Theratechnologies Inc.

Consolidated Financial Statements
November 30, 2014 and 2013
(in thousands of Canadian dollars)

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Theratechnologies inc.

We have audited the accompanying consolidated financial statements of Theratechnologies inc., which comprise the consolidated statements of financial position as at November 30, 2014 and November 30, 2013, the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Theratechnologies inc. as at November 30, 2014 and November 30, 2013, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

KPMG LLP*

February 25, 2015

Montréal, Canada

*CPA auditor, CA, public accountancy permit No. A111162

Theratechnologies Inc.

Consolidated Statements of Financial Position

As at November 30, 2014 and 2013

(in thousands of Canadian dollars)

	Note	2014 $	2013 $
Assets			
Current assets			
Cash		694	967
Bonds	11	2,484	99
Trade and other receivables	12	2,359	489
Inventories	14	10,618	10,995
Prepaid expenses		1,173	404
Derivative financial assets	21(a)	126	106
Total current assets		17,454	13,060
Non-current assets			
Bonds	11	-	11,287
Property and equipment	15	146	281
Intangible assets	16	15,054	216
Total non-current assets		15,200	11,784
Total assets		32,654	24,844
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	17	7,213	3,371
Provisions	18	418	-
Current portion of long-term obligation	19	3,682	-
Deferred revenue		1	1,279
Total current liabilities		11,314	4,650
Non-current liabilities			
Deferred revenue		-	1,492
Other liabilities	20	2	174
Long-term obligation	19	13,470	-
Total non-current liabilities		13,472	1,666
Total liabilities		24,786	6,316
Equity			
Share capital	21	280,872	280,872
Contributed surplus		8,313	8,232
Deficit		(281,382)	(270,841)
Accumulated other comprehensive income		65	265
Total equity		7,868	18,528
Total liabilities and equity		32,654	24,844
Contingent liability	24		
Commitments	29		
Subsequent events	32		

Approved by the Board of Directors

(signed) Paul Pommier
Director

(signed) Jean-Denis Talon
Director

The accompanying notes are an integral part of these consolidated financial statements.

Theratechnologies Inc.

Consolidated Statements of Comprehensive Loss

For the years ended November 30, 2014 and 2013

(in thousands of Canadian dollars, except per share amounts)

	Note	2014 $	2013 $
Revenue			
Net sales	5	3,332	2,544
Research services			
Up-front payments and initial technology access fees	5	2,770	1,710
Royalties and licence fees	5	630	3,299
		6,732	7,553
Operating expenses			
Cost of sales			
Cost of goods sold		991	2,262
Unallocated production costs	7	1,464	1,449
		2,455	3,711
Research and development expenses, net of tax credits of $27 (2013 – $141)	13	5,617	7,371
Selling and market development expenses	8	6,963	250
General and administrative expenses		4,566	3,815
Restructuring costs	25(b)	-	(3,111)
		19,601	12,036
Loss from operating activities		(12,869)	(4,483)
Finance income	9	329	541
Finance costs	9	(2,080)	(87)
Federal investment tax credits	10	4,110	-
		2,359	454
Loss before income taxes		(10,510)	(4,029)
Income tax expense	22	31	26
Net loss for the year		(10,541)	(4,055)
Other comprehensive loss, net of tax			
Items that may be reclassified to loss in the future			
Net change in fair value of available-for-sale financial assets, net of tax		(69)	(75)
Accumulated net change in fair value of available-for-sale financial assets transferred to net loss, net of tax		(131)	(86)
		(200)	(161)
Total comprehensive loss for the year		(10,741)	(4,216)
Basic and diluted net loss per share	21(d)	(0.17)	(0.07)

The accompanying notes are an integral part of these consolidated financial statements.

Theratechnologies Inc.

Consolidated Statements of Changes in Equity

For the years ended November 30, 2014 and 2013

(in thousands of Canadian dollars)

	Note	Share capital					
		Number of shares	Amount $	Contributed surplus $	Deficit $	Accumulated other comprehensive income $	Total $
Balance as at November 30, 2012		61,010,603	280,872	8,158	(266,786)	426	22,670
Total comprehensive loss for the year							
Net loss for the year		-	-	-	(4,055)	-	(4,055)
Other comprehensive loss							
Net change in fair value of available-for-sale financial assets, net of tax		-	-	-	-	(75)	(75)
Accumulated net change in fair value of available-for-sale financial assets transferred to net loss, net of tax		-	-	-	-	(86)	(86)
Total comprehensive loss for the year		-	-	-	(4,055)	(161)	(4,216)
Transactions with owners, recorded directly in equity							
Share-based compensation for stock option plan	21(c)	-	-	74	-	-	74
Transactions with owners, recorded directly in equity		-	-	74	-	-	74
Balance as at November 30, 2013		61,010,603	280,872	8,232	(270,841)	265	18,528
Total comprehensive loss for the year							
Net loss for the year		-	-	-	(10,541)	-	(10,541)
Other comprehensive loss							
Net change in fair value of available-for-sale financial assets, net of tax		-	-	-	-	(69)	(69)
Accumulated net change in fair value of available-for-sale financial assets transferred to net loss, net of tax		-	-	-	-	(131)	(131)
Total comprehensive loss for the year		-	-	-	(10,541)	(200)	(10,741)
Transactions with owners, recorded directly in equity							
Share-based compensation for stock option plan	21(c)	-	-	81	-	-	81
Transactions with owners, recorded directly in equity		-	-	81	-	-	81
Balance as at November 30, 2014		61,010,603	280,872	8,313	(281,382)	65	7,868

The accompanying notes are an integral part of these consolidated financial statements.

Theratechnologies Inc.

Consolidated Statements of Cash Flows

For the years ended November 30, 2014 and 2013

(in thousands of Canadian dollars)

	Note	2014 $	2013 $
Cash flows from			
Operating activities			
Net loss for the year		(10,541)	(4,055)
Adjustments for			
Depreciation of property and equipment	15	133	121
Amortization of intangible assets	16	1,009	-
Gain on sale of property and equipment		-	(60)
Change in deferred revenue		(2,770)	(1,710)
Share-based compensation for stock option plan	21(c)	81	74
Income tax expense		31	26
Writedown of inventories	14	1,071	1,118
Lease inducements and amortization		(172)	(42)
Change in fair value of derivative financial assets	21(a)	(39)	19
Change in fair value of liability related to deferred stock unit plan	21(a)	44	(6)
Interest income		(198)	(455)
Interest received		300	684
Accretion expense	9	1,203	-
Unrealized foreign currency loss on long-term obligation		714	-
		(9,134)	(4,286)
Changes in operating assets and liabilities			
Trade and other receivables		(1,874)	683
Tax credits and grants receivable		-	421
Inventories		(694)	676
Prepaid expenses		(769)	566
Accounts payable and accrued liabilities		4,014	(178)
Provisions		418	(5,626)
		1,095	(3,458)
Cash flows used in operating activities		(8,039)	(7,744)
Investing activities			
Acquisition of intangible assets	16	(828)	-
Acquisition of property and equipment	15	(1)	-
Proceeds from sale of property and equipment		3	60
Proceeds from sale of bonds		8,569	7,189
Prepayment of derivative financial assets		-	(50)
Proceeds from disposal of derivative financial assets		23	-
Cash flows provided by investing activities		7,766	7,199
Net change in cash		(273)	(545)
Cash – Beginning of year		967	1,512
Cash – End of year		694	967

See note 25 for other information.

The accompanying notes are an integral part of these consolidated financial statements.

(in thousands of Canadian dollars, except per share amounts)

1 The reporting entity and its future operations

Theratechnologies Inc. is a specialty pharmaceutical company addressing unmet medical needs in metabolic disorders to promote healthy aging and an improved quality of life.

The consolidated financial statements include the accounts of Theratechnologies Inc. and its wholly owned subsidiaries (together referred to as the "Company" and individually as the "subsidiaries of the Company").

Theratechnologies Inc. is governed by the Business Corporations Act (Quebec) and is domiciled in Quebec, Canada. The Company is located at 2015 Peel Street, 5th floor, Montréal, Quebec H3A 1T8, where it has been since December 19, 2014.

The Company's ability to generate revenue is currently solely based on the commercialization of *EGRIFTA*™ in the United States.

During the last fiscal year, the Company experienced manufacturing difficulties at its third party manufacturer, which led to shortages of *EGRIFTA*™ and negatively impacted sales and operating results. The Company ceased its manufacturing activities, and there was no inventory of finished goods available. A plan was developed based on reverting to the initial presentation of *EGRIFTA*™ (1 mg/vial), which was supplied without any commercial delays during the first two years of marketing the product. In early September 2014, shipments of *EGRIFTA*™ resumed using the 1 mg/vial presentation, allowing the Company to resume revenue-generation and replenish its inventories.

On December 13, 2013, the Company announced that it had reached an agreement with EMD Serono Inc. (EMD Serono) to regain commercialization rights for *EGRIFTA*™ in the United States (EMD Serono Termination Agreement). The closing of the transaction occurred on May 1, 2014. Operations of the Company have significantly changed upon the completion of this transaction, which may impact the risk profile of its cash flows and its contractual obligations with respect to the Early Termination Fee (see note 19, long-term obligation). As discussed in note 32, EMD Serono subsequently agreed to a rescheduling of the May 1, 2015 payment due under the long-term obligation.

The Company believes that it will be able to adequately fund its operations and meet its cash flow requirements for the next 12 months. However, in the future, this determination could be impacted if it encounters a significant shortfall in expected revenues.

2 Basis of preparation

Statement of compliance

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorized for issue by the Board of Directors on February 25, 2015.

(in thousands of Canadian dollars, except per share amounts)

Basis of measurement

The Company's consolidated financial statements have been prepared on going concern and historical cost bases, except for available-for-sale financial assets, derivative financial assets, liabilities related to the deferred stock unit plan and derivative financial liabilities, which are measured at fair value.

The methods used to measure fair value are discussed further in note 28.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand.

Use of estimates and judgment

The preparation of the Company's consolidated financial statements in conformity with IFRS 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 the reported amounts of revenues and expenses during the reporting period.

Information about critical judgments in applying accounting policies and assumptions and estimation uncertainties that have the most significant effect on the amounts recognized in the consolidated financial statements is noted below.

Judgments in applying accounting policies

Revenue and deferred revenue

Revenue recognition is subject to critical judgments, particularly in collaboration agreements that include multiple deliverables, as judgment is required in allocating revenue to each component, including up-front payments, milestone payments, research services, royalties and licence fees and sale of goods.

Estimation uncertainties

Revenue

Management uses judgment in estimating provisions for sale of goods deductions such as cash discounts, allowances, returns, rebates, chargebacks and distribution fees (see note 3 for additional information). Management uses judgment in estimating the amount of royalties earned. The amount earned is calculated as a percentage of net sales of its products realized by the Company's licensees. Net sales are provided by licensees or estimated by management using estimates of revenues from product sales of the licensees less estimates for cash discounts, allowances, rebates and chargebacks.

(in thousands of Canadian dollars, except per share amounts)

Contingent liability

Management uses judgment in assessing the possibility of any outflow in settlement of contingent liabilities (see note 24 for additional information).

Other areas of judgment and uncertainty relate to the estimation of accruals for clinical trial expenses, the recoverability of inventories, the measurement of the amount and assessment of the recoverability of tax credits and grants receivable and the measurement of intangible assets and long-term obligation.

Reported amounts and note disclosures reflect the overall economic conditions that are most likely to occur and the anticipated measures management intends to take. Actual results could differ from those estimates.

The above estimates and assumptions are reviewed regularly. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

3 Significant accounting policies

The accounting policies have been applied consistently by the subsidiaries of the Company.

Basis of consolidation

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Subsidiaries are entities controlled by the Company. Control is present where the Company has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable are taken into consideration. The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Company.

Reciprocal balances and transactions, revenues and expenses resulting from transactions between subsidiaries and with the Company are eliminated in preparing the consolidated financial statements.

Foreign currencies

Transactions in foreign currencies are translated to the respective functional currencies of the Company and its subsidiaries at exchange rates in effect at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate in effect at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the reporting period, adjusted for effective interest and payments during the reporting period, and the amortized cost in foreign currency translated at the exchange rate in effect at the end of the reporting period.

(in thousands of Canadian dollars, except per share amounts)

Foreign currency differences arising on translation are recognized in net profit (loss), except for differences arising on the translation of available-for-sale equity instruments, which are recognized in other comprehensive loss. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate in effect at the date on which the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate in effect at the date of the transaction.

Revenue recognition

Collaboration agreements that include multiple deliverables are considered to be multi-element arrangements. Under this type of arrangement, the identification of separate units of accounting is required and revenue is allocated among the separate units based on their relative fair values.

Payments received under a collaboration agreement may include up-front payments, milestone payments, research services, royalties and licence fees, and payments for sale of goods. Revenues for each unit of accounting are recorded as described below.

(i) Net sales

Revenues from the sale of goods are recognized when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. Revenue from the sale of goods is recognized net of estimated cash discounts, allowances, returns, rebates, chargebacks and distribution fees paid to its wholesalers at the time the related revenue is recorded or when the incentives are offered. The Company offers cash discounts for prompt payment to wholesalers. Cash discounts and allowances are estimated based on contractual sales terms with customers and historical payment experience. The Company allows customers to return product within a specified period of time before and after its expiration date. Provisions for returns are estimated based on historical return levels, taking into account additional available information on contract changes. The Company is subject to rebates on sales made under governmental and commercial rebate programs, and chargebacks on sales made to government agencies and retail pharmacies. Rebates and chargebacks are estimated based on historical experience, relevant statutes with respect to governmental pricing programs, and contractual sales terms. Distribution fees are estimated based on contractual terms with distributors.

(ii) Royalties and licence fees

Royalties and licence fees are recognized when conditions and events under the licence agreement have occurred, the Company can make a reasonable estimate of the amount earned and collectibility is reasonably assured.

(in thousands of Canadian dollars, except per share amounts)

(iii) Research services

Revenues from research contracts are recognized when services to be provided are rendered and all conditions under the terms of the underlying agreement are met.

a) Up-front payments and initial technology access fees

Up-front payments and initial technology access fees are deferred and recognized as revenue on a systematic basis over the period during which the related products or services are delivered and all obligations are performed.

b) Milestone payments

Revenues subject to the achievement of milestones are recognized only when the specified events have occurred and collectibility is reasonably assured.

Cost of sales

Cost of goods sold

Cost of goods sold includes the cost of raw materials, supplies, direct labour and overhead charges allocated to goods sold.

Unallocated production costs

Unallocated production costs include unallocated indirect costs related to production as well as writedowns of inventories.

Employee benefits

Salaries and short-term employee benefits

Salaries and short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term profit-sharing or cash bonus plans if the Company has a legal or constructive obligation to pay an amount as a result of past services rendered by an employee and the obligation can be estimated reliably.

Post-employment benefits

Post-employment benefits include a defined contribution plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense when due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available. The Company’s defined contribution plan comprises the registered retirement savings plan, the Quebec Pension Plan and employment insurance.

(in thousands of Canadian dollars, except per share amounts)

Termination benefits

Termination benefits are recognized as an expense when the Company is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Finance income and finance costs

Finance income comprises interest income on available-for-sale financial assets, and gains (losses) on the disposal of available-for-sale financial assets. Interest income is recognized as it accrues in net profit (loss) using the effective interest method.

Finance costs comprise bank charges, accretion expense, impairment losses on financial assets recognized in net (loss) profit, changes in fair value of liabilities and derivatives, unrealized foreign currency loss on long-term obligation and foreign currency gains and losses which are reported on a net basis.

Inventories

Inventories are presented at the lower of cost, determined using the first-in, first-out method, and net realizable value. Inventory costs include the purchase price and other costs directly related to the acquisition of materials and other costs incurred in bringing the inventories to their present location and condition. The Company is responsible for coordinating the production and stability testing and for auditing suppliers at different times during the manufacturing process. Inventory costs also include the costs directly related to the conversion of materials into finished goods. Net realizable value is the estimated selling price in the Company's ordinary course of business less the estimated costs of completion and selling expenses.

Work in progress inventory appears from the moment third party suppliers use the material provided by the Company until the time the Company receives the finished product. The value of work in progress inventory is equal to the value of material provided by the Company plus all other work performed by third party suppliers.

Derivative financial instruments

Derivative financial instruments are 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. The changes in the fair value of derivatives are recognized through profit or loss in the period in which they occur.

Property and equipment

Recognition and measurement

Items of property and equipment are recognized at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset and the costs of dismantling and removing the item and restoring the site on which it is located, if any.

(in thousands of Canadian dollars, except per share amounts)

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized in net loss.

Subsequent costs

The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of items of property and equipment are recognized in net loss as incurred.

Depreciation

The estimated useful lives, methods of depreciation and rates for the current and comparative periods are as follows:

Asset	Method	Rate/Period
Computer equipment	Declining balance	50%
Laboratory equipment	Declining balance	20%
	and straight-line	5 years
Office furniture and equipment	Declining balance	20%
Leasehold improvements	Straight-line	Lower of lease term and economic life

This most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Estimates for depreciation methods, useful lives and residual values are reviewed at each year-end and adjusted if appropriate.

Intangible assets

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is expensed as incurred.

(in thousands of Canadian dollars, except per share amounts)

Development activities involve a plan or design for the production of new or substantially improved products and processes. A development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and to use or sell the asset. These criteria are usually met when a regulatory filing has been made in a major market and approval is considered highly probable. The expenditure capitalized includes the cost of materials, direct labour, and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditures are expensed as incurred. Capitalized development expenditures are measured at cost less accumulated amortization and accumulated impairment losses.

During the years ended November 30, 2014 and 2013, no development expenditures were capitalized.

Commercialization rights

Commercialization rights acquired by the Company have finite useful lives and are measured at cost less accumulated amortization and any accumulated impairment losses. They are amortized at fixed rates based on their estimated useful life of 111 months on a straight-line basis.

The amortization method and useful life of intangible assets are reviewed every year and adjusted as required.

Financial instruments

The Company's financial instruments are classified into one of three categories: loans and receivables, available-for-sale financial assets and other financial liabilities. Loans and receivables and other financial liabilities are measured at amortized cost.

The Company has classified its bonds as available-for-sale financial assets. The Company has presented its bonds with a maturity of less than 12 months as current assets. The Company has classified cash and trade and other receivables as loans and receivables and accounts payable and accrued liabilities as other financial liabilities.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the other categories. Subsequent to initial recognition, they are measured at fair value, and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognized in other comprehensive loss and presented within equity. When an investment is derecognized, the cumulative gain or loss in other comprehensive loss is transferred to net loss.

The Company has classified its long-term obligation in other financial liabilities. Financial liabilities are initially recognized on the date on which they originate at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

(in thousands of Canadian dollars, except per share amounts)

Leases

Operating lease payments are recognized in net loss on a straight-line basis over the term of the lease.

Lease inducements arising from leasehold improvement allowances and rent-free periods form an integral part of the total lease cost and are deferred and recognized in net loss over the term of the lease on a straight-line basis.

Impairment

Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each financial statement reporting date to determine whether there is objective evidence that it is impaired. The Company considers that a financial asset is impaired if objective evidence indicates that one or more loss events had a negative effect on the estimated future cash flows of that asset and if the effect can be estimated reliably.

An impairment test is performed on an individual basis for each material financial asset. Other individually non-material financial assets are tested as groups of financial assets with similar risk characteristics. Impairment losses are recognized in net loss.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in net loss and reflected in an allowance account against the respective financial asset. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through net loss.

Impairment losses on available-for-sale investment securities are recognized by transferring the cumulative loss that has been recognized in other comprehensive loss, and presented in unrealized gains (losses) on available-for-sale financial assets in equity, to net loss. The cumulative loss that is removed from other comprehensive loss and recognized in net loss is the difference between the acquisition cost, net of any principal repayment and amortization and the current fair value, less any impairment loss previously recognized in net loss. Changes in impairment provisions attributable to time value are reflected as a separate component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized in net loss, then the impairment loss is reversed, with the amount of the reversal recognized in net loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive loss.

(in thousands of Canadian dollars, except per share amounts)

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of cash inflows from other assets or groups of assets (cash-generating unit). The recoverable amount of an asset or a cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit. Impairment losses recognized in prior periods are determined by the Company at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An asset's carrying amount, increased through the reversal of an impairment loss, must not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are assessed by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount on provisions is recognized in finance costs.

Chargebacks and rebates

Chargebacks and rebates are estimated based on historical experience, relevant statutes with respect to governmental pricing programs, and contractual sales terms.

Returns

Provisions for returns are estimated based on historical return levels, taking into account additional available information on contract changes. The Company reviews its methodology and adequacy of the provision for returns on a quarterly basis, adjusting for changes in assumptions, historical results and business practices, as necessary.

Contingent liability

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or a present obligation that arises from past events (and therefore exists) but is not recognized because it is not probable that a transfer or use of assets, provision of services or any other transfer of economic benefits will be required to settle the obligation, or because the amount of the obligation cannot be estimated reliably.

(in thousands of Canadian dollars, except per share amounts)

Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net loss except to the extent that they relate to items recognized directly in other comprehensive loss or in equity.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable in respect of previous years. The Company establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes and deferred tax losses that can be used against taxable profit in future periods. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse and to fiscal losses when they will be used, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax liability is generally recognized for all taxable temporary differences.

A deferred tax asset is recognized for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Share-based compensation

Stock option plan

The Company records share-based compensation related to employee stock options granted using the fair-value-based method estimated using the Black-Scholes model. Under this method, compensation cost is measured at fair value at the date of grant and expensed, as employee benefits, over the period in which employees unconditionally become entitled to the award. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service conditions at the vesting date.

Share-based payment arrangements in which the Company receives services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Company.

(in thousands of Canadian dollars, except per share amounts)

Deferred stock unit plan

The deferred stock units (DSUs) are totally vested at the grant date. In the case of the DSUs granted to officers for annual bonuses, a DSU liability is recorded at the grant date in place of the liability for the bonus payments. In the case of the directors, the expense related to DSUs and their liabilities are recognized at the grant date. The liability is adjusted periodically to reflect any change in the market value of common shares.

Government grants

Government grants consisting of grants and investment tax credits are recorded as a reduction of the related expense or cost of the asset acquired. Government grants are recognized when there is reasonable assurance that the Company has met the requirements of the approved grant program and there is reasonable assurance that the grant will be received.

Share capital

Common shares

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its common shares. Basic EPS is calculated by dividing the net profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for own shares held, if applicable. Diluted EPS is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for own shares held if applicable, for the effects of all dilutive potential common shares, which consist of the stock options granted to employees.

4 Recent changes in accounting standards

New or revised standards and interpretations issued but not yet adopted

The following revised standards and interpretation have been issued but are not yet effective for the Company:

IFRS 9, Financial Instruments

On July 24, 2014, the IASB issued the final version of IFRS 9, bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace International Accounting Standard (IAS) 39, Financial Instruments – Recognition and Measurement. The final version of IFRS 9 supersedes all previous versions of IFRS 9 and is effective for periods beginning on or after January 1, 2018; however, an entity may elect to apply earlier versions of IFRS 9 if its relevant date of initial application is before February 1, 2015.

(in thousands of Canadian dollars, except per share amounts)

IFRS 15, Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15, which establishes principles for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers.

IFRS 15 supersedes the following standards: IAS 11, Construction Contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programmes, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers, and SIC-31, Revenue – Barter Transactions Involving Advertising Services.

The core principle of IFRS 15 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.

IFRS 15 also includes a cohesive set of disclosure requirements that would result in an entity providing comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

This standard is effective for annual periods beginning on or after January 1, 2017, with earlier adoption permitted. The Company has not yet assessed the impact of the adoption of this standard on its consolidated financial statements.

Standards and amendments adopted

The following standards were adopted by the Company:

IFRS 10, Consolidated Financial Statements

In May 2011, the IASB issued IFRS 10, which replaces SIC-12, Consolidation – Special Purpose Entities, and parts of IAS 27, Consolidated and Separate Financial Statements. IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated statements of an entity. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. IFRS 10 became effective December 1, 2013. The adoption of this standard had no impact on the Company's consolidated financial statements.

IFRS 13, Fair Value Measurement

In May 2011, the IASB issued IFRS 13. IFRS 13 improves consistency and reduces complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. IFRS 13 became effective December 1, 2013. The adoption of this standard had no impact on the Company's consolidated financial statements.

(in thousands of Canadian dollars, except per share amounts)

Amendments to IAS 19, Employee Benefits

In June 2011, the IASB published an amended version of IAS 19. The amendments impact termination benefits, which would now be recognized at the earlier of when the entity recognizes costs for a restructuring within the scope of IAS 37, Provisions, Contingent Liabilities and Contingent Assets, and when the entity can no longer withdraw the offer of the termination benefits. The adoption of this standard had no impact on the Company's consolidated financial statements.

5 Revenue and deferred revenue

EMD Serono

On December 13, 2013, the Company signed the EMD Serono Termination Agreement in order to regain all of the commercialization rights to *EGRIFTA*™ in the United States. The transaction closed on May 1, 2014 and from that date the Company is solely responsible for the commercialization of *EGRIFTA*™ in the United States.

As a consequence of the EMD Serono Termination Agreement, the Company will no longer be obligated to develop a new formulation of *EGRIFTA*™ and the related remaining balance of $2,238 in the Company's deferred revenue account has been included in revenue on the closing date.

RxCrossroads

On May 12, 2014, the Company entered into a master services agreement with RxC Acquisition Company (RxCrossroads), along with two statements of work (RxCrossroads Agreements). Under the terms of the RxCrossroads Agreements, RxCrossroads acts as the Company's exclusive third party logistic service provider for all of its products in the United States and, as such, provides warehousing and logistical support services to the Company, including inventory control, account management, customer support, product return management and order fulfillment.

Under the RxCrossroads Agreements, RxCrossroads also acts as the Company's exclusive first party distributor of *EGRIFTA*™ in the United States. In such role, RxCrossroads purchases *EGRIFTA*™ from the Company and takes title thereto once an authorized wholesaler places an order with RxCrossroads. RxCrossroads then delivers *EGRIFTA*™ directly to that authorized wholesaler's client, namely, a specialty pharmacy forming part of the Company's network of specialty pharmacies.

(in thousands of Canadian dollars, except per share amounts)

Sanofi

On December 6, 2010, the Company announced the signing of a distribution and licence agreement with sanofi (Sanofi), covering the commercial rights for *EGRIFTA*™ in Latin America, Africa and the Middle East for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy.

Under the terms of the agreement, the Company will sell *EGRIFTA*™ to Sanofi at a transfer price equal to the higher of a percentage of Sanofi's net selling price and a predetermined floor price. The Company has retained all future development rights to *EGRIFTA*™ and will be responsible for conducting research and development for any additional clinical programs. Sanofi will be responsible for conducting all regulatory activities for *EGRIFTA*™ in the aforementioned territories, including applications for approval in the different countries for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. The Company also granted Sanofi an option to commercialize tesamorelin for other indications in the territories mentioned above. If such option is not exercised, or is declined, by Sanofi, the Company may commercialize tesamorelin for such indications on its own or with a third party. The initial term of the agreement extends until December 2020.

Ferrer Internacional S.A.

In April 2013, the Company announced that the distribution and licence agreement with Ferrer Internacional S.A. had been terminated by mutual agreement. Consequently, the Company re-acquired 100% of the commercialization rights for tesamorelin in Europe, Russia, South Korea, Taiwan and certain other Asian countries.

Actelion Pharmaceuticals Canada Inc.

In April 2014, the Company announced that the distribution and licence agreement with Actelion Pharmaceuticals Canada Inc. had been terminated by mutual agreement. Consequently, the Company regained all rights under the distribution and licence agreement entered into in February 2012.

6 Personnel expenses

	Note	2014 $	2013 $
Salaries and short-term employee benefits		3,019	2,843
Post-employment benefits		189	183
Termination benefits		-	285
Share-based compensation	21(a), (b) and (c)	81	99
		3,289	3,410

Share-based compensation does not include compensation paid to non-employee directors (2014 – nil; 2013 – $9).

(in thousands of Canadian dollars, except per share amounts)

7 Unallocated production costs

	Note	2014 $	2013 $
Salaries and other costs		393	331
Writedown of inventories	14	1,071	1,118
		1,464	1,449

8 Selling and market development expenses

	Note	2014 $	2013 $
Implementation fees		1,823	-
Selling and market development expenses		4,131	250
Amortization of intangible assets	16	1,009	-
		6,963	250

9 Finance income and finance costs

Recognized in net loss:

	2014 $	2013 $
Interest income	198	455
Net gain on disposal of available-for-sale financial assets	131	86
Finance income	329	541
Accretion expense (note 19)	(1,203)	-
Bank charges	(4)	(13)
Net foreign currency loss	(148)	(40)
Unrealized foreign currency loss on long-term obligation	(714)	-
Loss on financial instruments carried at fair value	(11)	(34)
Finance costs	(2,080)	(87)
Net finance (loss) income recognized in net loss	(1,751)	454

(in thousands of Canadian dollars, except per share amounts)

Recognized in other comprehensive loss:

	2014 $	2013 $
Net change in fair value of available-for-sale financial assets, net of tax	(69)	(75)
Accumulated net change in fair value of available-for-sale financial assets transferred to net loss, net of tax	(131)	(86)
Finance costs recognized in other comprehensive loss, net of tax	(200)	(161)

10 Federal investment tax credits

The Company settled a dispute with the Canada Revenue Agency in respect of an investment tax credit refund claim related to its 1994 and 1995 taxation years, resulting in a refund of $4,110 ($1,650 of investment tax credit refund and $2,520 in interest less associated fees). This refund was received on July 3, 2014.

11 Bonds

Bonds are interest-bearing available-for-sale financial assets with a carrying amount of $2,484 as at November 30, 2014 (2013 – $11,386), have stated interest rates from 3.25% to 4.85% (2013 – 3.00% to 4.85%) and have an average maturity of 1.43 years (2013 – 2.31 years).

The Company's exposure to credit risk and interest rate risk related to bonds is presented in note 26.

12 Trade and other receivables

	Note	2014 $	2013 $
Trade receivables		2,291	445
Sales tax receivable		68	40
Other receivables		-	4
		2,359	489

The Company's exposure to credit risk and currency risk related to trade and other receivables is presented in note 26.

(in thousands of Canadian dollars, except per share amounts)

13 Tax credits and grants receivable

	2014 $	2013 $
Balance – Beginning of year	-	421
Investment tax credits and grants received	(39)	(562)
Investment tax credits and grants recognized in net loss	39	141
Balance – End of year	-	-

Tax credits and grants receivable comprise research and development investment tax credits receivable from the Quebec government which relate to qualifiable research and development expenditures under the applicable tax laws. The amounts recorded as receivable are subject to a government tax audit, and the final amounts received may differ from those recorded. There are no unfulfilled conditions or contingencies associated with the government assistance received.

Unused and unrecorded federal tax credits may be used to reduce future income tax and expire as follows:

	$
2023	440
2024	1,597
2025	1,863
2026	2,180
2027	3,000
2028	3,329
2029	2,243
2030	1,111
2031	777
2032	412
2033	269
	17,221

14 Inventories

	2014 $	2013 $
Raw materials	8,909	9,523
Work in progress	854	205
Finished goods	855	1,267
	10,618	10,995

(in thousands of Canadian dollars, except per share amounts)

In 2014, the Company recorded an inventory provision of $180 on raw materials (2013 – nil), $865 on work in progress (2013 – $1,118) and $26 on finished goods (2013 – nil). The net inventory provision of $1,071 in 2014 (2013 – $1,118) was recorded in cost of sales as unallocated production costs.

The writedowns in 2014 and 2013 were due to losses incurred during conversion of raw materials to finished goods and losses associated with changing over from 2 mg vial to the 1 mg vial of *EGRIFTA*™.

15 Property and equipment

	Computer equipment $	Laboratory equipment $	Office furniture and equipment $	Leasehold improvements $	Total $
Cost					
Balance as at November 30, 2012	821	1,956	1,140	1,911	5,828
Disposals	(296)	(1,376)	(648)	(1,649)	(3,969)
Balance as at November 30, 2013	525	580	492	262	1,859
Additions	1	-	-	-	1
Disposals	(1)	(14)	(1)	(7)	(23)
Balance as at November 30, 2014	525	566	491	255	1,837
Accumulated depreciation					
Balance as at November 30, 2012	725	1,825	999	1,877	5,426
Depreciation for the year	47	24	28	22	121
Disposals	(296)	(1,376)	(648)	(1,649)	(3,969)
Balance as at November 30, 2013	476	473	379	250	1,578
Depreciation for the year	40	2	80	11	133
Disposals	(1)	(11)	(1)	(7)	(20)
Balance as at November 30, 2014	515	464	458	254	1,691
Net carrying amounts					
November 30, 2013	49	107	113	12	281
November 30, 2014	10	102	33	1	146

(in thousands of Canadian dollars, except per share amounts)

Depreciation expense for the year has been recorded in the following accounts in the consolidated statements of comprehensive loss:

	Note	2014 $	2013 $
Cost of sales		-	17
Research and development expenses		22	22
Selling and market development expenses		2	2
General and administrative expenses		109	63
Restructuring costs	25(b)	-	17
		133	121

16 Intangible assets

	Commercialization rights $
Cost	
Balance as at November 30, 2013	216
Additions	15,847
Balance as at November 30, 2014	16,063
Accumulated amortization	
Balance as at November 30, 2013	-
Amortization	1,009
Balance as at November 30, 2014	1,009
Carrying amounts	
November 30, 2013	216
November 30, 2014	15,054

Cost includes the commercialization rights to *EGRIFTA*™ in the United States regained under the terms of the EMD Serono Termination Agreement for an amount of $15,235 and related acquisition costs of $828.

The amortization expense is included in selling and market development expenses.

(in thousands of Canadian dollars, except per share amounts)

17 Accounts payable and accrued liabilities

	Note	2014 $	2013 $
Trade payables		1,824	508
Accrued liabilities and other payables		4,808	2,040
Salaries and benefits due to related parties	31	67	241
Employee salaries and benefits payable		401	491
Liability related to deferred stock unit plan	21(a)	113	91
		7,213	3,371

The Company's exposure to currency risk and liquidity risk related to accounts payable and accrued liabilities is presented in note 26.

18 Provisions

	Chargebacks and rebates $	Returns $	Total $
Balance as at November 30, 2013	-	-	-
Provisions made during the year	377	44	421
Provisions used during the year	(3)	-	(3)
Balance as at November 30, 2014	374	44	418

19 Long-term obligation

	$
Early Termination Fee	17,152
Current portion	(3,682)
Non-current portion as at November 30, 2014	13,470

Under the terms of the EMD Serono Termination Agreement, the Company agreed to pay an early termination fee of US$20,000 (Early Termination Fee) evenly over a five-year period starting on May 1, 2015. As discussed in note 32, EMD Serono subsequently agreed to a rescheduling of the May 1, 2015 payment due under the current portion of the long-term obligation.

(in thousands of Canadian dollars, except per share amounts)

The obligation is initially recognized at fair value using a risk-adjusted discount rate of 13.5% (note 28). The effective interest rate of 13.5% is calculated annually and accounted for as an accretion of the obligation value.

In order to secure the payment of the Early Termination Fee, the Company agreed to grant EMD Serono a security interest on its present and future, corporeal and incorporeal, movable property related to *EGRIFTA*™ until such time as the long-term obligation has been reimbursed in full to EMD Serono. Thereafter, the Company and EMD Serono agreed to reduce the security interest to all present and future, corporeal and incorporeal, movable property related to *EGRIFTA*™ in the United States only to secure the payment of the Royalties.

In addition, the EMD Serono Termination Agreement provides that in the event there occurs a change of control of the Company before November 1, 2015, EMD Serono has the option to accelerate the full payment of the Early Termination Fee and to seek the payment of an amount intended to equal the net present value of the maximum future Royalties. If such change of control occurs after November 1, 2015, EMD Serono has the option to accelerate the payment of the unpaid amount of the Early Termination Fee.

Long-term obligation is payable as follows:

	Capital $	Future accretion $	Total $
Less than one year	2,429	2,147	4,576
Between one and five years	13,471	4,833	18,304
	15,900	6,980	22,880

20 Other liabilities

Other liabilities consist of deferred lease inducements relating to rent-free periods amounting to $2 as at November 30, 2014 (2013 – $174) (note 23).

(in thousands of Canadian dollars, except per share amounts)

21 Share capital

Authorized in unlimited number and without par value

Common shares
Preferred shares issuable in one or more series

All issued shares were fully paid on November 30, 2014 and 2013.

Common shareholders are entitled to receive dividends as declared by the Company at its discretion and are entitled to one vote per share at the Company's annual general meeting.

No preferred shares are outstanding.

a) Deferred stock unit plan

On December 10, 2010, the Board of Directors adopted a deferred stock unit plan (the DSU Plan) for the benefit of its directors and officers (the Beneficiaries), and, in April 2013, the Board of Directors suspended the issuance of new deferred stock units (DSUs). The goal of the DSU Plan is to increase the Company's ability to attract and retain high-quality individuals to act as directors or officers and to better align their interests with those of the shareholders of the Company in the creation of long-term value. Under the terms of the DSU Plan, Beneficiaries who are directors are entitled to elect to receive all or part of their annual retainer to act as directors and chair of the board in DSUs. Beneficiaries who act as officers are entitled to elect to receive all or part of their annual bonus, if any, in DSUs. The value of a DSU is equal to the average closing price of the common shares on the Toronto Stock Exchange on the date on which a Beneficiary determines that he/she desires to receive or redeem DSUs and during the four previous trading days. For the purposes of granting DSUs, the DSU value for directors is determined on the first trading day of the beginning of a calendar quarter and the DSU value for officers is determined on the second business day after they have been notified of their annual bonus.

DSUs may only be redeemed when a Beneficiary ceases to act as a director or an officer of the Company, except with respect to DSUs held by the former President and Chief Executive Officer. Under the terms of the employment agreement of the former President and Chief Executive Officer of the Company, DSUs may only be redeemed from the business day preceding the third anniversary date of their grant dates but no later than the last day of the third calendar year following the calendar year during which the DSUs were granted. Upon redemption, the Company must provide a Beneficiary with an amount in cash equal to the DSU value on the redemption date. Beneficiaries may not sell, transfer or otherwise assign their DSU or any rights associated therewith other than by will or in accordance with legislation regarding the vesting and partition of successions.

(in thousands of Canadian dollars, except per share amounts)

DSUs are totally vested at the grant date. In the case of DSUs granted to officers for annual bonuses, a DSU liability is recorded at the grant date in place of the liability for the bonus payments. In the case of directors, the expense related to DSUs and their liabilities are recognized at the grant date. During the year ended November 30, 2014, no amount (2013 – $34) was recorded as an expense and is included in general and administrative expenses. The liability related to DSUs is adjusted periodically to reflect any change in the market value of the common shares. As at November 30, 2014, a loss of $44 (2013 – gain of $6) was recognized due to the change in the fair value of DSUs. This loss is included in gain (loss) on financial instruments carried at fair value. As at November 30, 2014, the Company had a total of 305,057 DSUs outstanding (2013 – 349,305) and a liability related to the DSUs of $113 (2013 – liability of $91).

Cash-settled forward stock contracts

To protect against fluctuations in the value of DSUs, the Company entered into two cash-settled forward stock contracts in 2011. The Company paid $837 as an advance payment on the contracts. This amount corresponds to 146,875 common shares of the Company at a weighted average price of $5.70. The contracts initially expired in December 2011. On December 2, 2011, the two cash-settled forward stock contracts were amended to expire in December 2013. They were not designated as hedging instruments for accounting purposes. The Company entered into two other cash-settled forward stock contracts in 2012. The Company paid $290 as an advance payment on the stock contracts. This amount corresponds to 118,647 common shares of the Company at a weighted average price of $2.44. Changes in fair value of these contracts are, therefore, included in gain (loss) on financial instruments carried at fair value in the period in which they occur. In connection with these forward stock contracts, the Company invested $1,127 in term deposits, as advance payments, with the same counterparty, and such term deposits will mature at the same time as the cash-settled forward stock contracts. In 2014, the Company partially disposed of the cash-settled forward stock contracts corresponding to 44,248 common shares of the Company at a weighted average price of $0.43. As at November 30, 2014, no amount (2013 – $4) is recorded in trade and other receivables. During the year ended November 30, 2014, a gain of $39 (2013 – loss of $19) related to the change in the fair value of derivative financial assets was recognized. As at November 30, 2014, the fair value of cash-settled forward stock contracts was $126 (2013 – $106) and is recorded in derivative financial assets.

b) Shareholder rights plan

On February 21, 2013, the Company's Board of Directors approved the renewal of shareholder rights plan (the Plan), and on April 15, 2013, the Company and Computershare Trust Services of Canada entered into an amended and restated shareholder rights plan agreement (the Rights Plan). The new Rights Plan was approved by the shareholders on May 24, 2013. The Plan is designed to provide adequate time for the Board and the shareholders to assess an unsolicited takeover bid for the Company. In addition, the Plan provides the Board with sufficient time to explore and develop alternatives for maximizing shareholder value if a takeover bid is made, as well as provide shareholders with an equal opportunity to participate in a takeover bid to receive full and fair value for their common shares. The Plan will expire at the close of the Company's annual meeting of shareholders in 2016.

(in thousands of Canadian dollars, except per share amounts)

The rights issued under the Plan will initially attach to and trade with the common shares, and no separate certificates will be issued unless a triggering event occurs. The rights will become exercisable only when an acquiring person, including any party related to it, acquires or attempts to acquire 20% or more of the outstanding shares without complying with the "Permitted Bid" provisions of the Plan or without approval of the Board of Directors. Subject to the terms and conditions set out in the Rights Plan, each right would, upon exercise and payment of $5.00 per right, entitle a rights holder, other than the acquiring person and related parties, to purchase a number of common shares at twice the exercise price of $5.00 per right based on the average weighted market price of the common shares for the last 20 trading days preceding the common share acquisition date (as defined in the Rights Plan).

Under the Plan, a Permitted Bid is a bid made to all holders of common shares and which is open for acceptance for no less than 60 days. If at the end of 60 days at least 50% of the outstanding common shares, other than those owned by the offeror and certain related parties, has been tendered, the offeror may take up and pay for the common shares, but must extend the bid for a further 10 days to allow other shareholders to tender.

c) Stock option plan

The Company has established a stock option plan under which it can grant its directors, officers, employees, researchers and consultants non-transferable options for the purchase of common shares. The exercise date of an option may not be later than 10 years after the grant date. A maximum number of 5,000,000 options can be granted under the plan. Generally, the options vest at the grant date or over a period of up to five years. As at November 30, 2014, 1,477,472 options could still be granted by the Company (2013 – 1,464,304).

All options are to be settled by the physical delivery of the common shares.

Changes in the number of options outstanding during the past two years were as follows:

	Number of options	Weighted average exercise price per option $
Options as at November 30, 2012	1,426,298	4.34
Granted	880,000	0.37
Expired	(15,000)	5.40
Forfeited	(415,461)	5.11
Options as at November 30, 2013	1,875,837	2.30
Granted	125,000	0.50
Forfeited	(138,168)	3.18
Options outstanding as at November 30, 2014	1,862,669	2.12
Options exercisable as at November 30, 2014	927,669	3.85

(in thousands of Canadian dollars, except per share amounts)

The following table provides stock option information as at November 30, 2014:

Price range $	Number of options outstanding	Weighted average remaining life (years)	Weighted average exercise price $
0.25 – 1.19	985,000	8.21	0.39
1.20 – 1.80	241,169	3.70	1.77
1.81 – 2.00	252,500	1.63	1.90
3.76 – 4.60	130,000	5.02	3.84
4.61 – 6.00	40,000	5.53	4.75
6.01 – 9.00	139,000	2.25	8.26
9.01 – 11.65	75,000	2.66	10.89
	1,862,669	5.78	2.12

During the year ended November 30, 2014, $81 (2013 – $74) was recorded as share-based compensation expense for the stock option plan. The fair value of options granted in 2014 and 2013 was estimated at the grant date using the Black-Scholes model and the following weighted average assumptions:

	2014	2013
Risk-free interest rate	2.58%	1.88%
Expected volatility	87.8%	81.0%
Average option life in years	7.5 years	8 years
Expected dividends	Nil	Nil
Grant-date share price	$0.50	$0.37
Option exercise price	$0.50	$0.37

The risk-free interest rate is based on the implied yield on a Canadian government zero-coupon issue with a remaining term equal to the expected term of the options. The volatility is based solely on historical volatility equal to the expected life of the options. The life of the options is estimated taking into consideration the vesting period at the grant date, the life of the options and the average length of time similar grants have remained outstanding in the past. The dividend yield was excluded from the calculation, since it is the present policy of the Company to retain all cash to finance operations and future growth.

(in thousands of Canadian dollars, except per share amounts)

The following table summarizes the measurement date weighted average fair value of stock options granted during the years ended November 30, 2014 and 2013:

	Number of options	Weighted average grant-date fair value $
2014	125,000	0.36
2013	880,000	0.24

The Black-Scholes model used by the Company to calculate option values was developed to estimate the fair value of freely tradable, fully transferable options without vesting restrictions, which significantly differs from the Company's stock option awards. This model also requires four highly subjective assumptions, including future stock price volatility and average option life, which greatly affect the calculated values.

d) Earnings per share

The calculation of basic loss per share was based on the net loss attributable to common shareholders of the Company of $10,541 (2013 – $4,055), and a weighted average number of common shares outstanding of 61,010,603 (2013 – 61,010,603), calculated as follows:

	2014	2013
Issued and weighted average number of common shares as at December 1 and November 30	61,010,603	61,010,603

The calculation of diluted loss per share was based on a weighted average number of common shares calculated as follows:

	2014	2013
Weighted average number of common shares (basic and diluted)	61,010,603	61,010,603

As at November 30, 2014, 1,862,669 options (2013 – 1,875,837) were excluded from the diluted weighted average number of common shares calculation, as their effect would have been anti-dilutive. All options outstanding at the end of 2014 could potentially dilute basic loss per share in the future.

(in thousands of Canadian dollars, except per share amounts)

22 Income taxes

	2014 $	2013 $
Deferred tax expense		
Origination and reversal of temporary differences	(2,259)	(975)
Change in unrecognized deductible temporary differences	2,259	975
Other	31	26
Total deferred tax expense	31	26

Reconciliation between effective and applicable tax amounts:

	2014 $	2013 $
Income taxes at domestic tax statutory rate	(2,827)	(1,083)
Change in unrecognized deductible temporary differences	2,259	975
Non-deductible expenses and other	599	134
	31	26

The applicable statutory tax rates were 26.9% in 2014 and 26.9% in 2013. The Company's applicable tax rate is the Canadian combined rates applicable in the jurisdictions in which the Company operates.

Deferred tax expense

A deferred tax expense of $31 (2013 – expense of $26) related to changes in fair value of available-for-sale financial assets was recognized directly in deficit and accumulated other comprehensive income.

Unrecognized deferred tax assets

As at November 30, unrecognized deferred tax assets were as follows:

	2014 $	2013 $
Long-term		
Research and development expenses	31,735	32,195
Deferred non-capital losses	36,842	34,021
Property and equipment	652	671
Intellectual property and patent fees	3,894	3,894
Available deductions and other	4,279	4,362
	77,402	75,143

Given the Company's past losses, management does not believe that it is probable that the Company can realize its deferred tax assets, and, therefore, it has not recognized any amount in the consolidated statements of financial position.

(in thousands of Canadian dollars, except per share amounts)

The Company also has unrealized capital losses in the amount of $714 on which no deferred tax asset was recognized.

As at November 30, 2014 and 2013, the amounts and expiry dates of tax attributes for which no deferred tax asset was recognized were as follows:

	2014		2013	
	Federal $	Provincial $	Federal $	Provincial $
Research and development expenses, without time limitation	107,033	131,764	108,756	133,459
Losses carried forward:				
2015	275	-	275	-
2027	7,638	7,628	7,638	7,628
2028	46,316	30,982	46,316	30,982
2029	19,484	16,467	19,484	16,467
2030	11,440	11,436	11,440	11,436
2031	23,765	21,118	23,765	21,118
2032	19,643	18,338	19,643	18,338
2033	7,769	7,681	7,865	7,758
2034	10,691	10,599	-	-
Other temporary differences, without time limitation				
Excess of tax value of property and equipment over carrying value	2,718	2,066	2,832	2,687
Excess of tax value of intellectual property and patent fees over carrying value	14,471	14,466	14,471	14,466
Available deductions and other	56,513	922	56,841	1,248

23 Operating leases

The Company rents its headquarters and main office pursuant to operating leases (the Leases) originally expiring in March 2018. During the third quarter of 2014, the Company received a notice of lease termination from its landlord. Consequently, in accordance with the terms of its amended lease agreement, the Company relocated during the first quarter of fiscal 2015, as mentioned in note 29.

During the year ended November 30, 2014, an amount of $72 (2013 – ($130)) was recognized as a credit (expense) in respect of operating leases. Of the amount, $41 (2013 – ($56)) is included in general and administrative expenses and $31 (2013 – ($74)) is included in research and development expenses.

(in thousands of Canadian dollars, except per share amounts)

24 Contingent liability

A motion to authorize the institution of a class action was originally filed in July 2010 in the Superior Court of Québec, District of Montreal, entitled 121851 Canada Inc. v. Theratechnologies Inc. et al., Number 500-06-000515-102. The complaint alleged that the Company, a director and a former executive officer violated the secondary market liability provisions of the Securities Act (Québec) by failing to disclose a material change relating to the administration of *EGRIFTA*™. The plaintiff sought damages on behalf of a class of persons who were shareholders at May 21, 2010 and who sold their common shares on May 25 or 26, 2010. On February 24, 2012, the Superior Court of Québec authorized 121851 Canada Inc. to institute a class action against the Company, a director and a former executive officer. On March 20, 2012, the Company filed a motion seeking permission to appeal this judgment with the Court of Appeal of Québec, District of Montreal, Number 500-09-022519-128, and the hearing took place on January 24, 2013. The Company's motion was dismissed by the Court on July 17, 2013. An application for leave to appeal the decision issued by the Court of Appeal was filed in November 2013 with the Supreme Court of Canada. Such application was approved by the Supreme Court of Canada, and the hearing occurred on December 1, 2014. As of the date of these consolidated financial statements, no decision has been rendered by the Supreme Court.

In addition, 121851 Canada Inc. filed another motion in the Superior Court of Québec, district of Montreal, in May 2013, to institute a class action against the Company, a director and a former executive officer. The second motion is based on the same facts and seeks the same conclusion as the first motion except that damages are sought under the Civil Code of Québec instead of the Securities Act (Québec). The parties have agreed to stay this motion until a final decision is issued under the first motion.

The Company intends to contest these class actions and considers them to be without merit. The Company has subscribed to insurance covering its estimated potential liability and the estimated potential liability of its directors and officers in the performance of all their duties for the Company.

25 Other information

a) Cash flow information

The Company entered into the following transactions which had no impact on its cash flows:

	November 30,	
	2014 **$**	**2013** **$**
Additions to intangible assets included in accounts payable and accrued liabilities and long-term obligation	15,235	216
Reimbursement of prepayment of derivative financial assets included in trade and other receivables	-	(4)

(in thousands of Canadian dollars, except per share amounts)

b) Restructuring costs

As of April 2, 2013, the Company amended its lease agreement with its landlord, which resulted in an 85% reduction in annual cash outlays for rent and shortened the remaining term of the lease from eight years to five years. The floor space occupied by the Company was reduced from 36,400 sq. ft. to 5,000 sq. ft. Consequently, management reviewed its estimates of the onerous lease provision, and a reversal in the amount of $3,133 was recorded in 2013.

	2014 $	2013 $
Restructuring costs		
Lease		
Onerous lease provision	-	(3,133)
	-	(3,133)
Depreciation of property and equipment	-	17
Employee termination benefits	-	40
Termination of COPD clinical program	-	(5)
Professional fees and other	-	(30)
	-	22
	-	(3,111)

26 Financial instruments

Overview

This note provides disclosures relating to the nature and extent of the Company's exposure to risks arising from financial instruments, including credit risk, liquidity risk, currency risk and interest rate risk, and how the Company manages those risks.

a) Credit risk

Credit risk is the risk of a loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company regularly monitors credit risk exposure and takes steps to mitigate the likelihood of this exposure resulting in losses.

(in thousands of Canadian dollars, except per share amounts)

The Company's exposure to credit risk currently relates to accounts receivable with only one customer (see note 5) and derivative financial assets which it manages by dealing only with highly rated Canadian financial institutions. Included in the consolidated statements of financial position are trade receivables of $2,291 (2013 – $445), all of which were aged under 60 days. There was no amount recorded as bad debt expense for the year ended November 30, 2014 (2013 – nil). Financial instruments other than cash and trade and other receivables that potentially subject the Company to significant credit risk consist principally of bonds. The Company invests its available cash in highly liquid fixed income instruments from governmental, paragovernmental and municipal bodies (2014 – $2,484; 2013 – $11,386). As at November 30, 2014, the Company believes it was not exposed to any significant credit risk for the carrying amount of its bonds.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. As indicated in note 27, the Company manages this risk through the management of its capital structure. It also manages liquidity risk by continuously monitoring actual and projected cash flows. The Board of Directors and/or the Audit Committee reviews and approves the Company's operating and capital budgets, as well as any material transactions out of the ordinary course of business.

The Company has adopted an investment policy in respect of the safety and preservation of its capital designed to ensure that the Company's liquidity needs are met. The instruments are selected with regard to the expected timing of expenditures and prevailing interest rates.

The following are amounts due on the contractual maturities of financial liabilities as at November 30, 2014 and 2013:

					2014
	Carrying amount $	**Total $**	**Less than 1 year $**	**From 1 to 5 years $**	**More than 5 years $**
Accounts payable and accrued liabilities	7,213	7,213	7,213	-	-
Long-term obligation	17,152	22,880	4,576	18,304	-
	24,365	30,093	11,789	18,304	-

(in thousands of Canadian dollars, except per share amounts)

	2013				
	Total $	Carrying amount $	Less than 1 year $	From 1 to 5 years $	More than 5 years $
Accounts payable and accrued liabilities	3,371	3,371	3,371	-	-
	3,371	3,371	3,371	-	-

c) Currency risk

The Company is exposed to financial risk related to the fluctuation of foreign exchange rates and the degree of volatility of those rates. Currency risk is limited to the portion of the Company's business transactions denominated in currencies other than the Canadian dollar, primarily long-term obligation, sale of goods and expenses incurred in US dollars.

From time to time, the Company enters into forward foreign exchange contracts. No forward foreign exchange contract was outstanding as at November 30, 2014 or 2013.

Exchange rate fluctuations for foreign currency transactions can cause cash flows as well as amounts recorded in the consolidated statements of comprehensive loss to vary from period to period and not necessarily correspond to those forecasted in operating budgets and projections. Additional earnings variability arises from the translation of monetary assets and liabilities denominated in currencies other than the Canadian dollar at the rates of exchange at each consolidated statement of financial position date, the impact of which is reported as foreign exchange gain or loss in the consolidated statement of comprehensive loss. The Company does not believe a sudden change in foreign exchange rates would impair or enhance its ability to pay its US dollar denominated obligations.

The following table presents the significant items in the original currencies exposed to currency risk as at November 30, 2014 and 2013:

	2014
	US$
Cash	557
Trade and other receivables	1,997
Accounts payable and accrued liabilities	(4,159)
Provisions	(372)
Long-term obligation	(14,993)
Total exposure	(16,970)

(in thousands of Canadian dollars, except per share amounts)

	2013
	US$
Cash	858
Trade and other receivables	408
Accounts payable and accrued liabilities	(1,356)
Total exposure	(90)

The following exchange rates are those applicable as at November 30, 2014 and 2013 to:

	2014		2013	
	Average rate	Reporting date rate	Average rate	Reporting date rate
US$–CA$	1.0971	1.1440	1.0239	1.0620

Based on the Company's foreign currency exposures noted above, varying the above foreign exchange rates to reflect a 5% strengthening of the Canadian dollar would have a positive or (negative) impact on net loss as follows, assuming that all other variables remained constant:

	November 30, 2014	November 30, 2013
	US$	US$
Positive impact	849	5

An assumed 5% weakening of the Canadian dollar would have had an equal but opposite effect on the above currencies to the amounts shown above, assuming that all other variables remain constant.

d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Short-term bonds held by the Company are invested at fixed interest rates and/or mature in the short term. Long-term bonds are also instruments that bear interest at fixed rates. The risk that the Company will realize a loss as a result of a decline in the fair value of its bonds is limited because these investments, although they are classified as available for sale, are generally held until close to maturity. The unrealized gains or losses on bonds are recorded in accumulated other comprehensive income.

Based on the value of the Company's short- and long-term bonds as at November 30, 2014, an assumed 0.5% decrease in market interest rates would have increased the fair value of these bonds and the accumulated other comprehensive income by approximately $20 (2013 – $125); an assumed increase in the interest rate of 0.5% would have an equal but opposite effect, assuming that all other variables remained constant.

(in thousands of Canadian dollars, except per share amounts)

Cash bears interest at a variable rate. Trade and other receivables, accounts payable and accrued liabilities and provisions bear no interest.

Based on the average value of variable interest-bearing cash during the year ended November 30, 2014 of $966 (2013 – $540), an assumed 0.5% increase in interest rates during such period would have increased future cash flows and decreased net loss by approximately $5 (2013 – $3); an assumed decrease of 0.5% would have had an equal but opposite effect.

27 Capital management

The Company's objective in managing its capital is to ensure a liquidity position sufficient to finance its business activities.

To fund its activities, the Company relied primarily on public offerings of common shares in Canada and private placements of its common shares as well as up-front payments and milestone payments primarily associated with EMD Serono. With the market launch of *EGRIFTA*™ in 2011, the Company received additional revenues in the form of product sales and royalties. With the EMD Serono Termination Agreement having taken effect on May 1, 2014, the Company now benefits from revenue by selling directly to its exclusive distributor in the United States, RxCrossroads.

The capital management objectives remain the same as for the previous year.

As at November 30, 2014, cash and bonds amounted to $3,178 (2013 – $12,353). The Company believes that its cash position and future operating cash flows will be sufficient to finance its operations and capital needs for the next year.

Currently, the Company's general policy on dividends is to retain cash to keep funds available to finance its growth.

The Company is not subject to any externally imposed capital requirements.

28 Determination of fair values

Certain of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(in thousands of Canadian dollars, except per share amounts)

Financial assets and liabilities measured at fair value

In establishing fair value, the Company uses a fair value hierarchy based on levels as defined below:

Level 1: Defined as observable inputs such as quoted prices in active markets.

Level 2: Defined as inputs other than quoted prices in active markets that are either directly or indirectly observable.

Level 3: Defined as inputs that are based on little or no observable market data, therefore requiring entities to develop their own assumptions.

Other financial assets and liabilities

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

Bonds and derivative financial assets and liabilities are stated at estimated fair value, determined by inputs that are primarily based on broker quotes at the reporting date (Level 2).

Long-term obligation

The obligation is initially recognized at fair value and is considered Level 3 in the fair value hierarchy for financial instruments. The valuation model considered the present value of expected payments discounted using a risk-adjusted discount rate. The significant unobservable input used is the risk-adjusted discount rate of 13.5%.

Share-based payment transactions

The fair value of the employee stock options is measured based on the Black-Scholes valuation model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions, if any, are not taken into account in determining fair value.

(in thousands of Canadian dollars, except per share amounts)

29 Commitments

a) Royalties

Under the terms of the EMD Serono Termination Agreement, the Company agreed to pay EMD Serono an increasing royalty (the Royalties) based on annual net sales. The Royalties starting in January 1, 2016 will be paid until a cumulative aggregate amount is reached or until January 1, 2024, the first of these events to occur.

b) Leases

The Company received a notice of lease termination from its landlord during the Company's third quarter. Consequently, the Company signed a new lease agreement in September 2014 for its new headquarters which is effective from January 1, 2015 to December 31, 2015. The Company also signed a second lease agreement for the period after 2015 for the rental of the same space. The committed amounts below thus include the payments for both new leases and do not include the payments from the terminated lease.

As at November 30, 2014 and 2013, the minimum payments required under the terms of the non-cancellable leases are as follows:

	2014 **$**	**2013** **$**
Less than one year	170	90
One to five years	917	324
More than five years	140	-
	1,227	414

c) Long-term procurement agreements

The Company has long-term procurement agreements with third party suppliers in connection with the commercialization of *EGRIFTA*™. As at November 30, 2014, the Company had outstanding purchase orders and minimum payments required under these agreements amounting to $3,782 (2013 – $3,128) for the manufacture of *EGRIFTA*™ and for various services.

d) Credit facilities

In the second quarter of 2014, the Company terminated its $1,800 revolving credit facility.

(in thousands of Canadian dollars, except per share amounts)

e) Post-approval commitments

In connection with its approval of *EGRIFTA*™, the Food and Drug Administration (FDA) has required the following three post-approval commitments:

- to develop a single vial formulation of *EGRIFTA*™ (development of a new presentation of the same formulation);
- to conduct a long-term observational safety study using *EGRIFTA*™; and
- to conduct a Phase 4 clinical trial using *EGRIFTA*™.

The Company has developed a new presentation of *EGRIFTA*™ which complies with the first of the FDA's post-approval commitments, and it was launched by EMD Serono in October 2012. Technical issues and other disruptive events at its third party manufacturer caused the Company to suspend manufacturing of *EGRIFTA*™ in its 2 mg/vial presentation on February 14, 2014. The Company remains committed to reverting to a 2 mg/vial presentation and has made a proposal in this regard to the FDA and is awaiting feedback as of the date of these consolidated financial statements.

The long-term observational safety study is to evaluate the safety of long-term administration of *EGRIFTA*™, and is currently recruiting patients. The Company is responsible for all the costs of this study. The total costs of the study are estimated to average US$2,600 per year over a 15-year period. From the beginning of the study until November 30, 2014, $2,997 has been spent on this study.

The Phase 4 clinical trial is to assess whether *EGRIFTA*™ increases the incidence or progression of diabetic retinopathy in diabetic HIV-infected patients with lipodystrophy and excess abdominal fat. The trial is currently recruiting patients. The trial is estimated to cost approximately US$20,000. Expenditures to date amount to $7,192.

30 Operating segments

The Company has a single operating segment. As described in note 5, all of the Company's revenues are generated from one customer, EMD Serono from December 1, 2014 to May 1, 2014 and RxCrossroads from May 12, 2014 to November 30, 2014, which are both domiciled in the United States.

All of the Company's non-current assets are located in Canada, as is the Company's head office.

(in thousands of Canadian dollars, except per share amounts)

31 Related parties

The key management personnel of the Company are the directors, including the President and Chief Executive Officer.

Key management personnel compensation comprises:

	2014 $	2013 $
Short-term employee benefits	1,039	879
Post-employment benefits	41	39
Share-based compensation	16	60
	1,096	978

On November 30, 2014, the Company's directors controlled 1.15% of the voting shares of the Company.

32 Subsequent events

Long-term obligation

Under the terms of EMD Serono Termination Agreement, the Company agreed to pay the Early Termination Fee of US$20,000 over a five-year period starting on May 1, 2015. In light of the delay in the commercialization of *EGRIFTA*™ caused by the supply problems incurred in 2014, the Company restructured the amount and payment terms of the initial long-term obligation payment, which was due on May 1, 2015. Under the new terms, the payment will total US$4,168 (previously US$4,000) and will be paid in three unequal installments as follows: US$500 on May 1, 2015; US$1,550 on August 31, 2015; and US$2,117 on November 30, 2015, bringing the Early Termination Fee to US$20,168.

Deferred stock unit plan

In December 2014, the two cash-settled forward stock contracts (note 21(a)) were amended to expire in December 2015.