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Aeterna Zentaris Inc.
Form 6-K
November 17, 2005

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 2005

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
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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
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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

1. Press release dated November 14, 2005 - Aeterna Zentaris
 Reports 2005 Third Quarter Financial and Operating Results

[AETERNA ZENTARIS LOGO]

AETERNA ZENTARIS INC.

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PRESS RELEASE
For immediate release

AETERNA ZENTARIS REPORTS 2005 THIRD QUARTER FINANCIAL AND OPERATING RESULTS

SIGNIFICANT MILESTONES ACHIEVED IN ADVANCING CLINICAL DEVELOPMENT PIPELINE

ALL AMOUNTS ARE IN CANADIAN DOLLARS

THIRD QUARTER 2005 HIGHLIGHTS:

Financial

- >> Consolidated revenues of \$63.4 million, compared to \$55.4 million for Q3 2004;
- >> Consolidated R&D expenses of \$7.4 million, compared to \$6.6 million for Q3 2004;
- >> Consolidated earnings from operations of \$1.1 million, compared to \$5.5 million for Q3 2004;
- >> Consolidated net loss of \$4.8 million, or \$0.10 per share, compared to a consolidated net loss of \$2 million, or \$0.04 per share for Q3 2004; and
- >> Consolidated cash and short-term position was \$55.7 million at the end of Q3 2005.

Product development

- >> Perifosine: Initiated Phase II trial in non-small cell lung cancer in combination with radiotherapy;
- >> Ozarelix: Completed patient enrollment for Phase II trial in prostate cancer.

QUEBEC CITY, CANADA, NOVEMBER 14, 2005 - AETerna Zentaris Inc. (TSX: AEZ; NASDAQ: AEZS) today reported financial and operating results for the third quarter ended September 30, 2005. Consolidated revenues for the third quarter 2005 were \$63.4 million compared to \$55.4 million for the same period in 2004, an increase of 14.4%. Consolidated R&D expenses net of tax credits amounted to \$7.4 million in the third quarter of 2005 compared to \$6.6 million in the third quarter of 2004. Consolidated earnings from operations for the third quarter 2005 were \$1.1 million, compared to \$5.5 million for the third quarter 2004. The Company's consolidated net loss was \$4.8 million, or \$0.10 per basic and diluted share for the third quarter of 2005 compared to a consolidated net loss of \$2 million, or \$0.04 per basic and diluted share for the comparable period in 2004.

The \$8 million increase in consolidated revenues during the third quarter 2005

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as compared to the same period in 2004 is attributable to additional revenues from the acquisitions, in January 2005, of Echelon Biosciences in our biopharmaceutical segment and of MultiChem by the Company's subsidiary, Atrium Biotechnologies Inc. This increase is partly offset by the adverse effect of the strengthening Canadian dollar on the Company's sales denominated in foreign currencies and by \$9.4 million non-periodic payments received in 2004 in the biopharmaceutical segment.

As of September 30, 2005, the Company had consolidated cash and short-term investments of \$55.7 million, including \$40.9 million dedicated to the biopharmaceutical segment. The Company generated consolidated positive cash flow from operating activities of \$0.7 million in the third quarter 2005. The burn rate for the biopharmaceutical segment in the third quarter 2005 was \$4.8 million as expected.

NINE-MONTH CONSOLIDATED FINANCIAL RESULTS

Consolidated revenues for the first nine months of 2005 increased 19.1% to \$214.1 million, compared to \$179.7 million for the same period in 2004. The Company reported year-to-date 2005 consolidated earnings from operations of \$13.4 million, compared to \$16.3 million for the same period a year earlier. Consolidated net earnings for the first nine months of 2005 were \$11.8 million, or \$0.26 per basic share and \$0.25 per diluted share compared to a consolidated net loss of \$3.2 million, or \$0.07 per basic and diluted share for the first nine months of 2004.

Dennis Turpin, Vice President and Chief Financial Officer of Aeterna Zentaris, said, "With our strong cash and short-term position in the biopharmaceutical segment of nearly \$41 million, as well as our controlled burn rate of nearly \$1.5 million per month, we believe we are well-positioned to continue to aggressively advance the development of our core innovative and high potential pharmaceutical products."

During the third quarter 2005, Aeterna Zentaris continued to advance its product pipeline. The Company initiated its own European multi-center Phase II trial of perifosine, a novel, first-in-class, oral signal transduction inhibitor, in combination with radiotherapy, in non-small cell lung cancer (NSCLC). This randomized, double-blind, placebo-controlled trial will assess the efficacy and safety of a 150 mg daily dose of perifosine when combined with radiotherapy in 160 patients with inoperable Stage III NSCLC. The trial is being conducted in collaboration with the Netherlands Cancer Institute. The primary endpoint will be the extent and duration of local control, i.e., the absence of tumor recurrence or progression in the area that has been irradiated during a 12-month follow-up period.

The Company also announced that it had completed enrollment for a Phase II trial with ozarelix (D-63153) in hormone-dependent prostate cancer, ahead of the projected schedule. This multi-center trial is designed to evaluate the effects of ozarelix on hormonal levels, in particular testosterone, as well as objective anti-tumor effects. This open-label trial involving 48 patients is being conducted in Europe in collaboration with its partner Spectrum Pharmaceuticals Inc. (NASDAQ: SPPI).

"During the last quarter, we made significant progress in advancing our exciting products through our pipeline," said Gilles Gagnon, Aeterna Zentaris President and Chief Executive Officer. "The recent initiation of our Phase II trial in non-small cell lung cancer with our lead oncology compound, perifosine, was our seventh clinical development project initiated so far this year. Additionally, we were very pleased with having completed patient enrollment for our

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Phase II trial in prostate cancer with ozarelix, ahead of schedule. These significant achievements mark critical steps as we continue to execute our strategy aimed at establishing perifosine as a potential breakthrough cancer drug and reflects our strong commitment in building a world-class oncology franchise. We believe we will continue to deliver results and look forward to reporting on our progress next year," concluded Mr. Gagnon.

CONFERENCE CALL INFORMATION

Management will be hosting a conference call for the investment community beginning at 10:30 a.m. Eastern Time today to discuss 2005 third quarter financial and operating results and answer questions.

To participate in the live conference call by telephone, please dial 514-807-8791, 416-640-4127 from Canada or 800-814-4941 from outside Canada. 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 engaged in the discovery, development and marketing of therapies for cancer and endocrine disorders.

Aeterna Zentaris also owns 50.03% of Atrium Biotechnologies Inc. (TSX: ATB.sv), a developer, manufacturer and marketer of science-based products for the cosmetics, pharmaceutical, chemical and nutritional industries.

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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ATTACHMENT: Financial summary

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

| CONSOLIDATED RESULTS UNAUDITED | QUARTERS ENDED SEPTEMBER 30, | | NINE MONTHS SEPTEMBER 30, |
|--|---------------------------------|------------|------------------------------|
| | 2005 | 2004 | 2005 |
| | \$ | \$ | \$ |
| REVENUES | 63,356 | 55,418 | 214,098 |
| ----- | | | |
| OPERATING EXPENSES | | | |
| Cost of sales | 40,856 | 30,806 | 134,417 |
| Selling, general and administrative | 11,816 | 10,166 | 36,463 |
| R&D costs, net of tax credits and grants | 7,384 | 6,595 | 22,883 |
| Depreciation and amortization | 2,206 | 2,306 | 6,936 |
| | 62,262 | 49,873 | 200,699 |
| ----- | | | |
| EARNINGS FROM OPERATIONS | 1,094 | 5,545 | 13,399 |
| Interest income | 406 | 218 | 1,311 |
| Interest expense | (2,688) | (2,289) | (8,651) |
| Foreign exchange loss | (496) | (1,008) | (430) |
| ----- | | | |
| EARNINGS (LOSS) BEFORE THE FOLLOWING ITEMS | (1,684) | 2,466 | 5,629 |
| Current income taxes | (260) | (2,835) | (5,513) |
| Future income taxes | (908) | 145 | (2,344) |
| Gain (loss) on dilution of investments | (51) | (535) | 20,202 |
| Non-controlling interest | (1,850) | (1,237) | (6,178) |
| ----- | | | |
| NET EARNINGS (LOSS) FOR THE PERIOD | (4,753) | (1,996) | 11,796 |
| ----- | | | |
| NET EARNINGS (LOSS) PER SHARE | | | |
| Basic | (0.10) | (0.04) | 0.26 |
| Diluted | (0.10) | (0.04) | 0.25 |
| ----- | | | |
| Weighted average number of shares | | | |
| Basic | 46,139,814 | 45,628,742 | 46,139,814 |
| Diluted | 46,397,156 | 46,019,777 | 46,459,000 |
| Issued and outstanding shares | | | 46,139,814 |

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| CONSOLIDATED BALANCE SHEET UNAUDITED | AS AT SEPTEMBER 30, 2005 |
|--|--------------------------------|
| | \$ |
| Cash and short-terms investments | 55,680 |
| Other current assets | 88,423 |
| | ----- |
| | 144,103 |
| Long term assets | 203,453 |
| | ----- |
| Total assets | 347,556 |
| | ----- |
| Current liabilities | 87,850 |
| Deferred revenues | 16,359 |
| Long-term debt | 22,018 |
| Other long-term liabilities | 28,942 |
| Non-controlling interest | 65,671 |
| | ----- |
| | 220,840 |
| Shareholders' equity | 126,716 |
| | ----- |
| Total liabilities and shareholders' equity | 347,556 |
| | ----- |

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 15, 2005

By: /S/MARIO PARADIS

Mario Paradis
Senior Finance Director and Corporate Secretary