

**For immediate release**

## **Theratechnologies: First Quarter 2006 Financial Results and Recent Highlights**

- Patient enrollment completed for first TH9507 Phase 3 trial
- \$20.5 million financing
- Strategic Initiatives to maximize shareholder value
- New independent study using TH9507
- Appointment to the Board of Directors

**Montréal, March 29, 2006** – Theratechnologies (TSX: TH) announced today its financial results for the first quarter ended February 28, 2006 and reviewed recent highlights.

“We achieved a key objective in March 2006, and right on schedule, when we completed the patient enrollment for our first Phase 3 trial using TH9507 to treat HIV-associated lipodystrophy,” said Yves Rosconi, the Company’s President and Chief Executive Officer. “The rapid enrollment for this study reflects the interest for our product in the medical community and among lipodystrophy patients. That’s very encouraging for us. The Phase 3 program, in which we are investing more than \$17 million in 2006, is the cornerstone of our strategy to build value for our shareholders,” he added. “In this regard, 2006 will be pivotal because we expect to announce the results before the end of the year.”

“On the financial side, we have just completed a \$20.5 million financing. The additional funds make it possible for us to plan for steady progress through the second Phase 3 trial with TH9507, the last trial before commercialization, and above all to maintain the pace of our development program,” Mr. Rosconi concluded.

Theratechnologies’ Annual Meeting of Shareholders will be held on Thursday, March 30, at 10:00 a.m., in the Salon Mont-Royal II of the Centre Mont-Royal, 2200 Mansfield Street (at Sherbrooke), Montréal.

### **Recent highlights:**

#### **Patient enrollment completed for TH9507 Phase 3 trial**

On March 23, 2006, the Company announced the end of patient enrollment in the first Phase 3 study with TH9507 in HIV-associated lipodystrophy. The enrollment for this study was completed in just nine months. The study results should be available before the year-end. Assuming the results are positive, the Company expects to launch the second Phase 3 lipodystrophy trial in early 2007.

#### **Forward-looking statements**

*This press release contains forward-looking statements reflecting the Company’s current expectations regarding the TH9507 Phase 3 clinical program including, among others, the nature of the results and their timing, and regarding future development projects. By their very nature, these statements involve uncertainties and inherent risks, both general and specific, which give rise to the possibility that predictions will not materialize. We therefore caution investors against placing undue reliance on these statements. We refer you to pages 16 and 17 of the 2005 annual report, which contain a more exhaustive analysis of the risks and uncertainties connected to the business of the Company. We have no obligation what so ever to update forward-looking statements and we do not undertake to do so.*

## **Financing**

On March 21, 2006, the Company completed a \$20,475,000 financing, made up of 10,500,000 common shares of Theratechnologies at a price of \$1.95 per share. The Company has also granted the underwriters an option to acquire up to 1,575,000 additional common shares at the offering price for purposes of covering over-allotments, exercisable at any time up to 30 days after the date of closing.

## **Strategic Initiatives to maximize shareholder value**

In December 2005, the Company adopted value-creation criteria for future development projects. The rapid development of TH9507 was designated top priority. THG213.29 in acute renal failure, TH9507 in wasting associated with cystic fibrosis, and TH9507 in adult growth hormone deficiency are projects that meet the value-creation criteria. These projects are being further analyzed in 2006 as potential candidates for a clinical development program in 2007.

## **New independent study using Th9507**

On March 28, 2006, the Company announced that the University of Washington at Seattle, supported by a US\$2.6 million grant for the National Institutes of Health (NIH), is conducting a clinical trial investigating the effects of Theratechnologies' TH9507 on cognitive function in healthy older adults and older adults with mild cognitive impairment (MCI). According to a recently published scientific article in *Neurobiology of Aging*, daily treatments using another analogue of the growth hormone releasing factor in this population resulted in significantly improved cognitive function when compared to placebo. The data also suggest that such treatment might partially ameliorate cognitive declines in individuals with impaired cognitive function, i.e. mild cognitive impairment and Alzheimer's disease. Through this study, TH9507 will become better characterized in a new therapeutic area.

## **Appointment to the Board of Directors**

In February 2006, Theratechnologies welcomed Mr. Gérald A. Lacoste to its Board of Directors. Mr. Lacoste is a lawyer with extensive experience in the fields of securities regulation, financing and corporate governance. He was previously President of the Quebec Securities Commission (now known as the Autorité des marchés financiers) and was also President and CEO of the Montreal Stock Exchange. Mr. Lacoste fills a seat left vacant by the death of Mr. André Delambre, a member of the Board dating back to 1999.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FIRST QUARTER**

### **Revenues**

Consolidated revenues for the three-month period ended February 28, 2006 amounted to \$475,000, compared to \$15,102,000 in 2005. The exceptionally high revenues in 2005 included an amount of \$14,640,000 received for terminating three co-development projects with ALZA Corporation.

### **R&D activities**

Consolidated research and development (R&D) expenditures, before tax credits and grants, were \$4,285,000 for the first quarter of 2006, compared to \$3,220,000 in 2005. The increase in R&D expenditures in 2006 is essentially due to activities related to the TH9507 Phase 3 clinical program. For 2006, the rapid development of TH9507 is the Company's top priority.

### **Other expenses**

For the first quarter, general and administrative expenses, selling and market development expenses, patents and amortization of other assets (SG&A) were \$1,813,000, compared to \$1,696,000 for the same period in 2005. SG&A amounted to 29.7% of costs and expenses, compared to 34.5% for the same period in 2005. The Company expects that these expenses will be lower in the next quarter.

### **Net results**

Consequently, the Company recorded an operating loss, for the three-month period ended February 28, 2006, of \$5,447,000 (before proportionate share in loss of companies under significant influence), compared to an operating profit of \$10,418,000 for the same period in 2005. The net loss for the first quarter of 2006 was \$5,447,000, compared to a net profit of \$9,271,000 in 2005.

### Quarterly financial information

The selected financial information provided below is derived from the Company's unaudited quarterly financial statements for each of the last eight quarters. This information includes Celmed's results until July 2, 2004.

	2006		2005		2004			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenues	\$ 475	\$ 319	\$ 409	\$ 631	\$ 15,102	\$ 503	\$ 585	\$ 782
Operating earnings (loss) <sup>(1)</sup>	\$ (5,447)	\$ (5,580)	\$ (5,065)	\$ (4,784)	\$ 10,418	\$ (4,655)	\$ (4,289)	\$ (6,832)
Earnings (loss) from continuing operations <sup>(2)</sup>	\$ (5,447)	\$ (5,651)	\$ (5,218)	\$ (12,745)	\$ 9,271	\$ (10,873)	\$ (4,137)	\$ (6,139)
Net earnings (loss)	\$ (5,447)	\$ (5,651)	\$ (5,218)	\$ (12,745)	\$ 9,271	\$ (10,873)	\$ (4,150)	\$ (5,910)
Basic and diluted earnings (loss) per share :								
Continuing activities <sup>(2)</sup>	\$ (0.15)	\$ (0.16)	\$ (0.15)	\$ (0.36)	\$ 0.26	\$ (0.31)	\$ (0.12)	\$ (0.17)
Net earnings (loss)	\$ (0.15)	\$ (0.16)	\$ (0.15)	\$ (0.36)	\$ 0.26	\$ (0.31)	\$ (0.12)	\$ (0.17)

(1) Before restructuring costs, proportionate share in loss of companies under significant influence, gains on investments in companies and gains on dilution, discontinued operations and non-controlling interest

(2) Net of non-controlling interest

### Financial position

Theratechnologies continues to be in a sound cash position. At February 28, 2006, liquidities, namely cash and bonds, amounted to \$32,889,000 and tax credits receivable amounted to \$1,154,000, for a total of \$34,043,000.

For the three-month period ended February 28, 2006, the burn rate from operating activities, excluding changes in operating assets and liabilities, was \$4,733,000, compared to cash generated from operating activities of \$10,708,000 in 2005, reflecting the payment received from ALZA Corporation.

### Subsequent event

On March 21, 2006, the Company completed a public offering of 10,500,000 common shares for gross proceeds of \$20,475,000. The offering expenses are estimated to be \$1,376,000. On a *pro forma* basis the Company's liquidity position would have been \$53,142,000 on February 28, 2006, if the public offering had been completed on that date. The Company has also granted the underwriters an option to acquire up to 1,575,000 additional common shares at the offering price of \$1.95 per share, for purposes of covering over-allotments, exercisable at any time up to 30 days after the date of closing.

### Outstanding share data

On March 28, 2006, the number of shares issued and outstanding was 46,052,985, while outstanding options granted under the stock option plan were 2,811,500. In addition, 1,080,000 warrants were outstanding.

### Contractual obligations

During the quarter, there were no material changes in contractual obligations, other than in the ordinary course of business.

### Economic and industry factors

Economic and industry factors were substantially unchanged from those reported in the Company's 2005 annual report.

### About Theratechnologies

Theratechnologies (TSX: TH) is a Canadian biopharmaceutical company that discovers or acquires novel therapeutic products for development and commercialization. These products target unmet medical needs in commercially attractive specialty markets. The most advanced program is in Phase 3 clinical development in HIV-associated lipodystrophy, a serious metabolic complication. The Company also has other promising projects at various stages of development.

**Additional information about Theratechnologies**

Further information about Theratechnologies is available on the Company's website at [www.theratech.com](http://www.theratech.com). Additional information, including the Company's Annual Information Form, is available on SEDAR at [www.sedar.com](http://www.sedar.com).

**To obtain additional information, contact:**

Luc Tanguay  
Senior Executive Vice President and  
Chief Financial Officer  
Phone: 514-336-4804, ext. 204  
[ltanguay@theratech.com](mailto:ltanguay@theratech.com)

Tobie Trudel  
Director, Investor Relations and  
Communications  
(514) 336-4804, poste 229  
[ttrudel@theratech.com](mailto:ttrudel@theratech.com)

Marie-Noël Colussi  
Vice President, Finance  
Phone: 514-336-4804, ext. 237  
[mncolussi@theratech.com](mailto:mncolussi@theratech.com)