Aeterna Zentaris Inc. Form 20-F March 30, 2009 <u>Table of Contents</u>

# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

# FORM 20-F

0	Registration Statement Pursuant to Section 12(b) or 12(g) of The Securities Exchange Act of 1934
	OR
X	Annual Report Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934 for the fiscal year ended December 31, 2008
	OR
0	Transition Report Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934
	OR
0	Shell Company Report Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934
	Commission file number 0-30752

# ÆTERNA ZENTARIS INC.

(Exact Name of Registrant as Specified in its Charter)

**Not Applicable** (Translation of Registrant s Name into English) Canada (Jurisdiction of Incorporation)

#### 1405 du Parc-Technologique Blvd. Québec, Quebec Canada, G1P 4P5

**Dennis Turpin** 

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Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of Each Class Common Shares Name of Each Exchange on Which Registered NASDAQ Global Market Toronto Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act: NONE

Securities for which there is a reporting obligation pursuant to Section 15(d) of the ACT: NONE

Indicate the number of outstanding shares of each of the issuer s classes of capital or common stock as of the close of the period covered by the annual report: 53,187,470 common shares as of December 31, 2008.

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No x

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes o No x

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant s knowledge, in a definitive proxy or information statements incorporated by reference in Part III of this Form 20-F or any amendment to this Form 20-F. O

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or, or a non-accelerated filer. See definitions of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

0

Accelerated filer x

Non-accelerated filer o

Indicate by checkmark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP o International Financial Reporting Standards as issued by the Other x International Accounting Standards Board o

If Other has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 o Item 18 x

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

#### **Basis of Presentation**

#### General

Except where the context otherwise requires, all references in this annual report on Form 20-F (Form 20-F) to the Company, Æterna Zentaris Inc., we, us, our or similar words or phrases are to Æterna Zentaris Inc. and its subsidiaries, taken together. In this annual report, references to and US\$ are to United States dollars and references to CAN\$ are to Canadian dollars. Unless otherwise indicated, the statistical and financial data contained in this annual report are presented as at December 31, 2008.

#### **Forward-Looking Statements**

This annual report contains forward-looking statements made pursuant to the safe harbor provisions of the U.S. Securities Litigation Reform Act of 1995. Forward-looking statements involve known and unknown risks and uncertainties, which could cause the Company s actual results to differ materially from those in the forward-looking statements. Such risks and uncertainties include, among others, the availability of funds and resources to pursue R&D projects, the successful and timely completion of clinical studies, the ability of the Company to take advantage of business opportunities in the pharmaceutical industry, uncertainties related to the regulatory process and general changes in economic conditions. Investors should consult the Company s quarterly and annual filings with the Canadian and U.S. securities commissions for additional information on risks and uncertainties relating to the forward-looking statements. Investors are cautioned not to rely on these forward-looking statements. The Company does not undertake to update these forward-looking statements and we disclaim any obligation to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments except if we are requested to do so by a governmental authority or applicable law.

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## PART I

Item 1. Identity of Directors, Senior Management and Advisers

A. Directors and senior management

Not applicable.

B. Advisers

Not applicable.

C. Auditors

Not applicable.

Item 2. Offer Statistics and Expected Timetable

A. Offer statistics

Not applicable.

B. Method and expected timetable

Not applicable.

# Item 3. Key Information

## A. Selected financial data

The selected financial data should be read in conjunction with our audited consolidated financial statements and the related notes included elsewhere in this annual report, and Item 5. Operating and Financial Review and Prospects of this annual report.

## **Consolidated Statements of Earnings Data:**

# Amounts under Canadian GAAP

(in thousands of US dollars, except share and per share data)

$\begin{array}{c ccccccccccccccccccccccccccccccccccc$		Years Ended December 31,				
Revenues         38,478         42,068         38,799         44,813         42,972           Operating expenses         19,278         12,930         11,270         8,250         7,992           Cost of sales         99,278         12,930         11,270         8,250         7,992           Research and development costs         57,448         39,248         27,422         25,544         23,431           Research and development tax credits and grants         Ga (33)         (2,060)         (1,564)         (317)         (845)           Depreciation and amorization         Property, plant and equipment         1,515         1,562         2,816         1,665         1,958           Intangible assets         5,639         4,004         6,148         4,279         4,178           Impairment of long-lived asset held for sale         735         735         749         735           Uses from operations         (62,384)         (34,754)         (23,771)         (9,011)         (6,879)           Other income (expenses)         Interest expense         100,862         76,822         62,570         53,824         49,851           Loss from operations         (62,384)         (34,754)         (23,771)         (9,011)         (6,879)						
Operating expenses         Intervention         Intervention           Cost of sales         19,278         12,930         11,270         8,250         7,992           Selling, general and administrative         17,325         20,403         11,6478         14,403         13,137           Research and development costs         57,448         39,248         27,422         25,544         23,431           Research and development tax credits and grams         (343)         (2,060)         (1,564)         (317)         (845)           Depreciation and amortization         7         7         7         4,178         14,403         4,279         4,178           Inpairment of long-lived asset held for sale         735         7         7         100,862         76,822         62,570         53,824         49,851           Loss from operations         (62,384)         (34,754)         (23,771)         (9,011)         (6,879)           Other income         868         1,904         1,441         1,235         1,286           Interest expense         0         (163)         (31)         (69)           Long-term debt and convertible term         (65)         (150)         (163)         (31)         (69)           Long-term d		\$	\$	\$	\$	\$
$\begin{array}{cccc} Cost or sales & 19,278 & 12,930 & 11,270 & 8,250 & 7,992 \\ Selling, general and administrative & 17,325 & 20,403 & 16,478 & 14,403 & 13,137 \\ Research and development costs & 57,448 & 39,248 & 27,422 & 25,544 & 23,431 \\ Research and development tax credits and gramts & (343) & (2,060) & (1,564) & (317) & (845) \\ Deprediation and and equipment & 1,515 & 1.562 & 2,816 & 1.665 & 1.958 \\ Intangible assets & 5,639 & 4,004 & 6,148 & 4,279 & 4,178 \\ Impairment of long-lived asset held for sale & 735 \\ \hline 100,862 & 76,822 & 62,570 & 53,824 & 49,851 \\ Loss from operations & (62,384) & (34,754) & (23,771) & (9,011) & (6,879) \\ Other income (expenses) & & & & & & \\ Interest (accome & 868 & 1,904 & 1,441 & 1,235 & 1,286 \\ Interest expense & & & & & & & & \\ Long-term debt and convertible term & & & & & & & \\ Long-term debt and convertible term & & & & & & & & \\ loans & & & (85) & (1,270) & (6,979) & (4,150) \\ Other & & & & (118) & & (163) & (31) & (69) \\ Order & & & & & & & & & & & \\ Interest (accome & 10,371 & 10,35) & 319 & (87) & (391) \\ Loss on disposal of long-lived assets held for sale & & & & & & & & \\ 3,742 & 756 & 736 & (5,862) & (3,424) \\ Share in the results of an affiliated company & 1,575 \\ Loss before income taxes from \\ continuing operations & & & & & & & & & & & \\ 1,770 & & & & & & & & & & & & & & \\ 1,775 & & & & & & & & & & & & & & & & \\ 1,775 & & & & & & & & & & & & & & & & & & $	Revenues	38,478	42,068	38,799	44,813	42,972
Selling general and administrative 17,325 20,403 16,478 14,403 13,137 Research and development costs 57,448 39,248 27,422 25,544 23,431 Research and development tax credits and grants (343) (2,060) (1,564) (317) (845) Depreciation and amortization $$	Operating expenses					
Research and development tax credits and grants       57,448       39,248       27,422       25,544       23,431         Research and development tax credits and grants       (343)       (2,060)       (1,564)       (317)       (845)         Depreciation and anortization       Property, plant and equipment       1.515       1.562       2,816       1.665       1.958         Intagible assets       5,639       4,004       6,148       4,279       4,178         Impairment of long-lived asset held for sale       735       735       40,041       (23,771)       (9,011)       (6,879)         Other income (expenses)       Interest income       868       1,904       1,441       1,235       1,286         Interest income       868       1,904       1,441       1,235       1,286         Interest expense       20,971       (6,979)       (4,150)         Logs term debt and convertible term       868       1,904       1,441       1,235       1,286         Foreign exchange (loss) gain       3,071       (1,035)       319       (87)       (491)         Loss on disposal of long-leved assets held for sale       (35)       23       23       23         Loss on disposal of a long-term investment       409       1,575	Cost of sales	19,278	12,930	11,270	8,250	7,992
Research and development tax credits and grants       (343)       (2,060)       (1,564)       (317)       (845)         Depreciation and amortization       1,515       1,562       2,816       1,665       1,958         Intaggible assets       5,639       4,004       6,148       4,279       4,178         Inpairment of long-lived asset held for sale       735       735       9,011       (6,879)         Other income (expenses)       100,862       76,822       62,570       53,824       49,851         Loss from operations       (62,384)       (34,754)       (23,771)       (9,011)       (6,879)         Other income (expenses)       1       1,255       1,266       1,270)       (6,979)       (4,150)         Interest expense       1       1,235       1,286       1,267)       (4,150)         Loss on disposal of convertible term loans       (85)       (1,270)       (6,979)       (4,150)         Stare in the results of an affiliated company       3,071       (1,035)       319       (87)       (491)         Loss on disposal of a ung-term investment       409       1,575       1,575       1,575       1,575         Loss before income taxes from continuing operations       (58,642)       (33,998)       (21,460) </td <td>Selling, general and administrative</td> <td>17,325</td> <td>20,403</td> <td>16,478</td> <td>14,403</td> <td>13,137</td>	Selling, general and administrative	17,325	20,403	16,478	14,403	13,137
grans       (343)       (2,060)       (1,564)       (317)       (845)         Depreciation and amortization       1.515       1.562       2.816       1.665       1.958         Intragible assets       5.639       4.004       6.148       4.279       4.178         Impairment of long-lived asset held for sale       735       735       9.011       (6.879)         Coher income (expenses)       100,862       76.822       62,570       53,824       49.851         Loss from operations       (62,384)       (34,754)       (23,771)       (9,011)       (6.879)         Other income (expenses)       Interest income       868       1,904       1.441       1,235       1.286         Interest income       868       1,904       1.633       (31)       (69)         Foreign exchange (loss) gain       3,071       (1,035)	Research and development costs	57,448	39,248	27,422	25,544	23,431
Depreciation and amortization       1,515       1,562       2,816       1,665       1,958         Property, plant and equipment       1,515       1,562       2,816       1,665       1,958         Intraggible assets       5,639       4,004       6,148       4,279       4,178         Impairment of long-lived asset held for       735       735       9       4,004       6,148       4,279       4,178         Impairment of long-lived asset held for       735       62,570       53,824       49,851         Loss from operations       (62,384)       (34,754)       (23,771)       (9,011)       (6,879)         Other income (expenses)       Interest expense       100,862       76,822       62,570       53,824       49,851         Long-term debt and convertible term       1,904       1,441       1,235       1,286         Interest expense       (65)       (1,270)       (6,979)       (4,150)         Other       (118)       (163)       (31)       (69)         For sale       (35)       100,862       756       736       (5,862)       (3,424)         Share in the results of an affiliated company       1,575       1,575       10,303       1,575         Loss before income ta	Research and development tax credits and					
Property, plant and equipment       1,515       1,562       2,816       1,665       1,958         Intragible assets       5,639       4,004       6,148       4,279       4,178         Impairment of long-lived asset held for sale       735       735       4,004       6,148       4,279       4,178         Impairment of long-lived asset held for sale       735       53,824       49,851       49,851         Loss from operations       (62,384)       (34,754)       (23,771)       (9,011)       (6,879)         Other income (expenses)       Interest income       868       1,904       1,441       1,235       1,286         Interest income       868       1,904       1,441       1,235       1,286         Interest income       868       1,904       1,441       1,235       1,286         Interest income       (65)       (1,270)       (6,979)       (4,150)         Other       (118)       (163)       (31)       (69)         Foreign exchange (loss) gain       3,071       (1,035)       319       (87)       (491)         Loss on disposal of along-term investment       409       409       409       409       409       409       409       409       409	grants	(343)	(2,060)	(1,564)	(317)	(845)
Intagible assets         5,639         4,004         6,148         4,279         4,178           Impairment of long-lived asset held for sale         735         735         735           100,862         76,822         62,570         53,824         49,851           Loss from operations         (62,384)         (34,754)         (23,771)         (9,011)         (6,879)           Other income (expenses)         Interest repense         100,862         76,822         62,570         53,824         49,851           Loss from operations         (62,384)         (34,754)         (23,771)         (9,011)         (6,879)           Other income (expenses)         Interest typense         100,862         76,822         62,570         53,824         49,851           Long-term debt and convertible term         Interest typense         1,270         (6,979)         (4,150)           Other         (118)         (163)         (31)         (69)         (491)           Loss on disposal of equipment         (34)         (28)         100,862         100,975         (3,424)           Share in the results of an affiliated company         1,575         1,575         1,575         1,575           Loss before income taxes from continuing operations         (58,642)<	Depreciation and amortization					
Impairment of long-lived asset held for sale       735         100.862       76,822       62,570       53,824       49,851         Loss from operations       (62,384)       (34,754)       (23,771)       (9,011)       (6,879)         Other income (expenses)       Interest income       868       1,904       1,441       1,235       1,286         Interest expense       (85)       (1,270)       (6,979)       (4,150)         Other       (118)       (163)       (31)       (69)         Foreign exchang (loss) gain       3,071       (1,035)       319       (87)       (491)         Loss on disposal of long-lived assets held for sale       (35)       1000000000000000000000000000000000000	Property, plant and equipment	1,515	1,562	2,816	1,665	1,958
sale       735         100,862       76,822       62,570       53,824       49,851         Loss from operations       (62,384)       (34,754)       (23,771)       (9,011)       (6,879)         Other income (expenses)       Interest expense       100,862       76,822       62,570       53,824       49,851         Loss from operations       (62,384)       (34,754)       (23,771)       (9,011)       (6,879)         Other income (expenses)       Interest expense       100,862       1441       1,235       1,286         Long-term debt and convertible term       (85)       (1,270)       (6,979)       (4,150)         Other       (118)       (163)       (31)       (69)         Foreign exchange (loss) gain       3,071       (1,035)       319       (87)       (491)         Loss on disposal of long-lived assets held       (35)       100,000       1491       100         Loss on disposal of equipment       (44)       (28)       100,000       14,000       14,241       1409         Share in the results of an affiliated company       1,575       1,575       1,575       1,575       1,575         Loss before income taxes from continuing operations       (58,642)       (33,998)       (21,460	Intangible assets	5,639	4,004	6,148	4,279	4,178
$\begin{array}{ c c c c c c c c c c c c c c c c c c c$	Impairment of long-lived asset held for					
Loss from operations $(62,384)$ $(34,754)$ $(23,771)$ $(9,011)$ $(6,879)$ Other income (expenses)       Interest income       868 $1,904$ $1,441$ $1,235$ $1,286$ Interest expense       Long-term debt and convertible term       (85) $(1,270)$ $(6,979)$ $(4,150)$ Other       (118)       (163)       (31)       (69)         Foreign exchange (loss) gain $3,071$ $(1,035)$ $319$ (87)       (491)         Loss on disposal of long-lived assets held for sale       (35)       1000000000000000000000000000000000000	sale		735			
Loss from operations $(62,384)$ $(34,754)$ $(23,771)$ $(9,011)$ $(6,879)$ Other income (expenses)       Interest income       868 $1,904$ $1,441$ $1,235$ $1,286$ Interest expense       Long-term debt and convertible term       (85) $(1,270)$ $(6,979)$ $(4,150)$ Other       (118)       (163)       (31)       (69)         Foreign exchange (loss) gain $3,071$ $(1,035)$ $319$ (87)       (491)         Loss on disposal of long-lived assets held for sale       (35)       1000000000000000000000000000000000000						
Other income (expenses)       868       1,904       1,441       1,235       1,286         Interest expense       10ans       (85)       (1,270)       (6,979)       (4,150)         Other       (118)       (163)       (31)       (69)         Foreign exchange (loss) gain       3,071       (1,035)       319       (87)       (491)         Loss on disposal of long-lived assets held       (35)       (40)       (414)       (28)         Gain on disposal of a long-term       (44)       (28)       (32,037)       (5,862)       (3,424)         Share in the results of an affiliated company       (58,642)       (33,998)       (21,460)       (14,873)       (10,303)         Income tax (expense) recovery       (1,175)       1,961       29,037       (609)       (273)         Net (loss) earnings from continuing operations       (59,817)       (32,037)       7,577       (15,482)       (10,576)		100,862	76,822	62,570	53,824	49,851
Other income (expenses)       868       1,904       1,441       1,235       1,286         Interest expense       10ans       (85)       (1,270)       (6,979)       (4,150)         Other       (118)       (163)       (31)       (69)         Foreign exchange (loss) gain       3,071       (1,035)       319       (87)       (491)         Loss on disposal of long-lived assets held       (35)       (40)       (414)       (28)         Gain on disposal of a long-term       (44)       (28)       (32,037)       (5,862)       (3,424)         Share in the results of an affiliated company       (58,642)       (33,998)       (21,460)       (14,873)       (10,303)         Income tax (expense) recovery       (1,175)       1,961       29,037       (609)       (273)         Net (loss) earnings from continuing operations       (59,817)       (32,037)       7,577       (15,482)       (10,576)						
Interest income         868         1,904         1,441         1,235         1,286           Interest expense         Long-term debt and convertible term         (85)         (1,270)         (6,979)         (4,150)           Other         (118)         (163)         (31)         (69)           Foreign exchange (loss) gain         3,071         (1,035)         319         (87)         (491)           Loss on disposal of long-lived assets held         (35)         (55)         (409)         (409)           Suss on disposal of a long-term         409         (5,862)         (3,424)           Share in the results of an affiliated company         1,575         (10,303)         (10,303)           Income taxes from continuing operations         (58,642)         (33,998)         (21,460)         (14,873)         (10,303)           Income tax (expense) recovery         (1,175)         1,961         29,037         (609)         (273)           Net (loss) earnings from continuing operations         (59,817)         (32,037)         7,577         (15,482)         (10,576)	Loss from operations	(62,384)	(34,754)	(23,771)	(9,011)	(6,879)
Interest income         868         1,904         1,441         1,235         1,286           Interest expense         Long-term debt and convertible term         (85)         (1,270)         (6,979)         (4,150)           Other         (118)         (163)         (31)         (69)           Foreign exchange (loss) gain         3,071         (1,035)         319         (87)         (491)           Loss on disposal of long-lived assets held         (35)         (55)         (409)         (409)           Suss on disposal of a long-term         409         (5,862)         (3,424)           Share in the results of an affiliated company         1,575         (10,303)         (10,303)           Income taxes from continuing operations         (58,642)         (33,998)         (21,460)         (14,873)         (10,303)           Income tax (expense) recovery         (1,175)         1,961         29,037         (609)         (273)           Net (loss) earnings from continuing operations         (59,817)         (32,037)         7,577         (15,482)         (10,576)						
Interest expense       1000000000000000000000000000000000000	Other income (expenses)					
Long-term debt and convertible term       (85) $(1,270)$ $(6,979)$ $(4,150)$ Other       (118)       (163)       (31)       (69)         Foreign exchange (loss) gain       3,071 $(1,035)$ 319       (87)       (491)         Loss on disposal of long-lived assets held       (35)       (58)       (1,035)       319       (87)       (491)         Loss on disposal of equipment       (44)       (28)       (409       (409)       (3424)         Gain on disposal of a long-term       409       (3,742)       756       736       (5,862)       (3,424)         Share in the results of an affiliated company       1,575       1,575       1,575       1,575       1,575         Loss before income taxes from continuing operations       (58,642)       (33,998)       (21,460)       (14,873)       (10,303)         Income tax (expense) recovery       (1,175)       1,961       29,037       (609)       (273)         Net (loss) earnings from continuing operations       (59,817)       (32,037)       7,577       (15,482)       (10,576)	Interest income	868	1,904	1,441	1,235	1,286
loans       (85)       (1,270)       (6,979)       (4,150)         Other       (118)       (163)       (31)       (69)         Foreign exchange (loss) gain       3,071       (1,035)       319       (87)       (491)         Loss on disposal of long-lived assets held       (35)       (491)       (415)       (415)         Loss on disposal of equipment       (44)       (28)       (409       (28)         Gain on disposal of a long-term       409       (3,742)       756       736       (5,862)       (3,424)         Share in the results of an affiliated company       1,575       1,575       (10,303)       (10,303)         Income taxes from continuing operations       (58,642)       (33,998)       (21,460)       (14,873)       (10,303)         Income tax (expense) recovery       (1,175)       1,961       29,037       (609)       (273)         Net (loss) earnings from continuing operations       (59,817)       (32,037)       7,577       (15,482)       (10,576)	Interest expense					
Other       (118)       (163)       (31)       (69)         Foreign exchange (loss) gain       3,071       (1,035)       319       (87)       (491)         Loss on disposal of long-lived assets held for sale       (35)       (28)       (31)       (69)         Loss on disposal of equipment       (44)       (28)       (409       (409       (409         Share in the results of an affiliated company       3,742       756       736       (5,862)       (3,424)         Share in the results of an affiliated company       1,575       1,575       (10,303)         Income taxes from continuing operations       (58,642)       (33,998)       (21,460)       (14,873)       (10,303)         Income tax (expense) recovery       (1,175)       1,961       29,037       (609)       (273)         Net (loss) earnings from continuing operations       (59,817)       (32,037)       7,577       (15,482)       (10,576)	Long-term debt and convertible term					
Foreign exchange (loss) gain       3.071       (1.035)       319       (87)       (491)         Loss on disposal of long-lived assets held       (35)       (28)       (28)       (30)         Gain on disposal of a long-term       409       (40)       (40)       (40)         Share in the results of an affiliated company       3,742       756       736       (5,862)       (3,424)         Share in the results of an affiliated company       1,575       (10,303)       (10,303)         Income tax (expense) recovery       (1,175)       1,961       29,037       (609)       (273)         Net (loss) earnings from continuing operations       (59,817)       (32,037)       7,577       (15,482)       (10,576)	loans		(85)	(1,270)	(6,979)	(4,150)
Loss on disposal of long-lived assets held for sale (35) Loss on disposal of equipment (44) (28) Gain on disposal of a long-term investment 409 Share in the results of an affiliated company 1,575 Loss before income taxes from continuing operations (58,642) (33,998) (21,460) (14,873) (10,303) Income tax (expense) recovery (1,175) 1,961 29,037 (609) (273) Net (loss) earnings from continuing operations (59,817) (32,037) 7,577 (15,482) (10,576)	Other	(118)		(163)	(31)	(69)
for sale       (35)         Loss on disposal of equipment       (44)       (28)         Gain on disposal of a long-term       409         investment       409         Share in the results of an affiliated company       1,575         Loss before income taxes from continuing operations       (58,642)       (33,998)       (21,460)       (14,873)       (10,303)         Income tax (expense) recovery       (1,175)       1,961       29,037       (609)       (273)         Net (loss) earnings from continuing operations       (59,817)       (32,037)       7,577       (15,482)       (10,576)	Foreign exchange (loss) gain	3,071	(1,035)	319	(87)	(491)
Loss on disposal of equipment       (44)       (28)         Gain on disposal of a long-term       409         investment       409         Share in the results of an affiliated company       1,575         Loss before income taxes from continuing operations       (58,642)       (33,998)       (21,460)       (14,873)       (10,303)         Income tax (expense) recovery       (1,175)       1,961       29,037       (609)       (273)         Net (loss) earnings from continuing operations       (59,817)       (32,037)       7,577       (15,482)       (10,576)	Loss on disposal of long-lived assets held					
Gain on disposal of a long-term investment       409         3,742       756       736       (5,862)       (3,424)         Share in the results of an affiliated company       1,575       1,575       1,575         Loss before income taxes from continuing operations       (58,642)       (33,998)       (21,460)       (14,873)       (10,303)         Income tax (expense) recovery       (1,175)       1,961       29,037       (609)       (273)         Net (loss) earnings from continuing operations       (59,817)       (32,037)       7,577       (15,482)       (10,576)	for sale	(35)				
investment       409         3,742       756       736       (5,862)       (3,424)         Share in the results of an affiliated company       1,575       1,575       1,575         Loss before income taxes from continuing operations       (58,642)       (33,998)       (21,460)       (14,873)       (10,303)         Income tax (expense) recovery       (1,175)       1,961       29,037       (609)       (273)         Net (loss) earnings from continuing operations       (59,817)       (32,037)       7,577       (15,482)       (10,576)	Loss on disposal of equipment	(44)	(28)			
3,742       756       736       (5,862)       (3,424)         Share in the results of an affiliated company       1,575       1,575       1,575         Loss before income taxes from continuing operations       (58,642)       (33,998)       (21,460)       (14,873)       (10,303)         Income tax (expense) recovery       (1,175)       1,961       29,037       (609)       (273)         Net (loss) earnings from continuing operations       (59,817)       (32,037)       7,577       (15,482)       (10,576)	Gain on disposal of a long-term					
Share in the results of an affiliated company       1,575         Loss before income taxes from continuing operations       (58,642)       (33,998)       (21,460)       (14,873)       (10,303)         Income tax (expense) recovery       (1,175)       1,961       29,037       (609)       (273)         Net (loss) earnings from continuing operations       (59,817)       (32,037)       7,577       (15,482)       (10,576)	investment			409		
Share in the results of an affiliated company       1,575         Loss before income taxes from continuing operations       (58,642)       (33,998)       (21,460)       (14,873)       (10,303)         Income tax (expense) recovery       (1,175)       1,961       29,037       (609)       (273)         Net (loss) earnings from continuing operations       (59,817)       (32,037)       7,577       (15,482)       (10,576)						
company       1,575         Loss before income taxes from continuing operations       (58,642)       (33,998)       (21,460)       (14,873)       (10,303)         Income tax (expense) recovery       (1,175)       1,961       29,037       (609)       (273)         Net (loss) earnings from continuing operations       (59,817)       (32,037)       7,577       (15,482)       (10,576)		3,742	756	736	(5,862)	(3,424)
company       1,575         Loss before income taxes from continuing operations       (58,642)       (33,998)       (21,460)       (14,873)       (10,303)         Income tax (expense) recovery       (1,175)       1,961       29,037       (609)       (273)         Net (loss) earnings from continuing operations       (59,817)       (32,037)       7,577       (15,482)       (10,576)						
Loss before income taxes from continuing operations       (58,642)       (33,998)       (21,460)       (14,873)       (10,303)         Income tax (expense) recovery       (1,175)       1,961       29,037       (609)       (273)         Net (loss) earnings from continuing operations       (59,817)       (32,037)       7,577       (15,482)       (10,576)	Share in the results of an affiliated					
Loss before income taxes from continuing operations         (58,642)         (33,998)         (21,460)         (14,873)         (10,303)           Income tax (expense) recovery         (1,175)         1,961         29,037         (609)         (273)           Net (loss) earnings from continuing operations         (59,817)         (32,037)         7,577         (15,482)         (10,576)	company			1,575		
continuing operations       (58,642)       (33,998)       (21,460)       (14,873)       (10,303)         Income tax (expense) recovery       (1,175)       1,961       29,037       (609)       (273)         Net (loss) earnings from continuing operations       (59,817)       (32,037)       7,577       (15,482)       (10,576)						
Income tax (expense) recovery         (1,175)         1,961         29,037         (609)         (273)           Net (loss) earnings from continuing operations         (59,817)         (32,037)         7,577         (15,482)         (10,576)	Loss before income taxes from					
Income tax (expense) recovery         (1,175)         1,961         29,037         (609)         (273)           Net (loss) earnings from continuing operations         (59,817)         (32,037)         7,577         (15,482)         (10,576)	continuing operations	(58,642)	(33,998)	(21,460)	(14,873)	(10,303)
Net (loss) earnings from continuing operations         (59,817)         (32,037)         7,577         (15,482)         (10,576)						
operations (59,817) (32,037) 7,577 (15,482) (10,576)	Income tax (expense) recovery	(1,175)	1,961	29,037	(609)	(273)
operations (59,817) (32,037) 7,577 (15,482) (10,576)						
	Net (loss) earnings from continuing					
	operations	(59,817)	(32,037)	7,577	(15,482)	(10,576)
(259) 25,813 26,053 6,151						
			(259)	25,813	26,053	6,151

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# Net (loss) earnings from discontinued operations

Net (loss) earnings for the year	(59,817)	(32,296)	33,390	10,571	(4,425)
Net (loss) earnings per share from continuing operations					
Basic	(1.12)	(0.61)	0.14	(0.34)	(0.23)
Diluted	(1.12)	(0.61)	0.14	(0.34)	(0.23)
Net (loss) earnings per share from					
discontinued operations					
Basic			0.50	0.57	0.13
Diluted			0.48	0.57	0.13
Net (loss) earnings per share					
Basic	(1.12)	(0.61)	0.64	0.23	(0.10)
Diluted	(1.12)	(0.61)	0.62	0.23	(0.10)
Weighted average number of shares					
Basic	53,187,470	53,182,803	52,099,290	46,139,814	45,569,176
Diluted	53,187,470	53,182,803	52,549,260	46,139,814	45,569,176

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## Amounts under U.S. GAAP

	2008 \$	Yea 2007 \$	rs ended December 31 2006 \$	, 2005 \$	2004 \$
	Φ	Φ	Φ	Φ	φ
Net (loss) earnings for the year	(56,070)	(37,428)	34,262	15,970	(2,082)
Out of which:					
Net (loss) earnings from:					
continuing operations	(56,070)	(36,415)	8,449	(10,083)	(8,158)
discontinued operations		(1,013)	25,813	26,053	6,076
Net (loss) earnings per share from					
continuing operations					
Basic	(1.05)	(0.68)	0.16	(0.22)	(0.18)
Diluted	(1.05)	(0.68)	0.16	(0.22)	(0.18)
Net (loss) earnings per share from					
discontinued operations					
Basic		(0.02)	0.50	0.56	0.13
Diluted		(0.02)	0.49	0.56	0.13
Net (loss) earnings per share					
Basic	(1.05)	(0.70)	0.66	0.34	(0.05)
Diluted	(1.05)	(0.70)	0.65	0.34	(0.05)
	. ,	~ /			. ,
Weighted average number of shares					
Basic	53,187,470	53,182,803	52,099,290	46,139,814	45,569,176
Diluted	53,187,470	53,182,803	52,549,260	46,139,814	45,569,176

#### **Consolidated Balance Sheet Data:**

Amounts under Canadian GAAP

As at December 31,						
2008	2007	2006	2005	2004		
\$	\$	\$	\$	\$		