



## **ADVITECH ANNOUNCES ITS SECOND-QUARTER HIGHLIGHTS AND FINANCIAL RESULTS FOR 2006**

**TSX VENTURE EXCHANGE: AVI**

**FOR IMMEDIATE RELEASE**

**QUEBEC – August 23, 2006** - Advitech Inc. (TSX-V: AVI) today announced its highlights and financial results for the second quarter ended June 30, 2006.

### **RECENT HIGHLIGHTS**

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#### ***Commercialization of Dermylex™***

Since November 2005, Advitech has signed four agreements in principle for the commercialization of Dermylex™, two of which are now definitive, those with Jamieson Laboratories for Canada and Cothera S.A.S. for France. During the first two quarters of 2006, the Company effected the first sales of Dermylex™, to conduct market tests, and received the first significant purchase orders during the third quarter of 2006. Early in July, the Company shipped the first order to Jamieson Laboratories and, since then, has received prospective new purchase orders.

For Canada, the marketing plan orchestrated jointly by Jamieson Laboratories and Advitech, is forecasting the completion of the introduction phase in the province of Quebec for September 2006, and October 2006 is the target for the remaining Canadian provinces. Dermylex™ will then be available across Canada by the beginning of the last quarter of 2006.

On other markets, the situation is evolving in the same positive way. Cothera, our French partner, is about to finalize its launching plan for the last quarter of 2006. We are also about to finalize a launching plan for the U.S. and Taiwan markets.

We are having ongoing discussions with new partners to extend Dermylex™ distribution to additional geographical markets as of the beginning of 2007.

"We are therefore confident that we shall surpass the objectives that we had set for 2006, and the planning for 2007 will be based mainly on growth and a break-even situation for the Company operations," Renaud Beauchesne, President and Chief Executive Officer of Advitech, explained.

#### ***Financing***

As for the financing of its activities, the Company finalized at the end of June an interim financing round planned during the first quarter of 2006, and is in the process of preparing an additional round for the last quarter of 2006, as presented in May at Advitech's Annual Shareholders' Meeting. That round will cover its needs until the end of 2007.

#### ***Research and Development***

As planned, the Company has released the first results on Atopic Dermatitis (Eczema), a third application generated from its technological platform, to complement the ones already published on psoriasis and Crohn's disease. These results are confirming the capacity of the XP-828L

technological platform to deliver innovative products with a very good commercial potential. It also released additional results in July confirming the efficacy of Dermylex™ on psoriasis and, in June, the peer-reviewed U.S. magazine Journal of Cutaneous Medicine and Surgery published an article on the open study on psoriasis, and will publish a second article on the double-blind, placebo-controlled study.

## FINANCIAL RESULTS

The financial results are also in line with Company expectations. Advitech has succeeded in increasing its cash position, and in cutting back its loss. "We will continue to manage the Company under very strict controls, to keep an operating margin, and to increase our marketing expenses for the commercialization of Dermylex™ in the next few months," President and Chief Executive Officer Beauchesne added.

For the second quarter ended June 30, 2006, net loss stood at \$358,894, or \$0.01 per share, compared to a net loss of \$536,168, or \$0.01 per share, for the same period in 2005, a decrease of \$177,274. Revenues, for the second quarter of 2006, are \$9,039 compared to \$226,321 in 2005. The 2005 sales were generated mostly by the distribution of a product (Lactium) since terminated by the Company. The second quarter revenues for 2006 are sales of Dermylex™ for market test purposes. Gross R&D expenses reached \$131,587 during the second quarter of 2006, down from \$309,617 for the same period last year. This decrease is due primarily to the higher R&D expenses incurred during the same period last year for the double-blind, placebo-controlled study of Dermylex™. Research and development changes clearly explain the lower net operating loss.

As at June 30, 2006, cash and cash equivalents totalled \$859,937, compared to \$730,229 as at March 31, 2005, or an increase of \$129,708 during this quarter, which is in line with the Company's expectations.

### Selected Financial Information

Quarters ended June 30,

(In thousands of dollars, except per share amounts)

	Three-month period ended June 30		Six-month period ended June 30	
	2006 (Unaudited)	2005 (Unaudited)	2006 (Unaudited)	2005 (Unaudited)
<b>Financial Results</b>				
Total revenues	9.0	226.3	167.1	383.3
Operating expenses	367.9	762.5	887.9	1590.8
Research and development costs, net of tax credits	87.5	244.4	195.5	621.4
Net loss	(358.9)	(536.2)	(720.8)	(1,207.5)
Net loss per share, basic and diluted	(0.006)	(0.01)	(0.02)	(0.02)
<b>Balance Sheet</b>				
Cash and cash equivalents			859.9	1,273.4
Other current assets			275.8	777.7
Long-term assets			243.5	257.8
Current liabilities			547.4	427.9
Long-term liabilities			1,023.5	661.2
Shareholders' equity			(191.7)	1,219.8

**The second quarter financial statements and the fiscal year financial statements as well as the management's discussion and analysis of results of operations and financial condition are available on the Company's website at the following address:**

[www.advitech.com](http://www.advitech.com)

#### **About Advitech**

Advitech is a biotechnology Company specializing in the development of bioactive ingredients from dairy proteins. Its key focus areas are in the fields of immunology and inflammation. Its main platform, XP-828L, is a growth factor complex aimed at treating psoriasis, inflammatory bowel diseases and other chronic immune-mediated inflammatory diseases (IMID). Advitech's common shares are listed on the TSX Venture Exchange under the symbol AVI. The number of outstanding common shares is 54,799,818.

#### **About Dermylex™**

Dermylex™ is Advitech's orally administered product for treating mild to moderate plaque psoriasis. Dermylex™ is based on Advitech's XP-828L, a bioactive ingredient with proven clinical efficacy. On July 5, 2005, the Company reported positive results from its Phase II clinical trial of XP-828L on psoriasis. The 112-day, multi-center, double-blind, placebo-controlled study, involving 84 patients, confirmed the efficacy and excellent safety profile of XP-828L for this type of treatment.

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*This press release contains forward-looking statements which reflect the Company's current expectations regarding future events. The forward-looking statements involve risks and uncertainties. Actual results could differ materially from those projected herein.*

*The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this release.*

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