Aeterna Zentaris Inc.
Form 6-K
November 14, 2006

FORM 6-K
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

REPORT OF FOREIGN ISSUER

Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

For the month of November 2006

AETERNA ZENTARIS INC.

1405, boul. du Parc-Technologique
Quebec, Quebec
Canada, G1P 4P5
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F _____ Form 40-F X

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934

Yes _____ No X

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82- _____

DOCUMENTS INDEX

Documents Description

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1. Press release dated November 13, 2006: AEterna Zentaris Reports 2006 Third Quarter Results

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[AETERNA ZENTARIS LOGO]

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PRESS RELEASE
For immediate release

AETERNA ZENTARIS REPORTS 2006 THIRD QUARTER RESULTS

QUARTER MARKED BY SIGNIFICANT ADVANCEMENTS WITH LHRH ANTAGONIST PLATFORM

ALL AMOUNTS ARE IN U.S. DOLLARS

QUEBEC CITY, CANADA, NOVEMBER 13, 2006 -AEterna Zentaris Inc. (TSX: AEZ; NASDAQ: AEZS) today reported financial and operating results for the third quarter ended September 30, 2006.

"The third quarter was marked by significant progress with the clinical development of our luteinizing hormone-releasing hormone (LHRH) antagonist compound, ozarelix, for which we disclosed positive Phase 2 results in both prostate cancer and benign prostatic hyperplasia," said Gilles Gagnon, AEterna Zentaris' President and Chief Executive Officer. "These very encouraging results enable us to pursue ozarelix's clinical development in both indications, moving forward with an ongoing Phase 2b trial in prostate cancer as well as the potential to initiate a late-stage program in benign prostatic hyperplasia in 2007. Furthermore, we granted Nippon Kayaku an exclusive license to develop and market ozarelix for all potential oncological indications in Japan. Additionally, we launched the first LHRH antagonist to enter the Japanese market, Cetrotide(R) (cetrorelix) for in vitro fertilization with our Japanese partners. We are pleased with these significant achievements as they clearly represent our commitment to aggressively move our product candidates through the pipeline and bring our lead compounds even closer to market."

KEY DEVELOPMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2006

- POSITIVE PHASE 2 RESULTS FOR OZARELIX IN PROSTATE CANCER - The study achieved its primary end-point of defining a tolerable dosage regimen of ozarelix that would ensure continuous suppression of testosterone at castration level (<0.5 ng/ml) for a three-month test period. The detailed results from the study will be presented at the upcoming SIU (SOCIETE INTERNATIONALE D'UROLOGIE) meeting in Cape Town, South

Africa, on November 13, 2006.

- POSITIVE PHASE 2 RESULTS FOR OZARELIX IN BENIGN PROSTATIC HYPERPLASIA (BPH) - With highly statistically significant positive data, the study achieved its primary efficacy end-point of improving clinical symptoms of BPH, at week 12, as measured by significant changes in the International Prostate Symptom Score (I-PSS), the standard method of assessing BPH symptoms.

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- PARTNERSHIP FOR OZARELIX IN JAPAN - AEterna Zentaris granted Nippon Kayaku an exclusive license to develop and market ozarelix for all potential oncological indications in Japan.

- CETROTIDE(R)(CETRORELIX) LAUNCHED IN JAPAN FOR IN VITRO FERTILIZATION - Cetrotide(R)(cetrorelix), the first LHRH antagonist to enter the Japanese market, has been launched in Japan for IN VITRO fertilization. Cetrotide(R)(cetrorelix) is being manufactured and marketed in Japan by partners Nippon Kayaku Co., Ltd. and Shionogi & Co., Ltd.

FINANCIAL RESULTS FOR THE QUARTER ENDED SEPTEMBER 30, 2006

Consolidated revenues for the quarter ended September 30, 2006 totalled $83.9 million compared to $52.9 million for the same period in 2005.

Consolidated R&D expenses, net of tax credits and grants (R&D) remained steady during the third quarter at $6.2 million compared to $6.1 million for the same period in 2005.

Consolidated selling, general and administrative (SG&A) expenses increased to $15.1 million for the quarter ended September 30, 2006 compared to $9.8 million for the same period in 2005.

Consolidated net loss for the quarter ended September 30, 2006 was $6.5 million or $0.12 per basic and diluted share, compared to $3.8 million or $0.08 per basic and diluted share for the same period in 2005. The increase is mainly attributable to increased non-recurring corporate expenses and future income tax expense, partly offset by the increased contribution of Atrium.

Cash, cash equivalents and short-term investments reached $45.8 million for the quarter ended September 30, 2006 compared to $52.7 million as of December 31, 2005. More than $25 million was dedicated to the Company's Biopharmaceutical segment as of September 30, 2006. Taking into account the sale of 24% of AEterna Zentaris' ownership interest in Atrium that occurred on October 18, 2006, AEterna Zentaris' pro-forma cash and short-term position dedicated to its Biopharmaceutical segment reached $71 million, compared to $34.8 million as of December 31, 2005.

Dennis Turpin, Vice President and Chief Financial Officer of AEterna Zentaris, commented, "With a strong balance sheet, a controlled burn rate and a clear development strategy, we are well positioned to execute our business plan."

DEVELOPMENTS SUBSEQUENT TO QUARTER END

- CLOSING OF SECONDARY OFFERING OF AETERNA ZENTARIS' 3,485,000 SUBORDINATE VOTING SHARES OF ATRIUM BIOTECHNOLOGIES INC., AT A PRICE

OF CDN$15.80 PER SHARE - In early January 2007, AEterna Zentaris intends, subject to receiving regulatory and other approvals, to distribute all of its remaining 11,052,996 subordinate voting shares of Atrium to its shareholders.

Gilles Gagnon, President and Chief Executive Officer at AEterna Zentaris concluded, "Over the past few months, we have successfully achieved major milestones. We now look forward to continuing this great momentum for the remainder of the year and emerge in early 2007 as a late-stage pure play biopharmaceutical company, in an effort to further unlock value to our shareholders."

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Management will be hosting a conference call for the investment community beginning at 10:30 a.m. Eastern Time today, Monday, November 13, to discuss 2006 third quarter financial and operating results, followed by a question and answer session.

To participate in the live conference call by telephone, please dial 416-644-3415, 514-807-8791 or 800-814-4857. Individuals interested in listening to the conference call on the Internet may do so by visiting www.aeternazentaris.com. A replay will be available on the Company's Web site for 30 days.

ABOUT AETERNA ZENTARIS INC.

AEterna Zentaris Inc. is a growing global biopharmaceutical company focused on endocrine therapy and oncology with proven expertise in drug discovery, development and commercialization.

News releases and additional information are available at www.aeternazentaris.com.

FORWARD-LOOKING STATEMENTS

This press release 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.

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CONTACTS

MEDIA RELATIONS

INVESTOR RELATIONS

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ATTACHMENT: Financial summary

[AETERNA ZENTARIS LOGO]

(IN THOUSANDS OF US DOLLARS, EXCEPT SHARE
AND PER SHARE DATA)

CONSOLIDATED RESULTS UNAUDITED	QUARTERS ENDED SEPTEMBER 30, 2006	 2005	
	$	$	$
REVENUES	83,893	52,879	
OPERATING EXPENSES			
Cost of sales	55,664	34,073	
Selling, general and administrative	15,125	9,836	
R&D costs, net of tax credits and grants	6,194	6,147	
Depreciation and amortization	2,517	1,837	
	79,500	51,893	
EARNINGS FROM OPERATIONS	4,393	986	
Interest income	539	339	
Interest expense	(1,971)	(2,241)	
Foreign exchange gain (loss)	109	(404)	
EARNINGS (LOSS) BEFORE THE FOLLOWING ITEMS	3,070	(1,320)	
Current income taxes	(2,010)	(251)	
Future income taxes	(4,244)	(753)	
Gain (loss) on dilution of investments	(5)	109	
Non-controlling interest	(3,316)	(1,544)	
NET EARNINGS (LOSS) FOR THE PERIOD	(6,505)	(3,759)	
NET EARNINGS (LOSS) PER SHARE			
Basic	(0.12)	(0.08)	
Diluted	(0.12)	(0.08)	

Weighted average number of shares			
Basic	52,692,065	46,139,814	51,
Diluted	53,040,488	46,397,156	52,
Issued and outstanding shares			53,

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BIOPHARMACEUTICAL SEGMENT - SELECTED FINANCIAL INFORMATION
(IN THOUSANDS OF US DOLLARS)

UNAUDITED	QUARTERS ENDED SEPTEMBER 30,		NIN S
	2006	2005	2006
	$	$	$
REVENUES			
Sales and royalties	8,419	5,462	20,222
License fees	2,211	3,562	8,539
	10,630	9,024	28,761
COST OF SALES	3,992	1,941	8,037
SELLING AND ADMINISTRATIVE	4,540	3,840	12,900
R&D EXPENSE, NET OF TAX CREDITS AND GRANTS	6,181	6,067	20,247
DEPRECIATION AND AMORTIZATION	1,673	1,536	4,889
	16,386	13,384	46,073
LOSS FROM OPERATIONS	(5,756)	(4,360)	(17,312)
CASH FLOWS USED BY OPERATING ACTIVITIES	(1,711)	(3,814)	(8,753)

CONSOLIDATED BALANCE SHEET	AS AT SEPTEMBER 30,
UNAUDITED	2006

	$
Cash and short-term investments	45,753
Other current assets	111,634
	157,387
Long-term assets	274,253
Total assets	431,640
Current liabilities	63,450
Long-term debt	99,144
Other long-term liabilities	54,367
Non-controlling interest	77,938
	294,899
Shareholders' equity	136,741
Total liabilities and shareholders' equity	431,640

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AETERNA ZENTARIS INC.

Date: November 14, 2005

By: /s/Mario Paradis

Mario Paradis

Vice President, Finance, Administration and Corporate Secretary