of $187.

(b) Stock-based compensation and other stock-based payments:

The fair value of the options granted was estimated at the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	2007	2006
Risk-free interest rate	4.03%	4.06%
Expected volatility	68%	50%
Expected average option life in years	6	6
Expected dividend yield	Nil	Nil

Dividend yield was excluded from the calculation, since it is the present policy of the Company to retain all earnings to finance operations and future growth.

The following table summarizes the weighted average fair value of stock options granted during the periods ended May 31, 2007 and 2006:

	Number	Weighted average grant-date fair value
Periods ended May 31 (6 months):		
2007	373,500	5.32 $
2006	785,000	0.88
Periods ended May 31 (3 months):		
2007	85,000	5.35
2006	135,000	0.99

(c) Diluted loss per share:

Diluted loss per share was not presented as the effect of options and warrants would have been anti-dilutive. Furthermore, the exercise of 396,500 options (2006 - 3,761,000 options and warrants) has not been considered in such computation since their exercise prices were higher than the average market price during the reporting periods of 2007 and 2006.

(in thousands of dollars, except per share amounts)

5. Supplemental information:

(a) The following transactions were conducted by the Company and did not impact cash flows:

	May 31, 2007	November 30, 2006
Additions to property and equipment included in accounts payable and accrued liabilities	$ 47	$ 2
Additions to other assets included in accounts payable and accrued liabilities	56	36
Share issue costs included in accounts payable and accrued liabilities	194	5

(b) General and administrative expenses include a loss on exchange of $408 for the six-month period ended May 31, 2007 (gain of $76 for the same period in 2006).

(c) The Company has reclassified in the net loss $64 of realized losses on available-for-sale financial assets previously recorded in accumulated other comprehensive income.

(d) In December 2006, the Company received tax credits of $1,103.

6. Subsequent event:

Sonomed Inc., formerly Andromed Inc., a public company in which Theratechnologies had invested, SND Energy Ltd. (a newly formed entity) and StoneBridge Merchant Capital Corp. entered into an Arrangement Agreement (the "Agreement"). The main purpose of the Agreement is to substantially distribute all of the assets of Sonomed to its shareholders. The shareholders of Sonomed have exchanged all of their common shares into units, each unit being comprised of one new common share and one new preferred share of Sonomed. Subsequently, all Sonomed new common shares have been exchanged on a one-for-one basis for SND Energy common shares, and all new preferred shares have been redeemed for a cash consideration of approximately $0.10 per share. On July 3, 2007, the Company received a cash consideration of $609 as a result of the redemption of the new preferred shares of Sonomed held by the Company.