



FOR IMMEDIATE RELEASE

**Theratechnologies: Financial results for the second quarter
and recent operating highlights**

- *TH9507 (ThGRF) in Phase III in HIV-associated lipodystrophy*
- *Sale of Celmed BioSciences*
- *\$49 million in liquidities (pro forma)*

Montreal, July 13, 2005 – Theratechnologies (TSX: TH) announced today its financial results for the second quarter ended May 31, 2005 and reviewed recent highlights.

“Through the first half of the year we made solid progress on our objectives for 2005 and on the longer-term goal of building value for shareholders,” stated Yves Rosconi, President and Chief Executive Officer. “Our top priority was to initiate the Phase III program and this was accomplished in June with the first patient beginning treatment in Atlanta, Georgia. On the financial side, we sold our investment in Celmed BioSciences, which generated non-dilutive capital and tightened our business focus. We also completed our management team on schedule bringing two additional pharmaceutical executives on board. Looking ahead to the next six months, we will be choosing a second indication for TH9507 and completing the strategic assessment of our diabetes portfolio,” he stated.

Operating highlights:

HIV-associated lipodystrophy

The first patient in the Phase III trial testing TH9507 in HIV-associated lipodystrophy began treatment in June in Atlanta, Georgia. This disease is often characterized by an accumulation visceral adipose tissue (VAT), dyslipidemia and glucose intolerance. Among the 1.1 million HIV-positive patients in North America and Europe, nearly 200,000 suffer from lipodystrophy with excess VAT accumulation. The Phase III clinical trial is investigating the safety and efficacy of TH9507 in reducing excess VAT in approximately 400 patients by administering 2 mg daily for a period of 26 weeks. Results are expected in the second half of 2006.

Type 2 diabetes program (GLP-1 analogues)

In keeping with its overall strategic approach, Theratechnologies is currently assessing its market positioning to determine the potential impact of recent clinical developments involving other GLP-1 analogues. A decision on the next steps to be taken will be made in the second half of the year.

Sale of investment in Celmed BioSciences

On June 20, the Company completed the sale of its 37% interest in Celmed Biosciences, a privately held oncology company, for a total consideration of up to \$8.4 million. Total consideration includes an upfront payment of \$2.8 million and milestone payments tied to the success of Celmed’s lead products.

\$49 million in liquidities

At May 31, 2005, liquidities (cash, cash equivalents as well as bonds) amounted to \$45.0 million, and tax credits and grants receivable amounted to \$1.2 million, for a total of \$46.2 million. Adding the \$2.6 million (\$2.8 million less related expenses) from the sale of the Celmed shares, the *pro forma* liquidities (including the Company’s tax credits receivable) would be \$48.8 million. Based on the current burn rate, the Company would be able to fund its operations for the next three years.

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Analyst day

On May 27, the company held an analyst day in Toronto on its Phase III program in HIV-associated lipodystrophy. The half-day meeting featured presentations on the disease by Dr. Julian Falutz, lead investigator for the proposed Canadian study, and Dr. Steven Grinspoon, lead investigator for the United States. Company management presented clinical and financial details of the study, as well as the important findings from market research on the disease. The participants reported back that they were very satisfied with the information presented.

Four scientific posters at Endo 2005

Researchers from Theratechnologies presented four scientific posters at the 87th Annual Meeting of the Endocrine Society held in San Diego from June 4th to June 7th. The posters included data on the lead product, TH9507, as well as early-stage data related to the diabetes program. The Endocrine Society's annual meeting is internationally known as the leading source of state-of-the-art research and clinical advancement in endocrinology and metabolism.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION:

Consolidation and investments

The consolidated financial statements include the accounts of Theratechnologies and its subsidiaries. Since July 2nd, 2004, the Company no longer exercises control over Celmed and the interest in this company is accounted for by the equity method. Theratechnologies' 2004 consolidated results include Celmed's results until that date (see note 2 in the notes to the consolidated financial statements).

Summary of operating results

Consolidated revenues for the three-month period ended May 31, 2005 amounted to \$631,000, compared to \$782,000 (\$555,000 without Celmed) for the same period in 2004. For the six-month period ended May 31, 2005, consolidated revenues were \$15,733,000, compared to \$1,561,000 (\$1,074,000 without Celmed) for the corresponding period in 2004. The increase during the first half of the year is essentially due to the payment of \$14,640,000 (US\$12,000,000) received in connection with the Company's December 2004 agreement with ALZA to terminate three co-development projects using ALZA's Macroflux® transdermal technology.

Consolidated research and development (R&D) expenditures, before tax credits and grants, for the second quarter of 2005, totaled \$3,246,000, compared to \$5,675,000 (\$3,913,000 without Celmed) in 2004. For the six-month period ended May 31, 2005, R&D expenses reached \$6,466,000, compared to \$11,565,000 (\$8,012,000 without Celmed). The higher level of expenditures in 2004 is mostly related to activities surrounding ThPTH and TH0318, a GLP-1 analogue (glucagons-like peptide-1). Activities relating to ThPTH ceased following the agreement with ALZA in December 2004. Development of TH0318 has been stopped in order to allow the Company to assess its market positioning in type 2 diabetes.

During the first half of 2005, management reassessed its strategy regarding non-core products and the related patent portfolio. As a result, the Company recorded a write off of \$444,000 of certain patent costs and deferred development expenses.

For the second quarter, general and administrative expenses, selling and market development expenses, patents and amortization of other assets (SG&A) were \$2,425,000 (\$1,981,000 before the adjustment to book value of patents and deferred development expenses referred to above), compared to \$2,525,000 (\$1,685,000 without Celmed) for the same period in 2004. For the six-month period ended May 31, 2005, SG&A expenses were \$4,121,000 (\$3,677,000 before the book value adjustment), compared to \$4,841,000 (\$3,014,000 without Celmed) for the same period in 2004. The increase in SG&A expenses is mainly due to preparations required for late-stage development and future commercialization of TH9507.

For the second quarter of 2005, the proportionate share in loss of Celmed and Andromed was \$5,302,000, compared to \$234,000 in 2004. For the six-month period ended May 31, 2005, the proportionate share in loss of Celmed and Andromed was \$6,449,000, compared to \$493,000 in 2004. This increase in the

proportionate share in loss of companies under significant influence is due to the change to the equity method of accounting of the interest in Celmed, which only began in the third quarter of fiscal 2004 (see note 2 in the notes to the consolidated financial statements). In 2004, therefore, the figures represent only the Company's share of losses in Andromed. This increase is also due to the non-cash write down, net of related income taxes, of \$9,685,000 recorded by Celmed at May 31, 2005 in connection with the acquisition of NewBiotics' intellectual property in 2004.

On June 20, 2005, the Company completed the sale of its 37,3% interest in Celmed BioSciences for total proceeds of up to \$8,400,000. The proceeds include an upfront payment of \$2,811,000, as well as milestone payments tied to the success of Celmed's more advanced products totalling \$5,589,000. The milestone payments will be recorded once the related milestones are reached. The book value of the investment in Celmed at May 31st reflects the upfront payment, less the related expenses. Consequently, a non-cash write down of \$2,659,000 was recorded in the second quarter.

The Company recorded an operating loss for the three-month period ended May 31, 2005 of \$4,784,000 (before proportionate share in loss of companies under significant influence and gains on investments in companies and gains on dilution, non-controlling interest and discontinued operations), compared to an operating loss of \$6,832,000 for the same period in 2004. The net loss for the second quarter of 2005 was \$12,745,000, compared to a net loss of \$5,910,000 in 2004. For the six-month period ended May 31, 2005, the net loss was \$3,474,000, compared to \$7,793,000 in 2004.

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 quarterly information has been restated pursuant to the change in accounting policy related to stock-based remuneration and other payments described in the 2004 Annual Report, and in order to account for discontinued operations. This information includes Celmed's results until July 2, 2004. (See note 2 in the notes to the consolidated financial statements).

	2005		2004			2003		
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenues	\$ 631	\$ 15,102	\$ 503	\$ 585	\$ 782	\$ 779	\$ 897	\$ 941
Operating earnings (loss) (1)	\$ (4,784)	\$ 10,418	\$ (4,655)	\$ (4,289)	\$ (6,832)	\$ (7,094)	\$ (7,805)	\$ (6,694)
Earnings (loss) from								
continuing operations (2)	\$ (12,745)	\$ 9,271	\$ (10,873)	\$ (4,137)	\$ (6,139)	\$ (1,731)	\$ (7,771)	\$ (6,232)
Net earnings (loss)	\$ (12,745)	\$ 9,271	\$ (10,873)	\$ (4,150)	\$ (5,910)	\$ (1,883)	\$ (14,079)	\$ (6,581)
Basic and diluted								
earnings (loss) per share:								
Continuing activities (2)	\$ (0.36)	\$ 0.26	\$ (0.31)	\$ (0.12)	\$ (0.17)	\$ (0.06)	\$ (0.25)	\$ (0.20)
Net earnings (loss)	\$ (0.36)	\$ 0.26	\$ (0.31)	\$ (0.12)	\$ (0.17)	\$ (0.06)	\$ (0.46)	\$ (0.21)

(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

Theratechnologies maintains a sound cash position. At May 31, 2005, liquidities (cash and cash equivalents as well as bonds) amounted to \$45,009,000 and tax credits and grants receivable amounted to \$1,246,000, for a total of \$46,255,000. Adding the \$2,565,000 (\$2,811,000 less related expenses) from the sale of the investment in Celmed the *pro forma* liquidities (including the Company's tax credits receivable) would be \$48,820,000.

For the three-month period ended May 31, 2005, the burn rate from operating activities, excluding changes in operating assets and liabilities, was \$3,953,000, compared to a burn rate of \$6,138,000 (\$4,101,000 without Celmed) in 2004. For the six-month period ended May 31, 2005, cash from operating activities, excluding changes in operating assets and liabilities, was \$6,755,000, compared to a burn rate of \$12,608,000 (\$8,390,000 without Celmed) in 2004, reflecting the payment from ALZA and lower R&D expenses as described above.

At July 12, 2005, the number of shares issued and outstanding was 35,549,019, while outstanding options granted under the stock option plan were 2,488,161. In addition, 1,280,000 warrants were outstanding.

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

Economic and industry factors were substantially unchanged from those reported in the Company's 2004 annual report.

About Theratechnologies

Theratechnologies (TSX: TH) is a Canadian biopharmaceutical company engaged in the discovery and development of therapeutic peptides in the field of endocrinology and metabolism. The Company uses proprietary discovery technologies to expand its product portfolio. The most advanced clinical program (Phase III) targets HIV-associated lipodystrophy with its lead compound, TH9507 (ThGRF). The Company is evaluating other potential indications for TH9507 and it has an interesting product pipeline targeting type 2 diabetes.

Additional information about Theratechnologies

Further information relating to Theratechnologies is available on the Company's website at <http://www.theratech.com/>. The Company is listed on the Toronto Stock Exchange under the symbol TH. Additional information, including the Company's Annual Information Form, is available on SEDAR at www.sedar.com.

This press release contains forward-looking statements that reflect Company's current views with respect to its short-term objectives. These statements involve numerous risks and uncertainties and the Company does not undertake to update this information. Investors are cautioned against placing undue importance on forward-looking information contained herein and should consult the Company's 2004 Annual Report, which contains a analysis of risks and uncertainties connected to the businesses of the Company.

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