

FOR IMMEDIATE RELEASE

Theratechnologies: Financial results for third quarter of 2006 and recent operating highlights

- Results of 1st Phase 3 study expected towards end of 2006
- Significant progress in clinical program for TH9507:
 - Special protocol assessment from FDA
 - Data and Safety Monitoring Board review
 - Preparations for 2nd Phase 3 on track
- Sound liquidity position

Montréal, October 12, 2006 – Theratechnologies (TSX:TH) announced today its financial results for the third quarter ended August 31, 2006 and reviewed recent highlights.

“The announcement of our Phase 3 results for TH9507 which are expected towards the end of 2006 will be a major milestone for Theratechnologies,” said Mr. Yves Rosconi, President and Chief Executive Officer. “During the quarter, we made significant progress in our Phase 3 clinical program, notably with the special protocol assessment received from the Food and Drug Administration (FDA). In addition, we worked diligently in order to lay the groundwork for the second Phase 3 which is slated to begin in early 2007. These efforts and our sound financial position should enable us to achieve our objectives for the year,” he added.

Recent highlights:

Results of 1st Phase 3 study expected towards end of 2006

The first 26 weeks of the Phase 3 pivotal trial on TH9507 will soon be completed and top line results are expected around the end of 2006. Overall, 412 patients were enrolled in the study which is being conducted in the United States and Canada. To date, 269 patients have completed 26 weeks of treatment.

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 timeline for the first study and the nature of its results, as well as their effects on the execution of the second study. 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.

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Significant progress in clinical program for TH9507:

Special protocol assessment (SPA)

In August, the Company received a Special Protocol Assessment (SPA) from the U. S. Food and Drug Administration (FDA) in relation to the design of its second pivotal Phase 3 trial evaluating TH9507 and its conformity with US regulatory requirements. The Company was also able to reconfirm the study's primary end point as an 8% reduction in visceral adipose tissue (VAT) and obtained the FDA's approval of the statistical analysis approach that will be used to measure the change in VAT.

Data and Safety Monitoring Board review

In July, an independent Data and Safety Monitoring Board (DSMB) recommended that the Company's ongoing Phase 3 study on TH9507 be continued as currently being conducted, based on a review of the clinical data on 181 patients who had completed 13 weeks of treatment. The DSMB is comprised of independent medical experts and is responsible for monitoring the safety aspects of the Phase 3 clinical study.

Preparations for 2nd Phase 3 on track

The second Phase 3 study will begin once the first Phase 3 is completed. The second study will be carried out with approximately 400 patients in North America and Europe. The purpose of the second study is to confirm the results of the first study and is designed much the same way.

Sound liquidity position

Theratechnologies has maintained a sound liquidity position with \$ 43 million at the end of the third quarter.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THIRD QUARTER

Revenues

Consolidated revenues for the three-month period ended August 31, 2006 amounted to \$412,000, compared to \$409,000 in 2005. Consolidated revenues for the nine-month period ended August 31, 2006, were \$1,282,000, compared to \$16,142,000 for the same period in 2005. Revenues for the quarter and for the first nine months of the current year are mainly composed of interest from investments. The exceptionally high revenues in 2005 included an amount of \$14,640,000 received during the first quarter for terminating three co-development projects with ALZA Corporation.

R&D activities

Consolidated research and development (R&D) expenditures, before tax credits, totalled \$6,440,000 for the third quarter of 2006, compared to \$3,855,000 in 2005. For the nine-month period ended August 31, 2006, R&D expenses were \$16,086,000, compared to \$10,321,000 for the same period in 2005. The increase in R&D spending in 2006 is related to the advancement of the first pivotal Phase 3 study for TH9507.

Other expenses

For the third quarter of 2006, general and administrative expenses, selling and market development expenses, patents and amortization of other assets (SG&A) were \$1,459,000, compared to \$1,805,000 for the same period in 2005. For the nine-month period ended August 31, 2006, the SG&A amounted to \$4,735,000, compared to \$5,926,000 for the same period in 2005. These reductions result firstly from measures initiated by the Company in 2006 to lower costs following a reorganization of its activities. Secondly, the Company recorded a write-off of \$444,000 of certain patents costs and deferred development costs in 2005.

Net results

Reflecting the variations in revenues and expenses described above, the Company recorded a third-quarter operating loss (loss before proportionate share in loss of companies under significant influence and loss on investments in companies) of \$7,251,000, compared to \$5,065,000 for the same period in 2005. For the nine-month period ended August 31, 2006, the operating loss was \$18,919,000, compared to operating earnings of \$569,000 in 2005.

The net loss amounted to \$7,251,000 for the third quarter of 2006, compared to \$5,218,000 in 2005. For the nine-month period ended August 31, 2006, the net loss was \$18,919,000, compared to \$8,692,000 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. (See note 2 (A) in the notes to the consolidated financial statements of the 2005 Annual Report.)

	2006			2005			2004	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenues	\$ 412	\$ 395	\$ 475	\$ 319	\$ 409	\$ 631	\$ 15,102	\$ 503
Operating earnings (loss) ⁽¹⁾	\$ (7,251)	\$ (6,221)	\$ (5,447)	\$ (5,580)	\$ (5,065)	\$ (4,784)	\$ 10,418	\$ (4,655)
Earnings (loss) from continuing operations ⁽²⁾	\$ (7,251)	\$ (6,221)	\$ (5,447)	\$ (5,651)	\$ (5,218)	\$ (12,745)	\$ 9,271	\$ (10,873)
Net earnings (loss)	\$ (7,251)	\$ (6,221)	\$ (5,447)	\$ (5,651)	\$ (5,218)	\$ (12,745)	\$ 9,271	\$ (10,873)
Basic and diluted earnings (loss) per share:								
Continuing activities ⁽²⁾	\$ (0.16)	\$ (0.14)	\$ (0.15)	\$ (0.16)	\$ (0.15)	\$ (0.36)	\$ 0.26	\$ (0.31)
Net earnings (loss)	\$ (0.16)	\$ (0.14)	\$ (0.15)	\$ (0.16)	\$ (0.15)	\$ (0.36)	\$ 0.26	\$ (0.31)

(1) Before restructuring costs, proportionate share in loss of a company 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

The technologies maintained a sound financial position during the third quarter. At August 31, 2006, liquidities, which includes cash and cash equivalents as well as bonds, amounted to \$41,410,000 and tax credits receivable amounted to \$1,578,000, for a total of \$42,988,000.

During the second quarter of 2006, the Company completed a financing for the sale and issuance of 11,192,500 common shares, with proceeds of \$20,363,000 net of share issue costs.

For the three-month period ended August 31, 2006, the burn rate from operating activities, excluding changes in operating assets and liabilities, was \$6,865,000, compared to \$4,700,000 in 2005. For the nine-month period ended August 31, 2006, the burn rate amounted to \$17,425,000, compared to cash generated from operating activities of \$2,055,000 in 2005 (a burn rate of \$12,585,000 excluding the transaction with ALZA Corporation). The increased burn rate in 2006 is the result of the higher R&D expenses described above.

Outstanding share data

On October 10, 2006, the number of shares issued and outstanding was 46,759,880, while outstanding options granted under the stock option plan were 2,590,166.

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. 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. Additional information, including the Company's Annual Information Form, is available on SEDAR at www.sedar.com.

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