

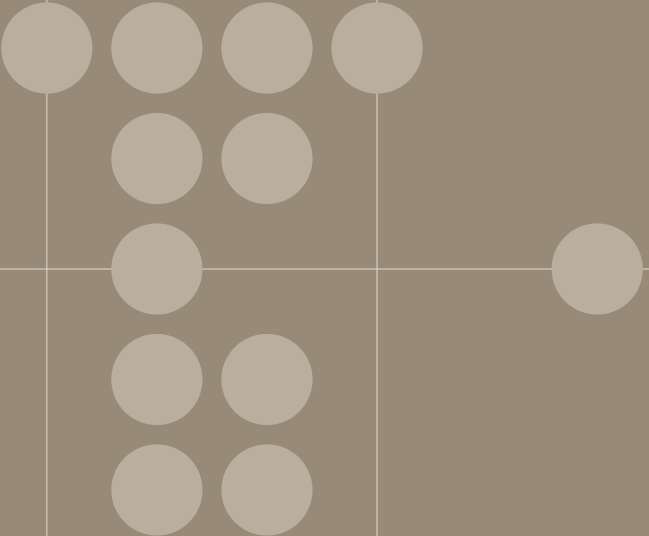
2002

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Quarterly Report



• Thera
technologies





Message to Shareholders and Financial Results

One of the high points of this quarter was undoubtedly the signing of a major licensing agreement with Sakai Chemical Industry Ltd. for the development and commercialization of the ThGRF peptide in Japan. This first significant agreement for our peptide involves primarily muscle degeneration observed in hip fractures, and could extend to all other indications in our current clinical program, namely chronic obstructive pulmonary disease, sleep disorders, immune dysfunctions as well as other indications that could be added in the future. Upfront and milestone payments related to this agreement could reach \$57 million, if each of the four principal indications is developed. This agreement, which highlights the significant value of ThGRF, is consistent with our global development strategy that aims to prepare the commercial success of our products through partnerships with world-class leaders.

During this quarter, Theratechnologies announced important changes at senior management level. Dr. André de Villers, Vice Chairman of the Board of Directors of Theratechnologies, will relinquish his post as Chief Executive Officer to Mr. Luc Tanguay, who had been appointed President in July 2001. This change will become effective at Theratechnologies' Annual Meeting on May 9.

In addition, in February, Dr. Thierry Abrisat, who was Vice President, Peptides, was appointed Chief Scientific Officer of the Company. Dr. Abrisat is well recognized in the field of therapeutic peptides and has already made a significant contribution to Theratechnologies' peptide program. Ms. Marie-Noël Colussi, Controller of the Company, became Vice President, Finance. Her experience and know-how in accounting, auditing and finance represent an important asset for the Company.

Theratechnologies also announced, during this quarter, an equity financing totalling \$30 million, placing the Company in an excellent financial position to continue to develop its clinical development program at a strong pace. This issue is in line with the Company's commitment to maintain liquidities for 2.5 to 4 years.

Celmed BioSciences

Our subsidiary, Celmed BioSciences, accelerated its clinical development program during the quarter and launched a strategy aimed at maximizing the potential of its cell therapy platforms. An important breakthrough, which could have numerous applications in the field of bone marrow transplants, highlighted the first quarter. The results of preclinical research conducted by Dr. Nelson Chao at Duke University in North Carolina on Graft-versus-Host Disease (GvHD) were presented in December at the American Society of Hematology Annual Meeting. This animal study showed that allogenic (from a donor) bone marrow transplants treated with TH 9402, the photodynamic treatment developed by Celmed, specifically eliminate cells associated with GvHD, which appears in more than 50% of patients receiving an allogenic transplant and is linked to a 20 to 40% mortality rate.



Consolidated financial results

Revenues for the first quarter ended February 28, 2002 reached \$4,548,000, compared to \$1,236,000 for the same period in 2001, an increase of 268%. This increase results primarily from upfront payments of \$3,255,000 (US \$2,000,000) in relation to the license granted to Sakai for the development and commercialization of the ThGRF peptide in Japan. This increase also results from interest revenues which are 59.7% higher than those of 2001 because of the Company's increased cash position.

For the first quarter ended February 28, 2002, Theratechnologies invested \$6,590,000 in research and development expenditures, before tax credits and grants compared to \$2,099,000 for the same period in 2001. This increase results, on one hand, from the overall acceleration of the Company's activities, including notably five Phase II clinical trials for ThGRF which will yield results this year and, on the other hand, from Celmed's increased activities.

General and administrative expenses, selling and market development expenses, cost of sales, patents and amortization of other assets reached \$1,885,000 for the first quarter, compared to \$1,778,000 for the same period in 2001. As human resources required to support the Company's growth were already established in 2001, these expenses remained essentially the same, and this, despite the infrastructures laid out by Celmed.

As a result of the exercise of warrants by its holder, the Company delivered 2,333,725 common shares of Ecopia and realized a gain of \$1,590,000.

Foreign income taxes of \$326,000 retained by Japan are related to the upfront payments for the license agreement with Sakai.

Consequently, despite a substantial increase in research and development expenses, the Company recorded for the first quarter of 2002 a loss inferior to that of the same period in 2001. The Company recorded, for the first quarter of 2002, a consolidated loss of \$1,631,000 or \$0.05 per share, compared to a loss of \$2,359,000 or \$0.09 per share for the first quarter of 2001.

On a consolidated basis, the Company presents a strong financial position. Indeed, at February 28, 2002, cash and cash equivalents as well as bonds amounted to \$124,710,000, and tax credits and grants receivable \$2,215,000, for a total amount of \$126,925,000, compared to \$104,721,000 at November 30, 2001.

The increase in accounts receivable is due to an upfront payment which will be collected subsequently in relation to the license agreement with Sakai.



Message to Shareholders and Financial Results

(continued)

During the first quarter of 2002, the Company issued 2,978,000 shares for a cash consideration of \$30,242,000 primarily pursuant to the public offering of December 2001.

After the first quarter, that is in March 2002, all outstanding warrants recorded in the consolidated balance sheet for the purchase of 7,416,275 common shares of Ecopia were exercised by and delivered to their holder.

At April 18, 2002, the number of shares issued and outstanding reached 30,730,937 common shares, while outstanding options granted under the share option plan reached 2,170,000. In addition, 4,880,000 warrants were also outstanding.

(Signed)

André de Villers, MD
Chief Executive Officer and
Vice Chairman of the Board

(Signed)

Luc Tanguay, M.Sc., CFA
President
Chief Operating and Financial Officer

April 2002



Consolidated Balance Sheet

(in thousands of dollars) (Unaudited)		
	February 28 2002	November 30 2001
Assets		
Current assets:		
Cash and cash equivalents	\$ 20,935	\$ 2,441
Bonds	38,526	49,161
Accounts receivable	2,201	713
Tax credits and grants receivable	2,215	1,451
Inventories and research supplies	1,549	1,149
Prepaid expenses	640	671
	66,066	55,586
Bonds	65,249	51,668
Investments in companies (note 3)	13,947	16,782
Property, plant and equipment (note 4)	3,933	2,733
Other assets	15,190	15,388
	\$ 164,385	\$ 142,157
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 8,156	\$ 7,827
Deferred gains	3,670	3,724
Future income taxes	1,428	1,460
Warrants	13,349	17,550
Non-controlling interest	22,912	23,489
Shareholders' equity:		
Capital stock (note 5)	138,860	108,618
Deficit	(23,990)	(20,511)
	114,870	88,107
Commitment (note 6)		
Subsequent event (note 7)		
	\$ 164,385	\$ 142,157

See accompanying notes to consolidated financial statements.



Consolidated Statement of Earnings

Three-month periods ended February 28 (in thousands of dollars, except per share amounts) (Unaudited)		
	2002	2001
Revenues:		
Sales and research	\$ —	\$ 334
Royalties, technologies and other	3,318	132
Interest	1,230	770
	4,548	1,236
Costs and expenses:		
Research and development	6,590	2,099
Tax credits and grants	(647)	(469)
	5,943	1,630
General and administrative	1,350	1,163
Selling and market development	255	258
Cost of sales	—	205
Patents and amortization of other assets	280	152
	7,828	3,408
Proportionate share in loss of a company under significant influence	(224)	(187)
Loss before gain on investment in a company	(3,504)	(2,359)
Gain on investment in a company	1,590	—
Loss before undernoted items	(1,914)	(2,359)
Foreign income tax	326	—
Future income taxes	(32)	—
Non-controlling interest	577	—
Net loss	\$ (1,631)	\$ (2,359)
Loss per share	\$ (0.05)	\$ (0.09)
Weighted average number of common shares outstanding	30,231,870	27,466,364

Consolidated Statement of Deficit

Three-month periods ended February 28 (in thousands of dollars) (Unaudited)		
	2002	2001
Deficit, beginning of period	\$ (20,511)	\$ (47,207)
Net loss	(1,631)	(2,359)
Share issue costs	(1,848)	—
Deficit, end of period	\$ (23,990)	\$ (49,566)

See accompanying notes to consolidated financial statements.



Consolidated Statement of Cash Flows

Three-month periods ended February 28 (in thousands of dollars) (Unaudited)		
	2002	2001
Cash flows from operating activities:		
Net loss	\$ (1,631)	\$ (2,359)
Adjustments for:		
Depreciation of property, plant and equipment	187	88
Amortization of other assets	244	143
Amortization of deferred gains	(54)	(48)
Proportionate share in loss of a company under significant influence	224	187
Non-controlling interest	(577)	—
Future income taxes	(32)	—
Unrealized exchange gain	(42)	—
Gain on investment in a company	(1,590)	—
	(3,271)	(1,989)
Change in operating assets and liabilities:		
Interest receivable on bonds	(1,268)	(379)
Accounts receivable	(1,488)	(220)
Tax credits and grants receivable	(764)	169
Inventories and research supplies	(400)	(120)
Prepaid expenses	31	14
Accounts payable and accrued liabilities	54	(854)
	(3,835)	(1,390)
	(7,106)	(3,379)
Cash flows from financing activities:		
Share issue	30,242	228
Share issue costs	(1,848)	—
	28,394	228
Cash flows from investing activities:		
Addition to property, plant and equipment	(1,011)	(525)
Addition to other assets	(147)	(54)
Acquisition of bonds	(15,055)	(9,612)
Disposal of bonds	13,419	13,791
	(2,794)	3,600
Net change in cash and cash equivalents	18,494	449
Cash and cash equivalents, beginning of period	2,441	1,355
Cash and cash equivalents, end of period	\$ 20,935	\$ 1,804

See accompanying notes to consolidated financial statements.



Notes to Consolidated Financial Statements

Three-month periods ended February 28
(in thousands of dollars) (Unaudited)

1. Basis of presentation

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

2. Marketing agreement

The Company recognizes revenues from licensing agreements, royalties, and milestone payments once all conditions pertaining to the related agreements are met. During the period ended February 28, 2002, the Company signed a licensing agreement with a Japanese company for the development and commercialisation of the ThGRF peptide in a variety of therapeutic applications. In addition to upfront payments of \$3,255 (\$2,000 US) recognized as revenues, the Company will collect additional payments relating to the achievement of milestones by the Japanese company as well as royalties based on product sales from this company.

3. Investments in companies

	February 28, 2002
Ecopia BioSciences Inc. (market value: \$13,171)	\$ 11,860
Andromed Inc. (market value: \$11,993)	2,087
	\$ 13,947

As a result of the exercise of warrants by its holder, the Company delivered 2,333,725 common shares of Ecopia BioSciences Inc. and realized a gain of \$1,590.

4. Property, plant and equipment

	February 28, 2002		
	Cost	Accumulated depreciation and amortization	Net book value
Machinery and equipment	\$ 3,885	\$ 936	\$ 2,949
Leasehold improvements	1,060	76	984
	\$ 4,945	\$ 1,012	\$ 3,933



Notes to Consolidated Financial Statements (continued)

Three-month periods ended February 28
(in thousands of dollars) (Unaudited)

5. Capital stock

February 28, 2002

Authorized in unlimited number and without par value:

Common shares
Preferred shares issuable in one or more series

Issued:

30,710,937 common shares	
(27,732,937 at November 30, 2001)	\$ 138,860

The Company issued 2,978,000 shares for a cash consideration of \$30,242 primarily pursuant to the public offering of December 2001.

6. Commitment

During the period ended February 28, 2002, the Company signed an agreement totalling approximately \$1,600 regarding the reorganization of its premises due to its increased activity.

7. Subsequent event

In March 2002, all outstanding warrants for the purchase of 7,416,275 common shares of Ecopia have been exercised by and delivered to their holder.

8. Segmented information

As indicated in the consolidated financial results for the year ended November 30, 2001, the segments related to medical devices (Andromed) and bacterial genomics (Ecopia) were combined under "other segments". At February 28, 2001 and for the quarter ended at that date, Andromed's total assets reached \$1,091 while revenues from external customers and the net loss totalled \$340 and \$67, respectively. As regards bacterial genomics, the activities for this segment are represented by the investment in Ecopia of \$16,782 and the proportionate share in loss of a company under significant influence of \$187.

February 28, 2002

	Therapeutic peptides	Cell therapy	Other segments	Intersegment adjustments and eliminations	Total
Revenue from external customers	\$ 3,270	\$ —	\$ 48	\$ —	\$ 3,318
Intersegment revenues	462	—	—	(462)	—
Net loss	(2,119)	(1,502)	(176)	2,166	(1,631)
Total assets	87,212	64,112	13,941	(880)	164,385



Notes to Consolidated Financial Statements

(continued)

Three-month periods ended February 28

(in thousands of dollars) (Unaudited)

9. Supplemental cash flow information

The consolidated statement of cash flows represents the payments related to each of the operations, financing and investment activities. During the period ended February 28, 2002, acquisition of capital assets amounting to \$764 were financed by accounts payable and accrued liabilities. In addition, acquisition of capital assets of \$388 as well as other assets of \$101, which were included in accounts payable and accrued liabilities as at November 30, 2001, were paid during the period.

Listing:

Toronto Stock Exchange
(TSE 300 Composite Index)

Symbol:

TH

Number of shares outstanding:

30,730,937 on April 18, 2002

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Printed in Canada