Consolidated Financial Statements of
(Unaudited)

THERATECHNOLOGIES INC.

Three-month periods ended February 28, 2009 and February 29, 2008

THERATECHNOLOGIES INC.

Consolidated Financial Statements
(Unaudited)

Three-month periods ended February 28, 2009 and February 29, 2008

Financial Statements

Consolidated Balance Sheets 1

Consolidated Statements of Earnings 2

Consolidated Statements of Comprehensive Loss 2

Consolidated Statements of Shareholders' Equity ..... 3 - 4

Consolidated Statements of Cash Flows 5

Notes to Consolidated Financial Statements 6

THERATECHNOLOGIES INC.

Consolidated Balance Sheets
(Unaudited)

February 28, 2009 and November 30, 2008
(in thousands of dollars)

	February 28, 2009	November 30, 2008 (Restated - note 2 (a))
Assets		
Current assets:		
Cash	$ 6,891	$ 133
Bonds	9,786	10,955
Accounts receivable	559	610
Tax credits receivable	2,452	1,784
Inventories	1,594	–
Research supplies	711	301
Prepaid expenses	456	397
	22,449	14,180
Bonds	52,712	35,249
Investments in public companies	56	41
Property and equipment	1,247	1,299
Other assets (note 3)	2,208	2,776
	$ 78,672	$ 53,545
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 7,045	$ 7,198
Current portion of deferred revenues (note 7)	6,856	–
	13,901	7,198
Deferred revenues (note 7)	18,825	–
Shareholders' equity:		
Capital stock (note 4)	279,073	269,219
Contributed surplus	5,790	5,585
Accumulated other comprehensive income	666	372
Deficit	(239,583)	(228,829)
	(238,917)	(228,457)
Total shareholders' equity	45,946	46,347
	$ 78,672	$ 53,545

See accompanying notes to unaudited consolidated financial statements.

THERATECHNOLOGIES INC.

Consolidated Statement of Earnings
(Unaudited)

Three-month periods ended February 28, 2009 and February 29, 2008
(in thousands of dollars, except per share amounts)

	First quarter	
	2009	2008
		(Restated - note 2 (a))
Revenues:		
Royalties, technologies and other (note 7)	$ 1,432	$ 5
Interest	577	594
	2,009	599
Operating costs and expenses:		
Research and development	6,315	9,484
Tax credits	(668)	(488)
	5,647	8,996
General and administrative	2,321	1,598
Selling and market development	481	457
Patents and amortization of other assets	45	169
Fees associated with the strategic review process	–	243
Fees associated with collaboration and licensing agreement (note 7)	4,269	–
	12,763	11,463
Net loss	$ (10,754)	$ (10,864)
Basic and diluted loss per share (note 4 (c))	$ (0.18)	$ (0.20)
Weighted average number of common shares outstanding	60,055,841	55,260,757

Consolidated Statements of Comprehensive Loss
(Unaudited)

Three-month periods ended February 28, 2009 and February 29, 2008
(in thousands of dollars)

	First quarter	
	2009	2008
		(Restated - note 2 (a))
Net loss	$ (10,754)	$ (10,864)
Unrealized gains on available-for-sale financial assets	317	318
Reclassification adjustment for gains and losses on available-for-sale financial assets	(23)	–
Comprehensive loss	$ (10,460)	$ (10,546)

See accompanying notes to unaudited consolidated financial statements.

THERATECHNOLOGIES INC.

Consolidated Statements of Shareholders' Equity
(Unaudited)

Three-month period ended February 28, 2009
(in thousands of dollars)

	Capital stock		Contributed	Accumulated other compre-hensive		
	Number	Dollars	surplus	income	Deficit	Total
Balance, November 30, 2008	58,215,090	$ 269,219	$ 5,585	$ 372	$ (228,230)	$ 46,946
Change in accounting policies (note 2 (a))	–	–	–	–	(599)	(599)
Issuance of share capital (note 7)	2,179,837	9,854	–	–	–	9,854
Stock-based compensation	–	–	205	–	–	205
Net loss	–	–	–	–	(10,754)	(10,754)
Unrealized gains on available-for-sale financial assets	–	–	–	294	–	294
Balance, February 28, 2009	60,394,927	$ 279,073	$ 5,790	$ 666	$ (239,583)	$ 45,946

See accompanying notes to unaudited consolidated financial statements.

THERATECHNOLOGIES INC.

Consolidated Statements of Shareholders' Equity, Continued
(Unaudited)

Three-month periods ended February 29, 2008
(in thousands of dollars)

	Capital stock		Contributed	Accumulated other compre-hensive		
	Number	Dollars	surplus	income	Deficit	Total
Balance, November 30, 2007	54,531,133	$ 238,842	$ 4,807	$ (333)	$ (177,339)	$ 65,977
Change in accounting policies (note 2 (a))	–	–	–	–	(941)	(941)
Issuance of share capital	3,500,000	29,750	–	–	–	29,750
Share issue costs	–	–	–	–	(1,938)	(1,938)
Exercise of stock options:						
Cash proceeds	68,332	242	–	–	–	242
Ascribed value	–	54	(54)	–	–	–
Stock-based compensation	–	–	209	–	–	209
Net loss	–	–	–	–	(10,864)	(10,864)
Unrealized gains on available-for-sale financial assets	–	–	–	318	–	318
Balance, February 29, 2008	58,099,465	$ 268,888	$ 4,962	$ (15)	$ (191,082)	$ 82,753

See accompanying notes to unaudited consolidated financial statements.

THERATECHNOLOGIES INC.

Consolidated Statements of Cash Flows
(Unaudited)

Three-month periods ended February 28, 2009 and February 29, 2008
(in thousands of dollars)

	First quarter	
	2009	2008
		(Restated - note 2 (a))
Cash flows from operating activities:		
Net loss	$ (10,754)	$ (10,864)
Adjustments for:		
Amortization of property and equipment	137	151
Amortization of other assets	–	97
Stock-based compensation	205	209
	(10,412)	(10,407)
Changes in operating assets and liabilities:		
Interest receivable on bonds	(969)	(53)
Accounts receivable	76	141
Tax credits receivable	(668)	(488)
Inventories	(1,594)	–
Research supplies	133	950
Prepaid expenses	(59)	(328)
Accounts payable and accrued liabilities	(128)	(86)
Deferred revenues	25,681	–
	22,472	136
	12,060	(10,271)
Cash flows from financing activities:		
Share issuance	9,854	29,992
Share issue costs	(8)	(1,504)
	9,846	28,488
Cash flows from investing activities:		
Addition to property and equipment	(102)	(166)
Acquisition of bonds	(19,631)	(10,107)
Disposal of bonds	4,585	6,866
	(15,148)	(3,407)
Net change in cash	6,758	14,810
Cash, beginning of period	133	2,578
Cash, end of period	$ 6,891	$ 17,388

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 of its results. 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. New accounting policies:

(a) Adoption of new accounting standards:

Goodwill and intangible assets

Effective with the commencement of its 2009 fiscal year, the Company has adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3064, *Goodwill and Intangible Assets*, which will replace Section 3062, *Goodwill and Other Intangible Assets,* and Section 3450*, Research and Development Costs.* The standard provides guidance on the recognition of intangible assets in accordance with the definition of an asset and the criteria for asset recognition as well as clarifying the application of the concept of matching revenues and expenses, whether these assets are separately acquired or internally developed. The impact of adopting this standard has been to increase the opening deficit and to reduce other assets at the beginning of 2007 and 2008 by $941 and $599, respectively, which is the amount of patent costs related to periods prior to these dates. Furthermore, following the adoption of this standard, patents and amortization of other assets presented on the consolidated statements of earnings were reduced by $27 for the first quarter of 2008.

2. New accounting policies (continued):

(a) Adoption of new accounting standards (continued):

Inventories

Effective with the commencement of its 2009 fiscal year, the Company adopted CICA Section 3031, *Inventories*, which replaces Section 3030 and harmonizes the Canadian standards related to inventories with International Financial Reporting Standards (IFRS). This Section provides changes to the measurement and more extensive guidance on the determination of cost, including allocation of overhead; narrows the permitted cost formulas; requires impairment testing; and expands the disclosure requirements to increase transparency. As the Company had no inventories on November 30, 2008, the adoption of this section had no impact on the Company's consolidated financial statements.

(b) Future accounting changes:

International Financial Reporting Standards

In February 2008, Canada's Accounting Standards Board of Canada ("AcSB") confirmed that Canadian GAAP, as used by publicly accountable enterprises, would be fully converged into IFRS, as issued by the International Accounting Standards Board ("IASB"). The changeover date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. As a result, the Company will be required to report under IFRS for its 2012 interim and annual financial statements. The Company will convert to these new standards according to the timetable set within these new rules. The Company has not determined the impact of adopting the standards on its consolidated financial statements.

3. Other assets:

			February 28, 2009
	Cost	Accumulated amortization	Net book value
Intellectual property	$ 7,670	$ 7,670	$ –
Research supplies	2,208	–	2,208
	$ 9,878	$ 7,670	$ 2,208

3. Other assets (continued):

			November 30, 2008 (Restated - note 2 (a))
	Cost	Accumulated amortization	Net book value
Intellectual property	$ 7,670	$ 7,670	$ –
Research supplies	2,751	–	2,751
Other assets	25	–	25
	$ 10,446	$ 7,670	$ 2,776

4. Capital stock:

(a) Share option plan:

Changes in outstanding options granted under the Company's stock option plan for the year ended November 30, 2008 and the three-month period ended February 28, 2009 were as follows:

	Number	Weighted average exercise price
Options as at November 30, 2007 (audited)	2,207,633	$ 6.32
Granted	111,000	7.98
Exercised	(119,666)	3.32
Cancelled	(37,167)	9.57
Options as at November 30, 2008 (audited)	2,161,800	6.52
Granted	590,500	1.80
Cancelled and expired	(80,333)	10.05
Options as at February 28, 2009	2,671,967	$ 5.37

4. Capital stock (continued):

(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:

	2009	2008
Risk-free interest rate	1.79%	3.53%
Volatility	79%	69%
Average option life in years	6	6
Dividend yield	Nil	Nil

The risk-free interest rate is based on the implied yield on a Canadian Treasury zero-coupon issue with a remaining term equal to the expected term of the option. The volatility is based solely on historical volatility equal to the expected term of the option. The average life of the options is estimated considering the vesting period, and the term of the option and the length of time of similar grants have remained outstanding in the past. 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 February 28, 2009 and February 29, 2008:

	Number of options	Weighted average grant-date fair value
2009	590,500	$ 1.24
2008	81,000	5.57

(c) Diluted loss per share:

Diluted loss per share was not presented as the effect of options would have been anti-dilutive. Furthermore, 2,391,130 options (2008 - 631,500) could have an effect on the calculation in the future, since their exercise prices were higher than the average market price during the reporting periods of 2009 and 2008.

5. Supplemental information:

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

	February 28, 2009	November 30, 2008
		(Restated - note 2 (a))
Additions to property and equipment included in accounts payable and accrued liabilities	$ 31	$ 48
Share issue costs included in accounts payable and accrued liabilities	–	8

(b) For the three-month period ended February 28, 2009, the Company has reclassified in net earnings $23 of realized gains on available-for-sale financial assets previously recorded in accumulated other comprehensive income (2008 - nil).

6. Financial instruments:

(a) Carrying value and fair value:

The Company has determined that the carrying values of its short-term financial assets and liabilities, including cash, accounts receivable, as well as accounts payable and accrued liabilities, approximate their fair value because of the relatively short period to maturity of these instruments.

Bonds and investments in public companies are stated at estimated fair value, determined by prices quoted on active markets.

(b) Interest income and expenses:

Interest income consists of interest earned on cash and bonds.

(c) Loss on exchange:

General and administrative expenses include a loss on foreign exchange of $416 ($97 in 2008) for the three-month period ended February 28, 2009.

7. Collaboration and licensing agreement:

On October 28, 2008, the Company entered into a collaboration and licensing agreement with EMD Serono, Inc., and affiliate of Merck KGaA, regarding the exclusive commercialization rights of tesamorelin in the United States for the treatment of excess abdominal fat in HIV patients with lipodystrophy (the "Initial Product"). Theratechnologies retains all tesamorelin commercialization rights outside of the US.

Under the terms of the agreement, the Company is responsible for the development of the Initial Product up to obtaining marketing approval in the United States. The Company is also responsible for product production and for the development of a new formulation of the initial product. EMD Serono is responsible for conducting product commercialization activities.

At the closing of the agreement, on December 15, 2008, the Company received US$30,000 (CAD$36,951) which includes an initial payment of US$22,000 (CAD$27,097) and US$8,000 (CAD$9,854) as a subscription for common shares in the Company by Merck KGaA at a price of US$3.67 (CAD$4.52) per share. The Company may receive up to US$215,000 (CAD$265,000), which amount includes the initial payment of US$22,000, the equity investment of US$8,000, as well as payments based on the achievement of certain development, regulatory and sales milestones. The Company will also be entitled to receive escalating royalties on annual net sales of tesamorelin in the US.

The initial payment of $27,097 has been deferred and is being amortized over its estimated service period on a straight-line basis. This period may be modified in the future based on additional information that may be received by the Company.

For the three-month period ended February 28, 2009, an amount of $1,426 related to this transaction was recognized as revenue. At February 28, 2009, the deferred revenues related to this transaction amounted to $25,671.

The Company may conduct research and development for additional indications. EMD Serono will have the option to commercialize additional indications for tesamorelin in the US. If it exercises this option, EMD Serono will pay half of the development costs related to such additional indications. In such cases, the Company will also have the right, subject to EMD Serono's agreement, to participate in the promotion of the additional indications.

8. Comparative figures:

Certain of the 2008 comparative figures have been reclassified to conform with the financial statement presentation adopted in 2009.