

Atrium Innovations Inc.



**ANNUAL INFORMATION FORM
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2007**

March 28, 2008

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As used in this Annual Information Form, unless the context indicates otherwise: (i) all references to “Atrium Innovations”, the “Corporation”, “we”, “us”, “our” or similar terms refer collectively to Atrium Innovations Inc. and, unless the context otherwise requires or indicates, its subsidiaries, and (ii) “\$” or “dollars” refer to United States dollars and “CAN\$” refers to Canadian dollars.

1. CORPORATE STRUCTURE

1.1 Name and Incorporation

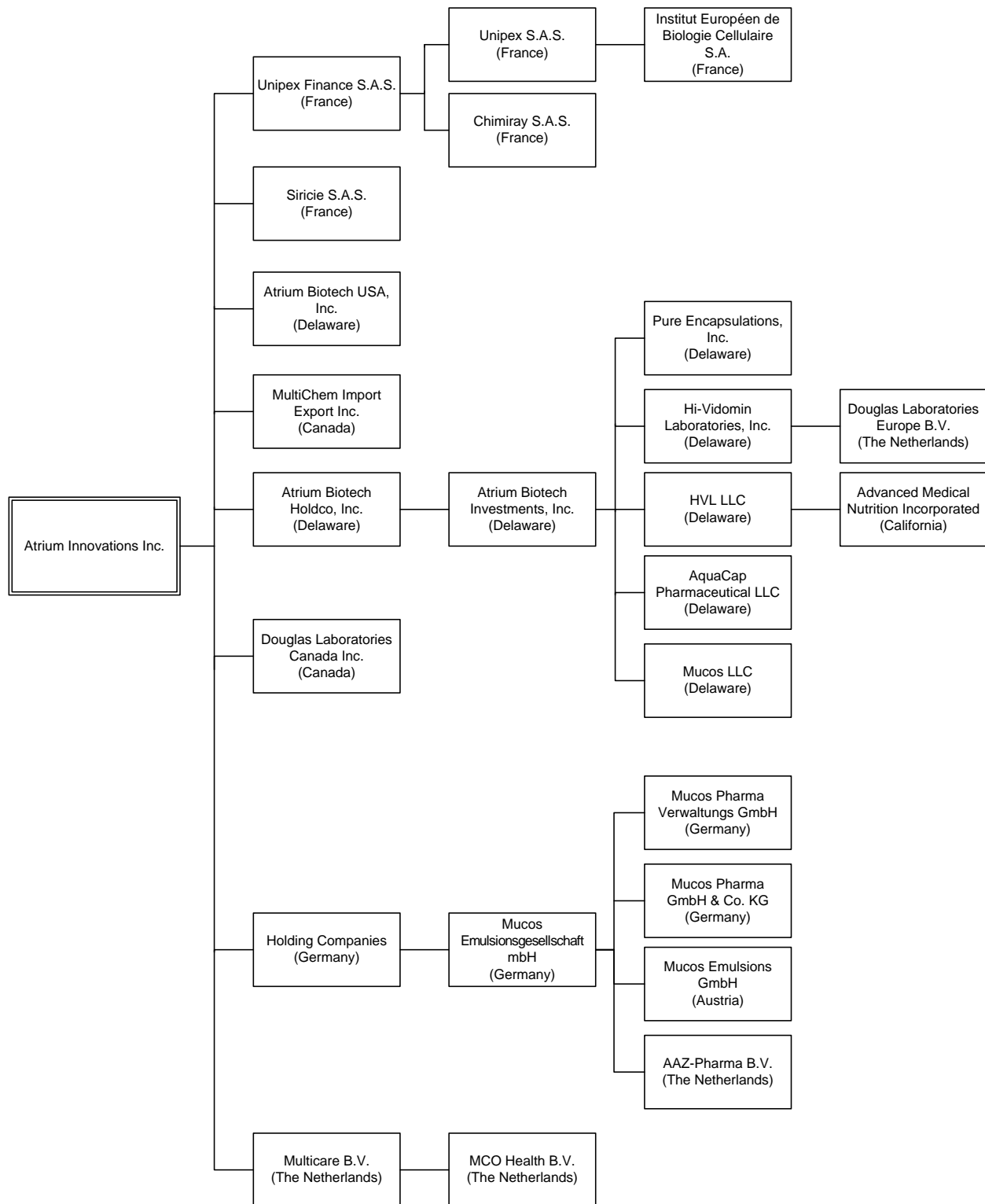
Atrium Innovations Inc. was incorporated on December 10, 1999, pursuant to the *Canada Business Corporations Act*. The articles of incorporation were amended on September 19, 2000 to effect a restructuring of the share capital, re-designate the then issued and outstanding common shares as Subordinate Voting Shares and create a new class of Multiple Voting Shares. On March 10, 2005, we again amended our articles so as to sub-divide the issued and outstanding shares on a four-for-one basis, further reorganize the share capital and remove the private company restrictions contained therein. On May 11, 2007, our articles of incorporation were amended again to change the name of the Corporation from “Atrium Biotechnologies Inc./Les Biotechnologies Atrium inc.” to “Atrium Innovations Inc.”, to effect a restructuring of the share capital, re-designate the then issued and outstanding Subordinate Voting Shares as Common Shares, cancel the class of shares designated as Multiple Voting Shares of which no share was issued and outstanding, and to amend, for purposes of harmonization, the rights, privileges, conditions and restrictions attaching to the Common Shares and the Preferred Shares of the share capital of the Corporation.

Our authorized share capital consists of an unlimited number of Common Shares and preferred shares, issuable in series.

Our head office is located at 1405 Parc-Technologique Boulevard, Quebec City, Quebec, Canada G1P 4P5. The telephone number is (418) 652-1116 and the facsimile number is (418) 652-0151. Our web site is www.atrium-innov.com.

1.2 Intercorporate Relationships

The following chart sets out our corporate structure as of March 14, 2008, including the jurisdictions of incorporation of each of our principal subsidiaries. All of our subsidiaries are wholly owned, either directly or indirectly.



(1) For regulatory purposes, certain of our employees own 0.01% of Siricie S.A.S and 0.01% of Institut Européen de Biologie Cellulaire S.A.

2. GENERAL DEVELOPMENT OF THE BUSINESS

2.1 Overview

We are a leading developer, manufacturer and marketer of value-added products for the cosmetics, pharmaceutical, chemical and nutrition industries. We focus primarily on growing segments of the health and personal care markets which are benefiting from the trends towards healthy living and the ageing of the population. We market a broad portfolio of active ingredients, specialty chemicals and health and nutrition finished products through a highly specialized sales and marketing network in more than 50 countries, primarily in North America, Europe and Asia.

2.2 History

From 1991 until the end of 1999, we operated as a division of Æterna Zentaris Inc. (“Æterna Zentaris”) (formerly Æterna Laboratories Inc.), a publicly-traded biopharmaceutical company listed on the Toronto Stock Exchange and the NASDAQ Stock Market. During this period, we developed a number of products that were successfully marketed to the cosmetics and nutrition industries. The cash flow generated from these activities helped Æterna Zentaris fund its biopharmaceutical research. In December 1999, Atrium Biotechnologies was established as a separate subsidiary of Æterna Zentaris. In exchange for a 100% equity interest, Æterna Zentaris transferred to us its cosmetics and nutrition division, including the assets and trademarks relating thereto as well as the exclusive right to use Æterna Zentaris’ patents in the cosmetics and nutrition industries.

Prior to establishing Atrium Biotechnologies as a separate subsidiary, Æterna Zentaris carefully analyzed the health and personal care markets and developed a strategic plan designed to enable us to become a leading international developer, manufacturer and marketer of innovative value-added products in our industries. Following the business model of large pharmaceutical companies, we decided to balance our internal product development efforts with acquisition and in-licensing of products in order to expand our product portfolio. To actively market our products, we also quickly recognized the need to establish a direct sales and marketing organization in key geographic markets complemented by a strong international network of distributors.

To fund our growth strategy, we concluded two private placements in 2000 with SGF Soquia Inc. and Fonds de solidarité des travailleurs du Québec (F.T.Q.) (“Fonds FTQ”), for total proceeds of \$13.7 million and in 2005 completed an initial public offering (“IPO”) for an aggregate amount of \$61 million of which we received gross proceeds of \$41 million. These financings, along with internally generated cash flows, the prudent use of leverage and a disciplined acquisition strategy, allowed us to complete 14 strategic acquisitions for a total consideration of \$423 million since September 2000, including that of Biotherapies Inc. (United States) in September 2000, Unipex Finance S.A. (France) in July 2001, ADF Chimie S.A. (France) in April 2002, Interchemical S.A. and Chimiray S.A. (France) in August 2003, Siricie S.A. (France) in November 2003, Pure Encapsulations, Inc. (United States) in March 2004, MultiChem (Canada) in January 2005, Douglas Laboratories (HVL Parent Incorporated) (United States) in December 2005, Amisol Company Ltd. (Canada) in May 2006, Douglas Laboratories Canada Inc. (Canada) in

September 2006, AquaCap Pharmaceutical, Inc. (“AquaCap”) (United States) in January 2007, Mucos Emulsionsgesellschaft mbH Chemisch-pharmazeutische Betriebe (“Mucos”) (Germany) in July 2007 and, more recently, Institut Européen de Biologie Cellulaire S.A. (“IEB”) (France) in January 2008, and Multicare B.V. (“Multicare”) (the Netherlands) in February 2008.

2.3 Fiscal 2005

In January 2005, we put in place a new \$64.5 million revolving credit facility with a syndicate of banks. The borrowings under this facility were used in part to fund the MultiChem acquisition, described below. This facility can be renewed annually for a period of one year by the syndicate of banks and, if not renewed, is then payable over a two-year period.

In January 2005, through the newly created subsidiary, MultiChem Import Export (2005) Inc. (“MultiChem”), we completed the acquisition of the operating assets of MultiChem Import Export Inc. and MultiChem Trading Inc. for a total consideration of \$20.7 million. MultiChem is a Canadian marketer of active ingredients and specialty chemicals and had a portfolio of approximately 400 products, sold to more than 500 customers in Canada and the North Eastern United States. MultiChem started its operations in 1985. With offices in Boucherville (Quebec) and Mississauga (Ontario), MultiChem is one of the leading companies in Canada in its field.

In April 2005, we completed an initial public offering and secondary offering of 6,250,000 Subordinate Voting Shares at the offering price of CAN\$12.00 per share for total gross proceeds of \$61 million of which we received \$41 million. Immediately prior to the closing of the aforementioned offering, we completed the acquisition of the remaining non-controlling interest in Unipex Finance S.A. (“Unipex Finance”) for an amount of \$7.3 million (83.78% had been acquired between 2002 and 2004). This amount was settled through the issuance of 741,584 Subordinate Voting Shares at the same offering price of CAN\$12.00.

In June 2005, we invested an additional amount of \$0.4 million in Les Biotechnologies Océanova Inc. (“Océanova”) by way of a subscription for convertible debentures, adding to a \$0.6 million investment made in 2004. Pursuant to the subscription agreement entered into between us and Océanova in March 2004, we have committed, under certain conditions, to subscribe for convertible debentures of an additional amount of \$0.4 million in 2006.

In September 2005, we entered into a tax loss monetization program with our then parent company, Æterna Zentaris Inc. (“Æterna Zentaris”). At that time, we anticipated that this program would allow us to benefit from a part of Æterna Zentaris’ tax losses and this would result in future annual savings of up to \$2.8 million.

In November 2005, we amended our existing \$64.5 million revolving credit facility. The amended credit facility, of an authorized amount of \$107.5 million, had a three-year revolving term, renewable annually for the same period, allowed to increase the authorized amount up to a maximum of \$172.0 million, under certain conditions, and to borrow in US dollars, Canadian dollars or euros.

On December 8, 2005, we acquired HVL Parent Incorporated (“Douglas Laboratories”) whose main brand is Douglas Laboratories for a total amount of \$86.9 million, of which \$78.3 million was paid in cash while the balance of \$8.6 million was paid by the issuance of Subordinate

Voting Shares at a price of CAN\$10.95 per share. Based in Pittsburgh, Pennsylvania, Douglas Laboratories has been marketing health and nutritional products through healthcare practitioners for over 50 years.

Reference is made to the Business Acquisition Report in Form 51-102F4 filed by us on February 22, 2006 with respect to the acquisition of Douglas Laboratories, which is hereby incorporated by reference into this Annual Information Form.

Effective as of the fourth quarter of fiscal 2005, we changed our reporting currency from Canadian dollars to US dollars so that our financial statements will more accurately reflect our true operating results and financial position given that a majority of our business is conducted in US dollars.

2.4 Fiscal 2006

In May 2006, we acquired the assets of Toronto based Amisol Company Ltd. (“Amisol”) for \$7.2 million. Amisol has been marketing mainly personal care products since 1974 in Canada. Amisol’s operations were integrated into MultiChem’s operations during the year.

In September 2006, we invested an additional amount of \$0.4 million in Océanova by way of a subscription for convertible debentures.

In September 2006, we acquired the assets of London, Ontario based Douglas Laboratories Canada (“DL Canada”) for approximately \$4 million. DL Canada has been marketing Douglas Laboratories products in Canada since 2000.

In October 2006, we completed a “bought deal” secondary offering of 3,930,000 Subordinate Voting Shares at a price of CAN\$15.80 per share, for total proceeds to the selling shareholders of CAN\$62 million. Of the 3,930,000 shares, 3,485,000 shares were sold by Æterna Zentaris, our principal shareholder as of that date. The balance of 445,000 Subordinate Voting Shares were sold by six senior officers of the Corporation, following the exercise by them of certain of their stock options, for proceeds to the Corporation of approximately CAN\$1.4 million. Upon the closing of the offering, our 11,052,996 remaining Multiple Voting Shares held by Æterna Zentaris were automatically converted into Subordinate Voting Shares on a one-for-one basis, in accordance with our articles. After the closing, Æterna Zentaris owned 11,052,996 Subordinate Voting Shares representing approximately 36% of all shares outstanding. Æterna Zentaris completed the distribution of all these shares to its shareholders on January 2, 2007. Since January 3, 2007, Æterna Zentaris is no longer a shareholder of Atrium. All of the Multiple Voting Shares were owned by Æterna Zentaris. We amended our articles of incorporation in May 2007 to cancel this class of shares.

The decision of Æterna Zentaris to sell and distribute their Atrium interest represents the culmination of a lengthy and detailed review process in which both the management and Board of Directors of Æterna Zentaris examined a number of strategic alternatives for how best to pursue and implement their strategy of becoming a “pure play” biopharmaceutical company.

After the closing, Æterna Zentaris is no longer the controlling shareholder of Atrium and pursuant to the tax-loss monetization program established in September 2005, this program has

been terminated just before the closing of the offering. The Corporation will no longer benefit from Æterna Zentaris' tax losses in the future.

2.5 Fiscal 2007

In January 2007, we acquired AquaCap Pharmaceutical, Inc. ("AquaCap"), a company based in Philadelphia, Pennsylvania for \$22,1 million. AquaCap is the leading developer and manufacturer of liquid filled capsules within the nutritional supplement industry in the United States. This acquisition allowed to further strengthen our leadership position in the United States. AquaCap's novel technology will allow us to continue to offer our customers quality and innovative products.

On May 31, 2007, the Chairman of the Board, Mr. Pierre Laurin, announced the nomination of Mr. Pierre Fitzgibbon as President and Chief Executive Officer, in replacement of Mr. Luc Dupont, who remained a Director until December 2007. Mr. Fitzgibbon was appointed to the Board in August 2007.

Following shareholders' approval at the last annual general meeting, in May 2007, we changed our name from Atrium Biotechnologies Inc./Les Biotechnologies Atrium inc. to Atrium Innovations Inc. This change of name was made to clarify our image in order to demonstrate our progress and diversification over the years as a leading manufacturer and marketer of innovative products in various industries.

We also redesignated our Subordinate Voting Shares as Common Shares and cancelled the class of shares designated as Multiple Voting Shares.

In July 2007, we amended our existing revolving credit facility. This 5-year credit facility may be extended for an additional year on each of the 2008 and 2009 anniversary dates. The authorized amount is \$350 million and may be increased up to a maximum of \$425 million under certain conditions.

In July 2007, we acquired Mucos Emulsionsgesellschaft mbH Chemisch-Pharmazeutische Betriebe ("Mucos"), a company based in Germany, for \$178.8 million. Mucos, whose main brand is WobenzymTM, has been marketing enzyme based products for over 50 years. This acquisition allowed us to establish a significant presence in Europe and access to the German market.

In November 2007, we entered into a new credit facility of CAN\$36.6 million with Fonds FTQ. This firm, five-year credit facility, provided as a non-convertible subordinated debt, is subject to full repayment at the end of the loan term, in 2012.

In December 2007, we announced our decision to undertake a strategic re-evaluation process of our Active Ingredients and Specialty Chemicals Division. This strategic re-evaluation process was motivated by our intention to focus on our activities in the Health and Nutrition sector, and to allow each of our two divisions to be supported by its own capital structure to allow them to carry out their respective development plans in an optimal manner, due to the numerous development projects underway within each division.

2.6 Current Fiscal Year

In January 2008, we acquired Institut Européen de Biologie Cellulaire S.A. (“IEB”), located in Toulouse, France, for the amount of \$1.1 million, including \$0.4 million of debt which was reimbursed to creditors. IEB develops and markets active ingredients such as peptides.

In February 2008, we acquired Multicare B.V. (“Multicare”), located in Almere, the Netherlands, for a total amount of \$31.2 million, of which \$23.4 million was paid cash, \$6.4 million of debt to be reimbursed to creditors, and the remainder was paid by the issuance of 81,128 newly issued Common Shares of the Corporation. Multicare, through its subsidiary MCO Health B.V. (“MCO Health”), manufactures and markets a complete range of nutritional supplements.

In 2008, the Corporation will pursue its mission as leading developer, manufacturer and marketer of value-added products in the Health and Nutrition sector.

3. DESCRIPTION OF THE BUSINESS

3.1 Corporation Overview

We are a leading developer, manufacturer and marketer of value-added products for the cosmetics, pharmaceutical, chemical and nutrition industries. Our head office is located in Quebec City (Quebec). Our offices, facilities and warehouses are strategically located in Canada, the United States, the Netherlands, Spain, Germany and France. As of December 31, 2007, we had approximately 700 employees, including 23 involved in business and product development, approximately 350 in production and logistics, and 182 in sales and marketing. Many of our sales and marketing employees have a scientific background in order to support our sophisticated customers.

To better address the needs of our customers, we together with our subsidiaries, are organized in two business divisions: (i) Active Ingredients & Specialty Chemicals Division; and (ii) Health & Nutrition Division. The Active Ingredients & Specialty Chemicals Division offers value-added products that include high-value proprietary active ingredients developed, acquired or in-licensed by us. Through the Health & Nutrition Division, we develop, manufacture and market proprietary health and nutrition finished products.

As mentioned in Section 2.6 above, under the heading “General Development of the Business – Current Fiscal Year”, we have decided to divest our Active Ingredients & Specialty Chemicals Division. All numbers included in this document, unless otherwise specified, include the data pertaining to both Divisions.

Active Ingredients & Specialty Chemicals Division

The Active Ingredients & Specialty Chemicals Division offers more than 2,000 value-added products, of which 44 are high-value proprietary active ingredients developed, acquired or in-licensed by us. The balance is sourced from third-party manufacturers, including major multinational companies. We are the sole marketer for a majority of these third-party products in key markets in which we have a direct sales force. Our product portfolio includes active

ingredients, specialty lipids, chemical synthesis intermediates, functional chemicals, innovative additives, preservatives and excipients.

Our products enhance customers' end products by improving performance, providing essential product attributes, lowering costs and simplifying manufacturing processes. In particular, our 44 proprietary active ingredients, mostly derived from biotechnologies, have proven biological activities and are key value drivers of our customers' finished products. Our non-proprietary value-added products complement our product portfolio, help us achieve industry diversification to maximize the potential of our products, and build critical mass with our strategic customers. These non-proprietary products have diverse applications. They are used, among other things, in the manufacturing of drugs and value-added foods and in numerous industrial applications.

To efficiently sell our products, we also offer to customers the scientific, technical and regulatory support needed to better understand the potential uses of our products and to reduce the development time of their finished products. This is essential to the success in marketing scientific value-added products. Our experts share application ideas, help resolve formulation or application challenges and support customers' new product development efforts and regulatory compliance.

We sell to approximately 2,500 manufacturers in the cosmetics, pharmaceutical, chemical and nutrition industries. In North America and Europe, we sell our products through our own sales and marketing organization. The proprietary active ingredients are also marketed through a network of more than 42 specialized distributors in over 48 countries. Our sophisticated logistics systems enable us to service our customers on a timely basis. The proprietary active ingredients are either manufactured in-house or outsourced to reliable contract manufacturers.

Health & Nutrition Division

Through the Health & Nutrition Division, we develop, manufacture and market more than 1,300 proprietary health and nutrition finished products. These products are generated primarily from natural sources and include vitamins, minerals and specialized products. Innovative and high-end, these products are not suited for mass market channels. They are marketed primarily through healthcare practitioners mostly in North America and Europe, such as physicians, chiropractors and naturopaths, and are based on scientifically supported formulas to deliver the expected health benefits. Some of the products are manufactured using molecular separation biotechnology.

Certain of our products are offered in more than 35 countries through a network of more than 45 specialized distributors targeting niche markets. Virtually all of our health and nutrition products are manufactured in our state-of-the-art facilities in Quebec City (Quebec), Sudbury (Massachusetts), Pittsburgh (Pennsylvania), Philadelphia (Pennsylvania), and now Almere, the Netherlands, since the acquisition of Multicare and its subsidiary, MCO Health in early 2008, with certain products outsourced to reliable contract manufacturers.

3.2 Products

We offer a comprehensive product line consisting of more than 2,000 active ingredients and specialty chemicals and 1,300 health and nutrition finished products. In early 2008, we added

more than 300 additional health and nutrition products through the acquisition of Multicare and its subsidiary MCO Health, as well as seven active ingredients and a library of more than 200 peptides through the acquisition of IEB. Our global product line includes over 1,750 proprietary products, of which more than 100 were developed internally, over 1,609 were acquired, including the MCO Health products and the IEB products, and 22 were in-licensed from third parties. This broad product portfolio plays an important role in providing the differentiating factors required by our customers to compete in their markets. In order to increase the breadth and innovative character of our product offering, we intend to continue to acquire, in-license and develop new proprietary products.

We have built a solid reputation as a reliable provider of quality products, which contributes to long-term repeat business. The efficacy and safety of our proprietary products have been thoroughly documented. Quality control of all of our proprietary products includes testing by independent laboratories.

Active Ingredients & Specialty Chemicals Division

We commercialize active ingredients and specialty chemicals in the cosmetics, pharmaceutical, nutrition and chemical industries, as described below.

Cosmetics Industry

In the cosmetics industry, the product portfolio is comprised of active ingredients, specialty additives, excipients, surfactants, preservatives, sunscreens, pigments and lacquers. They include performance enhancers for skin care, hair care and makeup products, designed to improve the safety, efficacy, texture and stability of the customers' finished products.

The main proprietary products consist of cosmetic active ingredients targeting primarily the fast growing anti-ageing and skin care market segments. Certain of these products were developed in-house, while the majority was acquired or in-licensed by us. Most of our key proprietary active ingredients are subject to clinical studies, some of which are conducted in collaboration with industry leaders.

Pharmaceutical Industry

In the pharmaceutical industry, we commercialize excipients, preservatives, flavouring agents and active pharmaceutical ingredients ("APIs") such as peptides, nucleotides, amino acids, antibiotics and sulfamides. APIs are marketed to both ethical and generic drug manufacturers. For generic drugs, we often provide clients with both the ingredients and their complete registration file which we may adapt to comply with regulatory requirements.

Some of the APIs which we commercialize are: (i) articaine, an anesthetic used in dentistry; (ii) progesterone, used in menopause-discomfort drugs; (iii) quinine, an anti-paludic used in the treatment and prevention of malaria; and (iv) polyvinylpyrrolidone iodine, an antiseptic used in applications such as operating field disinfection.

The following are certain of our formulation additives: (i) amino acids used in parenteral nutrition; (ii) vitamin E-TPGS, an exclusive form of vitamin E used to facilitate the oral absorption of anti-cancer drugs; and (iii) sodium benzoate, an excipient used as a key component in various drugs.

Nutrition Industry

In the nutrition industry, we commercialize processing aids, antioxidants, vitamins, minerals, preservatives and flavouring and texturing agents for manufacturers of dietary supplements, food and animal feed. These ingredients are used to enhance product formulation, nutritional value and taste, for better acceptance by consumers.

The following are certain of the products: (i) inuline, known for its bifidogenic prebiotic action, used in transformed nutrition products for diabetics, newborns and children, and in healthy foodstuffs; and (ii) lactoserum protein hydrolyzates, used in hypoallergenic nutrition for athletes and children, and in geriatric and hospital nutrition.

Chemical Industry

In the chemical industry, we market specialty chemicals which are used in a wide variety of industries such as coatings, construction, plastics, rubber, textile, ink, automotive, photography, paint, electronics and adhesives. We also commercialize chemical synthesis intermediates and building blocks which are primarily used in the manufacturing of pharmaceutical products.

Some of the products that we market to the chemical industry include: (i) L-Norvaline, a chemical synthesis intermediate used to produce a drug for the treatment of hypertension and heart failure; (ii) Benzoflex 9-88SG, a safe plasticizer used in polyurethane ink roll coatings as a substitute for phthalates, some of which are considered carcinogenic by the FDA; and (iii) Ajicure MY-24, an innovative additive incorporated in a product which is used in the automotive industry as a replacement for bitumen-based protection in a car's lower body, as a sound insulator and anti-vibration component.

Health & Nutrition Division

The following describes our main health and nutrition product lines, all of which are proprietary:

Pure Encapsulations Product Line

Pure Encapsulations' products have been offered to healthcare practitioners since 1991. The product line consists of more than 350 hypoallergenic products presented in vegetable based capsules and designed to meet the needs of healthcare practitioners. All products contain quantities of vitamins, minerals, nutrients, amino acids or herbal extracts with scientifically-proven health benefits. Products contain no excipients, binders, fillers, shellacs, artificial colors or fragrance. Key products include highly potent and natural multi-vitamins for adults and children, condition specific and high-end antioxidants.

Douglas Laboratories Product Line

Douglas Laboratories offers a broad selection of approximately 960 branded products available in capsules, tablets, softgels, liquids and powders. Many products are exclusive formulations such as the Ultra Preventive and Basic Preventive lines—two widely recommended professional grade multiple vitamin and mineral formulas in the marketplace. Douglas Laboratories also offers an extensive array of herbal supplements including Ayurvedic herbs, herbal combinations and the Max-V exclusive line of standardized herbs in vegetarian capsules. In addition, Douglas Laboratories is continually developing new products based upon the latest scientific and clinical research. Douglas Laboratories relies on a solid team of sales representatives that covers the

entire United States and Canada through DL Canada. Douglas Laboratories has sales offices in the Netherlands and in Spain to better serve the needs of the European customers. Douglas Laboratories has been marketing health and nutritional products through healthcare practitioners for over 50 years and is recognized across the industry for its quality and innovation.

Xtra-Cell Comitris

Xtra-Cell Comitris, a frozen liquid dietary supplement, is a complex of natural molecules obtained from marine biomass using a patented molecular separation biotechnology process. Xtra-Cell Comitris helps maintain healthy angiogenic balance and blood parameters. It is typically used by people with critical or debilitating conditions, to help improve their quality of life. This marine liquid complex has been successfully commercialized internationally since 1992 and formerly sold under the brand name CarTCell.

Other Xtra-Cell Products

In addition to Xtra-Cell Comitris, other liquid dietary supplements are commercialized under the Xtra-Cell name. They are frozen liquid dietary supplements containing cell signalling factors from different biomasses using a patented molecular separation biotechnology process. The line offers eight frozen products all targeting specific conditions depending on the mix of peptides and molecules: Thymus, Mesenchyme, Joint Support, Zepatix, CF Support, Anti-Aging, Immunity and Remilyn. Those products have also been successfully commercialized internationally since 1992 and formerly sold under the name NatCell.

Mucos Product Line

Mucos has been marketing enzyme based products for over 50 years. Mucos's main brand is Wobenzym™. Its lead product, Wobenzym-N, is Germany's most popular systemic enzyme-based product. Medical practitioners are well aware of the numerous benefits provided by Wobenzym-N, including the maintenance of healthy joints, muscles and tendons as well as the overall function of the body's immune system. Mucos' products are mainly sold in Germany and Eastern Europe, but are also sold in Asia, Latin America and North America.

MCO Health Product Lines

Multicare and its subsidiary, MCO Health, were acquired in early 2008. MCO Health has two main product lines, Orthica and SunWell. Founded in 1983, Orthica is one of the top two leading brands of food supplements marketed specifically to healthcare practitioners within the Netherlands. The Orthica brand has over 2,500 direct customers in the Netherlands, Germany and Belgium. Orthica has a portfolio consisting of 140 science based products. The SunWell product line offers around 40 products. This brand is distributed through 1,550 chain drugstores and service supermarkets throughout the Netherlands.

3.3 Sales and Marketing

Our customers' purchasing decisions are based on product safety, efficacy, innovative content and quality, breadth of product offering and reliability of delivery. We have achieved leadership positions in our markets by meeting these criteria, thereby becoming a partner of choice for our customers. Our comprehensive product lines of high quality science-based products are fully supported by our skilled professionals and distributors in more than 50 countries.

We have a sales and marketing team of 182 employees, 105 of whom are in North America and 77 in Europe. The vast majority of these sales and marketing employees are professionals, who are qualified to promote the scientific and technical characteristics as well as the various applications of our products. Their mandate is to market existing products and identify new product development opportunities arising out of our privileged customer relationships.

In territories where we do not have a direct sales force, we collaborate with an international network of distributors. These distributors have been carefully selected for their established relationships with leading customers and their recognized ability to sell value-added products. The distributors are trained by our scientific and sales staff. Together with our distributors, we visit key customers in these territories on a regular basis.

We believe that personalized visits with strategic customers are the most effective way of assessing our customers' specific needs and directing our new product development efforts. Technical articles in trade or peer-reviewed scientific journals reinforce the value-added positioning of our products. These papers are written by our scientific and technical staff or industry experts. We also produce commercial leaflets, educational sales sheets and CD-ROMs. Eight web sites (including *www.atrium-innov.com*) broaden our reach and better serve our customers' needs for quick and easy access to information. We also participate in selected trade events.

Active Ingredients & Specialty Chemicals Division

In North America and Europe, we sell our active ingredients and specialty chemicals through our direct sales force based in Canada and France. In addition, our proprietary active ingredients are marketed in approximately 48 countries through a network of more than 42 specialized distributors.

To increase the use of our products by our customers in their end products, we assist our customers in the development of innovative products by supporting them with scientific, technical and regulatory expertise. In addition, we supply our products on a reliable and competitive basis. In our view, these factors have allowed us to develop preferred supply arrangements with industry leaders.

By commercializing products in the cosmetics, pharmaceutical, chemical and nutrition industries, we have built critical mass, gained industry diversification and maximized the commercial opportunities for our products. We sell to approximately 2,500 manufacturers in the cosmetics, pharmaceutical, chemical and nutrition industries.

The revenues of this division were of \$221.6 million in 2007 and \$191.4 million in 2006.

Health & Nutrition Division

We market our health and nutrition finished products primarily to healthcare practitioners such as physicians, chiropractors and naturopaths. In the United States and Canada, our sales are mainly made directly; in more than 30 other countries, we sell through a network of more than 45 distributors. The main responsibility of our sales teams is to maintain solid relationships with key healthcare practitioners and to coordinate the marketing efforts of our distributors. Our sales force is organized in three geographic regions (North America, Europe, and Asia and elsewhere)

in order to better address local needs and optimize our market presence. A significant part of our sales force's compensation is based on the level of profitable growth.

For fiscal 2007, 62% of the revenues of this division were generated in North America, 34% in Europe and 4% in Asia and elsewhere. Two of our customers represented more than 10% of the revenues of this division in 2007, respectively 15% (27% in 2006) and 12% (none in 2006).

The revenues for this division were of \$172.8 million in 2007 and \$114.7 million in 2006.

Pure Encapsulations markets health and nutrition products to more than 36,000 healthcare practitioners in the United States, primarily through a detailed catalogue which is mailed five times a year to more than 50,000 healthcare practitioners. In addition, we periodically send targeted mailings, include selected product specification sales sheets with orders, and participate in selected industry trade shows and scientific conferences. Our highly trained nutritionists assist healthcare practitioners in selecting the appropriate products needed to address specific health conditions. Pure Encapsulations is recognized by industry sources as having superior quality products and an outstanding fulfillment record; most orders are received by healthcare practitioners within 48 hours.

Douglas Laboratories offers a broad selection of approximately 960 branded products offered in various formats to satisfy the needs of healthcare practitioners. Douglas Laboratories markets its health and nutrition product portfolio to more than 10,000 healthcare practitioners in the United States by relying on a solid team of sales representatives that covers the entire United States. It also operates a sales and fulfillment branch in the Netherlands and a sales desk in Spain to address the needs of its European customers. Douglas Laboratories has been marketing health and nutritional products through healthcare practitioners for over 50 years and is recognized across the industry for its quality and innovation.

DL Canada markets the Douglas Laboratories and Pure Encapsulations brands to healthcare practitioners in Canada. DL Canada has a team of sales representatives and agents that covers Canada.

Mucos' systemic enzyme products may be purchased in drugstores in over 23 countries around the world. In Germany, Mucos relies on a highly trained sales force consisting of 42 sales representatives, while utilizing strong distribution partnerships in order to satisfy its increasingly global clientele.

Multicare, which was acquired in early 2008, has, through its subsidiary MCO Health, two main product lines, Orthica and SunWell. The Orthica brand is directly marketed to healthcare practitioners through information and educational materials provided by dedicated Orthica sales representatives. The supply of Orthica products are distributed within pharmacies, specialized drugstores and health-food stores. Healthcare practitioners either advise their patients to purchase Orthica products and refer them to the appropriate outlets, or they sell the products directly. Orthica is well represented by the 10 top pharmacy and specialized health wholesalers throughout the Netherlands. The Orthica brand has over 2,500 direct customers in the Netherlands, Germany and Belgium. The SunWell brand is distributed through 1,550 chain drugstores throughout the Netherlands and is marketed via print, magazines, radio, consumer fairs, samplings, phone and website.

3.4 New Product Pipeline

Since 1993, we have developed more than 100 products internally. Since 2000, to diversify and rapidly expand our product portfolio, we have concentrated our efforts on acquiring and in-licensing proven products and product lines. Since then, we acquired six product lines, including MCO Health's Orthica and SunWell product lines and IEB's products, and signed six in-licensing agreements, bringing approximately 20 new products to our portfolio. We also added 960 products through the acquisition of Douglas Laboratories, 306 products through the acquisition of Pure Encapsulations, 25 through the acquisition of Biotherapies, 18 through the acquisition of Siricie, and five through the acquisition of Mucos. We also added seven products and a peptides library of more than 200 peptides through the acquisition of IEB in January 2008, and approximately 300 products through the acquisition of Multicare and its subsidiary MCO Health in February 2008.

It generally takes more than three years to complete safety evaluation, pre-clinical and clinical studies, production scale-up and regulatory filings in order to bring a product from concept to market. To expand our proprietary product portfolio in the short-term, leverage our international commercialization network and lower the risks and expenses related to in-house research and development, we primarily focus on: (i) acquiring or in-licensing new products which are commercialized or close to being marketed; and (ii) adapting and improving existing proprietary products to meet specific market or customer needs. This allows us to introduce new products generally within one year. To further complement our product offering, we also seek to market products from third parties. Moreover, to maintain our position as an innovator, we seek to enter into strategic partnerships with research-based organizations in order to assure medium to long-term introduction of new proprietary products. Finally, leveraging our involvement in more than one industry sector often allows us to develop products not only for their initially intended use but also for applications in other sectors, thereby maximizing commercial opportunities for our products.

To maximize the success of new proprietary products, we systematically start from a specific market need or customer request. We favour projects for which a strategic customer is interested in sharing development costs with us. This commitment is generally a good indicator of potential commercial success. It not only confirms the potential value of the project but also reduces time-to-market and increases the product penetration rate thereafter, as we typically conduct these co-development projects with industry-leading customers.

These projects range from the development of new active ingredients to chemical synthesis process optimization. Generally, for the development of new active ingredients, we share the costs of safety evaluation, clinical studies, manufacturing scale-up and regulatory filings with our co-development partners. In exchange for their contribution, we typically offer them a first-to-market opportunity which is generally limited to less than a year. We also collaborate with our customers in designing new ways of synthesizing chemical entities. Our objective is to help them reduce their production costs while using raw materials that are commercialized exclusively by us. Our business and product development team, composed of 23 employees based in North America and Europe, acquires crucial competitive information through these collaborations. This allows us to better understand our customers' needs, develop tailored solutions and focus our acquisition and in-licensing efforts.

The following outlines our new product pipeline strategy:

Acquisition and In-Licensing of Products

Our business and product development team is involved in acquiring and in-licensing products. As described above, we find this to be an efficient and safe approach to rapidly expand our new product pipeline. We work closely with our customers' research and development teams to identify specific market opportunities. Supported by an international network of consultants, our development team seeks technologies which complement our existing portfolio, answer unmet customer needs and help us establish relationships with new customers in new territories. Our knowledge of industry needs and regulatory requirements enables us to focus only on those scientific protocols needed to obtain regulatory approval and market acceptance. This allows us to reduce development costs and generally introduce acquired or in-licensed products in less than a year.

During the last five years, the Active Ingredients & Specialty Chemicals Division has signed three in-licensing agreements, with Fytokem in 2002 for exclusive rights to commercialize two products, Eukarion (now Proteome Systems) in 2002 for EUK-134, and IEB in 2005 for five peptides. The Active Ingredients & Specialty Chemicals Division also acquires products which are commercialized or close to being marketed. For example, it acquired the Lanatech line of 11 products with the Siricie transaction in 2003. Recently, it completed the acquisition of IEB with whom it already had a license of five peptides in 2005 in order to acquire additional commercialization rights and a library of more than 200 characterized peptides with application in neurocosmetic, anti-ageing, skin pigmentation, anti-inflammation, and tissue repair.

Internal Product Development

Our internal product development initiatives are mostly oriented on product adaptation and improvement. The product development team finds innovative solutions to healthcare practitioners' needs working with existing active ingredients to create new products or improve existing formulations. The Heath & Nutrition division produces more than 30 new products per year and is constantly studying new technologies and manufacturing processes. Internal product development initiatives for the Active Ingredients & Specialty Chemicals Division have led to the development of a number of products derived from AE-957, a proprietary product, including MDI Complex, MRT² and MAI Complex.

Collaboration with Research-Based Organizations

Our long-term product pipeline strategy is to partner with, and on occasion invest in, research and development organizations. These collaboration projects will allow us to leverage the work of independent research and development organizations at reduced risk to us. In addition to acquisitions and in-licensing, we expect these collaborations to provide us with a solid pipeline of innovative products in the long term. We believe that we are an attractive partner for these research and development organizations in that we provide them with development guidance and access to our international commercialization network.

For example, in 2004, we invested in Océanova, an independent research organization dedicated to screening marine biomass. Collaborating with a number of scientists and laboratories, Océanova's objective is to identify potential technologies and products and complete preliminary

efficacy and safety studies on them. We have a right of first refusal on all technologies and products developed by Océanova for applications in the cosmetics and nutrition industries. Océanova's main research fields include immunology, inflammation, oxidation and bacteriology. Since 2005, the Active Ingredients & Specialty Chemicals Division has successfully developed and launched in collaboration with Océanova seven new actives ingredients.

We launched in 2005, the new active ingredient Aldavine, which was developed in collaboration with Océanova. This active ingredient is for the skin care and anti-aging segments of the cosmetic market.

In 2006, we launched the Homeosta-SEA™ line of marine cosmetic ingredients. This line consists of four active ingredients derived from algae found in the Atlantic Ocean developed after several months of research in cooperation with Océanova and is intended for cosmetic manufacturers. Among other things, this line helps fight the adverse effects of modern living on the skin's natural equilibrium for a healthy and younger looking skin. All four ingredients have their own well-defined biological profile and, when used in combination, they help protect the skin against damage caused by sun exposure, pollution, aging and inflammation. It has been shown that these clinically tested cosmetic actives can fight the signs of aging by reducing the appearance of wrinkles, soothing sensitive skin and making the skin more resistant to daily aggressions.

In 2007, we launched two peptides developed in collaboration with Océanova: Neutrazen™ and ChroNoline™. Neutrazen™ is a neurocosmetic designed to prevent and reverse signs of neurogenic inflammation. It is an innovative tri-peptide linked to a lipid for optimal penetration and efficacy. Neutrazen™ calms and soothes irritated skin and helps to maintain and restore a normal skin sensitivity threshold. ChroNoline™ is a biomimetic tetrapeptide derived from a growth factor. It is linked to a lipid for higher stability and optimal skin penetration. ChroNoline™ increases the production of key components at the dermo-epidermal junction like collagen VII, laminin-5 and fibronectin for optimal skin structural support. ChroNoline™ provides reduction of the appearance of fine lines and wrinkles.

3.5 Competition

The competition faced by these two divisions is as follows:

Active Ingredients & Specialty Chemicals Division

The markets for active ingredients are highly fragmented. The majority of our competitors in this segment are privately owned while others are part of larger specialty chemicals or commodity groups such as Arch Chemicals, Cognis (Laboratoires Serobiologiques), Croda (Sederma), DSM (Pentapharm), Lonza, International Specialty Products (Vincience), BASF (Collaborative Laboratories and Coletica), Air Liquide (Seppic) and Symrise. Other competitors include Codif, BiotechMarine, Exsymol, Lipotech, Silab and Solabia. While some of our competitors offer active ingredients coming strictly from botanical or marine sources, we offer a comprehensive portfolio derived from diverse sources and using various biotechnologies.

There are numerous specialty chemicals producers around the world, resulting in a very fragmented market. Certain segments of the specialty chemicals industry are dominated by large

multinational groups such as BASF, Clariant, Degussa, Dow Chemical, DSM and Lonza. For specialty chemicals developed by companies such as Ajinomoto, Ciba and Dow Chemical, we act as a channel partner, commercializing selected products on an exclusive basis to our wide base of customers in Europe. The competition in this industry consists primarily of manufacturers of specialty chemicals similar to those which we market for third parties.

Health & Nutrition Division

The health and nutrition industry is competitive and still very fragmented. Quality is a key factor but customer education on the subject remains minimal. Distribution channels include retail chains, multi-level marketing organizations and web-based retailers. In retail and mass market channels, there are a great number of brands and price points are generally low. To avoid competing on such grounds, we market primarily to healthcare practitioners who can educate customers on products and quality.

There are a multitude of competitors in the United States, which is our primary market. The most important competition in sales to healthcare practitioners comes from privately-owned businesses such as Metagenics, Thorne Research and Standard Process. The European and Asian markets are even more fragmented. They are characterized by a much greater number of smaller privately-owned businesses, often operating as part or a spin-off of treatment clinics. We believe that we distinguish ourselves from competitors with the consistency and quality of our products, which are all supported by scientific literature or evidence. We are also among the very few companies to provide full disclosure of all ingredients in our formulations and to offer an open plant policy to healthcare practitioners who want to inspect our facilities.

3.6 Manufacturing and Supply

We operate five state-of-the-art manufacturing facilities, where we manufacture virtually all of our proprietary products. The first is in Quebec City (Quebec), where we produce health and nutrition finished products and cosmetic active ingredients using molecular separation biotechnology equipment. The second and third are respectively in Sudbury (Massachusetts) and Pittsburgh (Pennsylvania), where we blend, encapsulate and bottle health and nutrition finished products. The fourth facility based in Philadelphia (Pennsylvania) produces liquid filled capsules. Through the acquisition of Multicare and its subsidiary MCO Health in early 2008, we added one more facility located in Almere, the Netherlands. Based on our expected growth rate, we believe that our manufacturing capacity will be sufficient to meet our requirements for at least the next three years without having to incur significant capital expenditures. The policy is to limit investment in manufacturing assets, except when deemed strategic in terms of know-how or consistency of supply.

For the limited number of proprietary products that we do not manufacture in-house, we rely on a solid network of contract manufacturers located in North America and Europe. All production is rigorously controlled by our scientific and technical team. Production outsourcing minimizes investment in capital equipment. In order to meet our volume requirements over the next several years, we have developed relationships with selected contract manufacturers. We are not dependent on any such contract manufacturer. We are of the view that, if necessary, our current selected contract manufacturers could be replaced with minimal disruption to our operations.

Many of our value-added products in the Active Ingredients & Specialty Chemicals Division are secured from third parties, including major multinational companies. We have long-term relationships with many of these companies and believe that they constitute a secure source of supply. We do not manufacture any of our non-proprietary products.

We currently purchase raw materials for the manufacturing of our proprietary products from suppliers recognized for their quality and consistency. Our quality control staff requires full disclosure on the part of our suppliers and we periodically conduct on-site audits of their facilities. For strategic reasons, certain of our key raw materials are sourced from single suppliers. However, in the event that we were unable to source an ingredient from a current supplier, we believe that we could either produce it ourselves or obtain it from an alternative supplier, with minimal disruption to our operations.

To supply products to customers in a timely manner, we have developed an expertise in international logistics. We use advanced information technology (IT) systems and detailed procedures to optimize the logistics operations. Relying on a network of warehouses strategically located in North America and Europe, we are able to supply all of our customers within very short delays. In France, the main warehouse for the Active Ingredients & Specialty Chemicals Division is fully computerized with a wireless network linking fork-lifts with computer systems for on-time and accurate control of inventory and shipping. In Sudbury (Massachusetts) and Pittsburgh (Pennsylvania), the sophisticated computer systems support the customer service and shipping teams, enabling them to meet our 48-hour delivery policy for all health and nutrition products.

3.7 Intellectual Property

We believe that our success and ability to compete are linked to the solid intellectual property behind the proprietary and non-proprietary products that we commercialize. The intellectual property relating to a majority of the non-proprietary products which we commercialize is held by third parties. Our proprietary products, whether owned by us or in-licensed, are protected by either patents, trademarks, registered names, licenses, trade secrets or know-how. Specifically, there are over 25 patents covering a number of our proprietary products in strategic geographical markets. We also hold over 100 registered trademarks, one of which (Pure Encapsulations, Inc.) covers over 350 Pure Encapsulations products. The others are used in connection with certain of our Siricie, Atrium Innovations and Douglas Laboratories products. When appropriate, we will take all necessary action to prevent and stop any infringement of our intellectual property rights.

A number of our proprietary products (such as Comitris and MDI Complex) are manufactured according to a patented process to produce marine extract. Æterna Zentaris holds the proprietary rights to the patents covering this extraction and purification process. We have licence agreements with Æterna Zentaris which grant us the exclusive right to use these patent rights as well as other patent rights for the development, manufacturing and marketing of cosmetic ingredients, and nutraceutical and pharmaceutical products. The duration of the licence agreements is equivalent to the registration period of the underlying patents.

When we acquire new products or enter into in-licensing agreements with third parties, we make every effort to obtain the necessary rights with respect to the vendor's or licensor's intellectual

property. Generally, we obtain exclusive worldwide rights to use the intellectual property related to the products. New active ingredients or specialty products are selected for their innovative character and the science supporting them. Consequently, the science and intellectual property related to each acquired or in-licensed product is thoroughly analyzed to determine its value as well as its marketing potential.

Confidentiality and non-competition agreements have been signed by all members of our management and by our key employees.

3.8 Relationship with Æterna Zentaris

Æterna Zentaris is our former principal shareholder and as of January 2, 2007, no longer owns any of our shares. The Multiple Voting Shares that were previously owned by Æterna Zentaris were automatically converted into Subordinate Voting Shares upon the closing of the secondary offering in October 2006.

Pierre Laurin and Gérard Limoges, two of our directors, are also directors of Æterna Zentaris.

In January 2000, we entered into a licensing agreement with Æterna Zentaris, pursuant to which we acquired the exclusive right to use a patented process for the production of marine extract, used in cosmetic ingredients and nutraceutical products. In December 2004, we entered into a licensing agreement with Æterna Zentaris, giving us certain rights related to Neovastat, an anti-angiogenic product mainly intended for use by cancer patients, and its components for worldwide commercialization, except in Canada and the United States. In consideration for the rights to Neovastat, we issued 537,996 Subordinate Voting Shares to Æterna Zentaris. The duration of the license agreements is equivalent to the registration period of the underlying patents.

We lease our facilities in Quebec City (Quebec), from Æterna Zentaris, whose head office is located in the same building. Accordingly, we share certain support services with Æterna Zentaris, primarily information technology systems.

In March 2004, we entered into an unsecured loan agreement with Æterna Zentaris in the amount of approximately \$6.7 million. The proceeds of the loan were used by us in connection with the acquisition of Pure Encapsulations. The loan bore interest at a rate of 9% per annum and was repaid by us in full in January 2005.

3.9 Risk Factors

Our business entails significant risks. In this regard, reference is made to pages 15 to 17 of our Management's Discussion and Analysis ("MD&A") for the financial year ended December 31, 2007, dated February 29, 2008, which sets out certain significant risk factors which are applicable to our business and which pages are hereby incorporated by reference into this Annual Information Form. The MD&A is available on SEDAR at www.sedar.com.

4. DIVIDENDS

4.1 Dividends

We have not paid any dividends since our incorporation. Our current intention is to reinvest all future earnings in order to finance the growth of our business. As a result, we do not intend to pay dividends in the foreseeable future. Any future determination to pay cash dividends will be at the discretion of the Board of Directors and will depend on our financial condition, operating results, capital requirements and such other factors that the Board of Directors deems relevant.

5. GENERAL DESCRIPTION OF CAPITAL STRUCTURE

5.1 General Description of Capital Structure

Our authorized share capital consists of an unlimited number of Common Shares and preferred shares, issuable in series.

5.1.1 Common Shares

Voting Rights

The Common Shares entitle the holders thereof to one vote per share at meetings of our shareholders.

Payment of Dividends

Subject to the prior rights of the holders of Preferred Shares, the holders of Common Shares are entitled to receive any dividend declared on the Common Shares.

Distribution of Assets Upon Winding-Up

Subject to the prior rights of the holders of Preferred Shares, the holders of Common Shares are entitled to receive the remaining property in the event of our liquidation, dissolution or other distribution of assets for the purpose of winding-up our affairs.

5.1.2 Preferred Shares

The Preferred Shares may be issued in one or more series, with such rights and conditions as may be determined by the Board of Directors. There are no voting rights attached to the Preferred Shares except as prescribed by law. The Preferred Shares will rank ahead of the Common Shares with respect to the payment of dividends and with respect to the return of capital and payment of accrued and unpaid dividends in the event of our liquidation, dissolution or other distribution of our assets for the purpose of winding-up our affairs. The Preferred Shares of each series will rank on a parity with the Preferred Shares of every other series with respect to priority in payment of dividends and in the distribution of assets.

All classes are without nominal or par value. As at March 14, 2008, there were 32,290,375 Common Shares and no Preferred Shares issued and outstanding.

6. MARKET FOR SECURITIES

6.1 Trading Price and Volume

Our Common Shares are listed and posted for trading on the Toronto Stock Exchange (“TSX”) under the quote symbol ATB.

The following table sets forth, for the periods indicated, the reported high, low, and closing sale prices (in Canadian dollars) and the volume of our Common Shares traded on the TSX.

CAN\$	TSX (monthly)			Traded Volume
	High Price	Low Price	Close Price	
January 2007	17.25	14.41	17.25	2,043,378
February 2007	17.25	16.11	16.93	1,143,469
March 2007	17.24	16.75	17.01	1,109,078
April 2007	17.19	16.26	16.30	655,445
May 2007	19.75	16.21	19.20	1,481,082
June 2007	22.00	19.03	21.33	1,174,418
July 2007	29.77	20.95	26.85	2,437,386
August 2007	26.74	22.50	24.79	1,842,042
September 2007	25.73	22.50	23.47	1,147,505
October 2007	23.32	21.25	22.75	1,843,205
November 2007	24.25	20.64	22.50	1,100,721
December 2007	22.58	18.86	20.75	4,873,195

7. ESCROWED SECURITIES

7.1 Escrowed Securities

There are no shares in escrow.

8. DIRECTORS AND OFFICERS

8.1 Directors

The information regarding our directors, including the name, place of residence, principal occupation, security holdings in the Corporation and the period during which each such director has so served as well as the members of each committee of the Board of Directors, is set out at pages 6 to 8 of the Management Proxy Circular of the Corporation, dated March 28, 2008, which is hereby incorporated by reference into this Annual Information Form. The Management Proxy Circular is available on SEDAR at www.sedar.com.

8.2 Executive Officers

The following table sets out the name, province or state and country of residence and position held with us for each of our executive officers as of the date hereof:

Name and Place of Residence	Position Held	With the Company since
Charles Boulanger Quebec City (Quebec) Canada	President, Active Ingredients & Specialty Chemicals Division	2004
Manon Deslauriers Quebec City (Quebec) Canada	Vice President, Legal and Corporate Affairs and Secretary	2001
Pierre Fitzgibbon Quebec City (Quebec) Canada	President and Chief Executive Officer	2007
Jocelyn Harvey Quebec City (Quebec) Canada	Vice President, Mergers and Acquisitions	2000
Mario Paradis Quebec City (Quebec) Canada	Vice President and Chief Financial Officer	2008
Dr. Serge Yelle Saint-Nicolas (Quebec) Canada	Executive Vice President, Health & Nutrition Division	2002

During the past five years, each of the executive officers mentioned above has held the position indicated opposite his or her name, except for: Charles Boulanger, who prior to November 2004 was President of Pôle Québec Chaudière-Appalaches (economic development agency) and, prior to March 2003, an associate with Phénix Capital Inc. (consulting company); Pierre Fitzgibbon who, prior to July 2007, was Senior Vice President, Finance, Technology and Corporate Affairs of the National Bank of Canada and, prior to July 2005, responsible of advisory services and corporate financing at National Bank Financial in Montreal, as Vice Chairman; Dr. Serge Yelle who, prior to September 2007, was Vice President, Business Development of the Corporation; and Mario Paradis who, prior to March 2008, was Senior Vice President, Administration and Legal Affairs of Æterna Zentaris and, prior to May 2007, was Director of Finance and Vice President, Finance and Administration of Æterna Zentaris, and was also the Corporate Secretary during four years. As of March 14, 2008, the Directors and Executive Officers hold as a group 336,479 Common Shares representing 1% of such class of shares. The Corporation does not have any direct information concerning shares beneficially owned by the Directors and Executive

Officers or concerning shares over which such persons exercise control or direction. The Directors and Executive Officers provided this information individually.

8.3 Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To our knowledge and based upon information provided to us by our directors and executive officers:

- (a) none of our directors or executive officers is, as at the date of this Annual Information Form, or was, within 10 years before the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any company (including the Corporation) that:
 - (i) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
 - (ii) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer;

For the purposes of this subsection (a), “order” means

- (i) a cease trade order;
 - (ii) an order similar to a cease trade order; or
 - (iii) an order that denied the relevant company access to any exemption under securities legislation,
that was in effect for a period of more than 30 consecutive days; and
- (b) none of our directors or executive officers, or any shareholder holding a sufficient number of securities to affect materially the control of the Corporation:
 - (i) is, as at the date of this Annual Information Form, or has been within 10 years before the date of this Annual Information Form, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
 - (ii) has, within the 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to

bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder;

except for:

Mr. Pierre Laurin who was, from May 1999 to May 2003, a director of Microcell Telecommunications Inc. (“Microcell”). Microcell entered into a Plan of Reorganization and of Compromise and Arrangement with its creditors and shareholders effective May 1, 2003 pursuant to the *Companies’ Creditors Arrangement Act* (Canada) (“CCAA”). Mr. Laurin was a member of the special committee of the Board of Directors of Microcell created in connection with the foregoing restructuring; and

Mr. Placide Poulin who was a director of Groupe Bikini Village Inc. (formerly Groupe Les Ailes de la Mode Inc.) (“Bikini Village”) from 2004 to July 2006. Bikini Village completed a capital reorganisation plan on August 2, 2004 pursuant to the CCAA and the *Canada Business Corporations Act* (“CBCA”).

9. LEGAL PROCEEDINGS

9.1 Legal Proceedings

The Corporation and its subsidiaries are party to various ongoing, pending, and threatened litigations along with other contingencies arising out of the normal course of business. One of these claims is against a subsidiary of the Corporation and is for alleged breaches of contract. As of December 31, 2007, the Corporation accrued \$13,827,000 in Accounts payable and accrued liabilities in connection with this litigation. Considering this provision, management believes that these claims, when resolved, will not have any material, adverse effect on the consolidated financial position or results of operations of the Corporation.

10. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed in section 3.8 entitled “Relationship with Æterna Zentaris” above and as set out below, we have not completed a material transaction within the three most recently completed fiscal years or during the current fiscal year to the date hereof in which any of our directors, executive officers or principal shareholders, or any of their associates or affiliates, had any material interest, either direct or indirect.

In March 2004, we entered into an unsecured loan agreement with Fonds FTQ in the amount of approximately CAN\$13.4 million. In 2007, Fonds de solidarité des travailleurs du Québec granted an additional credit facility of CAN\$36.6 million. These two credit facilities were merged and amount to a total of CAN\$50 million. An amount of CAN\$13.4 million (\$13.5 million) is currently outstanding. This portion was used by us in connection with the acquisition of Pure Encapsulations. The loan currently bears interest at a rate of 7% per annum and matures in 2012. Fonds FTQ is the holder of more than 10% of our outstanding Common Shares.

11. TRANSFER AGENT AND REGISTRAR

11.1 Transfer Agent and Registrar

The transfer agent and registrar for the Common Shares is Computershare Trust Company of Canada at its principal offices in Montreal and Toronto.

12. MATERIAL CONTRACTS

12.1 Material Contracts

Except for contracts entered into in the ordinary course of business and as set out below, the only contract entered into by us during the most recently completed fiscal year which may be regarded as material to the Corporation is:

- (i) the agreement dated July 12, 2007 relating to the acquisition of the Shares of Mucos, referred to in section 2.5 entitled “Fiscal 2007” above.

13. EXPERTS

The Corporation’s auditors are PricewaterhouseCoopers LLP, Chartered Accountants, who have prepared an independent auditors’ report dated February 29, 2008 in respect of the Corporation’s consolidated financial statements with accompanying notes as at December 31, 2007 and 2006 and for each of the years in the two-year period ended December 31, 2007. PricewaterhouseCoopers LLP has advised that they are independent with respect to the Corporation within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Quebec.

14. AUDIT COMMITTEE INFORMATION

Multilateral Instrument 52-110 – *Audit Committees* (“MI 52-110”) requires issuers to disclose in their annual information forms certain information with respect to the existence, charter, composition, and education and experience of the members of their audit committees, as well as all fees paid to external auditors. The charter of our Audit Committee is attached as Schedule A to this Annual Information Form.

14.1 Composition of the Audit Committee

Yvon Bolduc, Gérard Limoges, FCA, who is the chair of the Committee, and Jacques Gauthier are the members of the Corporation’s Audit Committee, each of whom is independent and financially literate within the meaning of MI 52-110.

14.2 Education and Relevant Experience

The education and related experience of each of the members of the Audit Committee is described below.

Yvon Bolduc – Mr. Bolduc, who prior to his appointment as President and Chief Executive Officer of Fonds FTQ was Executive Vice-President, Investments of Fonds FTQ from December 2002 to February 2006, and prior to December 2002 was Vice-President, Corporate Development of Canada Post Corporation.

G rard Limoges – Mr. Limoges served as the Deputy Chairman of Ernst & Young LLP Canada until his retirement in September 1999. After a career of 37 years with Ernst & Young, Mr. Limoges has been devoting his time as a director of a number of companies. Mr. Limoges began his career with Ernst & Young in Montreal in 1962. He graduated from the Management School of *Universit  de Montr al (HEC Montr al)*.

Jacques Gauthier – Mr. Gauthier is currently Senior Vice-President and Chief Operating Officer of Kruger Energy Inc., a division of Kruger Inc. Before September 2003, he was Chief Operating Officer and Executive Vice-President and then Chief Executive Officer at Boralex Inc., a company involved in the energy sector.

14.3 Pre-Approval Policies and Procedures

The mandate of the Audit Committee provides that it is such committee’s responsibility to approve all audit engagement fees and terms as well as reviewing policies for the provision of non-audit services by the external auditors and, when required, the framework for the pre-approval of such services. The audit committee mandate also provides for the approval by such committee of non-audit fees.

14.4 External Auditor Service Fees

In addition to performing the audit of the Corporation’s consolidated financial statements and its subsidiaries, PricewaterhouseCoopers LLP provided other services to the Corporation and its subsidiaries and they billed the Corporation and its subsidiaries the following fees for each of the Corporation’s two most recently completed financial years:

FEES	FINANCIAL YEAR ENDED DECEMBER 31, 2007 (CAN\$)	FINANCIAL YEAR ENDED DECEMBER 31, 2006 (CAN\$)
Audit Fees ⁽¹⁾	668,195	402,571
Audit-Related Fees ⁽²⁾	67,117	94,793
Tax Fees ⁽³⁾	393,035	92,474
All Other Fees ⁽⁴⁾	–	–
TOTAL FEES:	1,128,347	589,838

⁽¹⁾ Refers to the aggregate fees billed by our external auditor for audit services.

⁽²⁾ Refers to the aggregate fees billed for assurance and related services by our external auditor that are reasonably related to the performance of the audit or review of our financial statements and are not reported under (1) above, including professional services rendered by our external auditor for accounting consultations on proposed transactions, and consultations related to accounting and reporting standards.

⁽³⁾ Refers to the aggregate fees billed for professional services rendered by our external auditor for tax compliance, tax advice, and tax planning.

⁽⁴⁾ Refers to the aggregate fees billed for products and services provided by our external auditor, other than the services reported under (1), (2) and (3) above.

15. ADDITIONAL INFORMATION

15.1 Additional Information

Additional information, including directors' and officers' remuneration and indebtedness, the principal securityholders of the Corporation, securities authorized for issuance under equity compensation plans is contained in our Management Proxy Circular dated March 28, 2008, available on SEDAR at *www.sedar.com*. Additional financial information is provided in the Corporation's consolidated financial statements and MD&A for the financial year ended December 31, 2007. All are available on SEDAR.

All information incorporated by reference into this Annual Information Form is contained or included in one of our continuous disclosure documents filed with the Canadian securities regulatory authorities which may be viewed on SEDAR at *www.sedar.com*. Where a section of this Annual Information Form incorporates by reference information from one of our other continuous disclosure documents, such section makes specific reference to the document in which such information is originally contained or included, as well as to the relevant page and/or section.

16. FORWARD-LOOKING STATEMENTS

16.1 Forward-Looking Statements

Certain statements in this document are forward-looking and prospective. Such statements reflect management's expectations regarding future growth, operating results, performance and business prospects and opportunities. Wherever possible, words such as "may," "will," "expect," "intend," "estimate," "anticipate," "plan," "foresee," "believe" or "continue" or the negatives of these terms or variations of them or similar terminology have been used to identify these forward-looking statements. These statements reflect management's current beliefs and are based on information currently available to management. Forward-looking statements involve significant known and unknown risks, uncertainties and assumptions. A number of factors could cause our actual results, performance or achievements in future periods to differ materially from the results discussed or implied in the forward-looking statements. These risks include, among others, business conditions in the pharmaceutical and related industries, as well as the general economy, changes in governmental regulation, changes in the healthcare industry, competitive factors such as those influencing expenditures for research and development, or the availability of markets for the Corporation's products. Although the forward-looking statements contained in this Annual Information Form are based upon what management believes to be reasonable assumptions, we can provide no assurance that actual results will be consistent with these forward-looking statements. The forward-looking statements contained in this Annual Information Form are made as of the date hereof and the Corporation disclaims any intention, and assumes no obligation, to update or revise these forward-looking statements to reflect new events or circumstances.

SCHEDULE A

ATRIUM INNOVATIONS INC. (The “Corporation”)

AUDIT COMMITTEE CHARTER

1. MISSION STATEMENT

The Audit Committee (the “Committee”) assists the Board of Directors (the “Board”) in fulfilling its oversight responsibilities. The Committee reviews the financial reporting process, financial risks management, the system of internal control, the audit process, and the Corporation’s process for monitoring compliance with laws and regulations and with the Code of Ethical Conduct. In performing its duties, the Committee maintains effective working relationships with the Board, management, and the external auditors. To effectively perform his or her role, each Committee member has to understand the detailed responsibilities of Committee membership as well as the Corporation’s business, operations, and risks.

The function of the Committee is oversight and while it has the responsibilities and powers set forth in this charter, it is neither the duty of the Committee to plan or to conduct audits or to determine that the company’s financial statements are complete, accurate and in accordance with generally accepted accounting principles, nor to maintain internal controls and procedures.

2. POWERS

The Board authorizes the Committee, within the scope of its responsibilities, to:

- 2.1 Perform activities within the scope of its charter;
- 2.2 Engage independent advisors as it deems necessary to carry out its duties;
- 2.3 Set and authorize the payment of the compensation for any advisors it employs;
- 2.3 Ensure the attendance of Corporation’s officers at meetings, as appropriate;
- 2.4 Have unrestricted access to members of management, employees and relevant information;
- 2.5 Establish procedures for dealing with concerns of employees regarding accounting or auditing matters;
- 2.6 Communicate directly with the external auditors.

3. ORGANIZATION

Members

- 3.1 The Committee shall be composed of a minimum of three members, each of which shall be independent as defined in the applicable regulation.
- 3.2 Each member shall provide a useful contribution to the Committee and be financially literate.
- 3.3 All members shall be independent of management.
- 3.4 The chairperson of the Committee shall be appointed by the Board from time to time.
- 3.5 The term of the mandate of each member shall be one year.
- 3.6 The quorum requirement for any meeting shall be the majority of the members in function.
- 3.7 The secretary of the Committee shall be the secretary of the Corporation or any other individual appointed by the Board.

Attendance at Meetings

- 3.8 If deemed necessary, the Committee may invite other individuals (such as the Vice President Finance and CFO).
- 3.9 External auditors are invited, if needed, to make presentations to the Committee.
- 3.10 The Committee shall meet at least four times a year. Special meetings may be held if needed. If deemed necessary, external auditors may invite members to attend any meeting.
- 3.11 The Committee will meet with the external auditors at least once a year without management presence.
- 3.12 The minutes of each meeting shall be recorded.

4. ROLE AND RESPONSIBILITIES

Internal Control

- 4.1 Evaluate whether management is setting the appropriate tone at the top by communicating the importance of internal control and ensuring that all individuals possess an understanding of their roles and responsibilities in that respect.

- 4.2 Understand the controls and processes implemented by management to ensure that the financial statements derived from the underlying financial systems, comply with relevant standards and requirements, and are subject to appropriate management review.
- 4.3 Satisfy itself as to the adequacy of Corporation's review procedures regarding disclosure of other financial information.
- 4.4 Gain an understanding of the current areas of financial risk and how these are being handled by the management.
- 4.5 Ensure that Management reviews computer systems and applications, the security of such systems and applications, and the contingency plan for processing financial information in the event of a systems breakdown.
- 4.6 Ensure that internal control recommendations made by external auditors have been implemented by management.
- 4.7 Ensure that the external auditors keep the Committee informed about fraud, illegal acts, deficiencies in internal control, and any other matter deemed appropriate.
- 4.8 Establish procedures for (1) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters, and (2) for the confidential, anonymous submission by Corporation employees of concerns regarding questionable accounting or auditing matters.

Financial Reporting

- 4.9 Review significant accounting and reporting issues, including recent professional and regulatory circumstances and understand their impact on the financial statements.
- 4.10 Ask management and external auditors about significant risks and exposures and the plans to minimize such risks.
- 4.11 Review the unaudited interim financial statements, the audited annual financial statements in addition to any documents which accompany such financial statements, such as the report of the external auditors, prior to filing or disclosure. Determine whether they are complete and consistent with the information known to Committee members, and assess whether the financial statements reflect appropriate accounting principles and recommend their approval to the Board.
- 4.12 Review and recommend for approval by the Board, all public disclosure documents containing audited or unaudited financial information, including Management's Discussion and Analysis of financial condition, all sections of the Annual Report and press releases concerning annual and interim financial results,

and consider whether the information is adequate and consistent with members' knowledge about the Corporation and its operations.

- 4.13 Review the compliance of the President and Chief Executive Officer and of the vice president Finance and Chief Financial Officer certification on the Corporation's controls and procedures disclosure of information and the attestation by management of the financial reports.
- 4.14 Pay particular attention to complex and/or unusual transactions such as restructuring charges and derivative disclosures.
- 4.15 Focus on judgmental areas such as those involving assessment of assets and liabilities warranty, product and environmental liability; litigation reserves and other commitments and contingencies.
- 4.16 Meet with management and the external auditors to review the financial statements and the results of the audit.
- 4.17 Consider management's handling of proposed audit adjustments identified by the external auditors.
- 4.18 Ensure that the external auditors communicate significant matters to the Committee.
- 4.19 Be briefed on how management develops and summarizes interim financial information, the extent to which the external auditors review interim financial information, and whether that review is performed on a pre- or post-issuance basis.
- 4.20 Meet with management and, if a pre-issuance review was completed, with the external auditors, either by telephone or in person, to review the interim financial statements and the results of the review.
- 4.21 To overview the fairness of the interim statements and disclosures, obtain explanations from management and from the external auditors on whether:
 - Actual financial results for the quarter or interim period varied significantly from budgeted or projected results;
 - Changes in financial ratios and relationships in the interim financial statements are consistent with changes in the Corporation's operations and financing practices;
 - Generally accepted accounting principles have been consistently applied;
 - There are any actual or proposed changes in accounting or financial reporting practices;
 - There are any significant or unusual events or transactions;
 - The Corporation's financial and operating controls are functioning effectively;
 - The Corporation has complied with the terms and conditions of loan agreements or security indentures; and

- The interim financial statements contain adequate and appropriate disclosures.
- 4.22 Ensure that the external auditors communicate significant matters to the Committee.

External Audit

- 4.23 Review the professional qualification of the auditors (including background and experience of partner and auditing personnel).
- 4.24 Consider the independence of the external auditor and any potential conflicts of interest.
- 4.25 Review on an annual basis the performance of the external auditors and make recommendations to the Board for the appointment, reappointment or termination of the appointment of the external auditors.
- 4.26 Oversee the work of the external auditors, including the resolution of disagreements between management and the external auditors regarding financial reporting.
- 4.27 Make sure to receive periodic reports from the external auditors.
- 4.28 Review the external auditors' proposed audit scope and plan of the annual audit, as well as the approach for the current year in the light of the Corporation's present circumstances and changes in regulatory and other requirements.
- 4.29 Annually, or more frequently as may be required, consult with the external auditors, without the presence of management, as to internal controls, the fullness and accuracy of the financial statements, any significant difficulties encountered during the course of the audit or access to required information, the quality of financial personnel, the level of co-operation received from management any unresolved material differences of opinion or disputes.
- 4.30 Discuss with the external auditor the appropriateness of the accounting policies applied in the Corporation's financial reports and whether they are considered as aggressive, balanced or conservative.
- 4.31 Approve all audit engagement fees and terms as well as reviewing policies for the provision of non-audit services by the external auditors and, when required, the framework for pre-approval of such services.
- 4.32 Review and approve the Corporation policies regarding the hiring of, present of past, partners or employees of the present or past Corporation's auditors firm.

Compliance with Laws and Regulations

- 4.33 Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) on any fraudulent acts or accounting irregularities.
- 4.34 Periodically obtain updates from management and general counsel regarding compliance.
- 4.35 Be satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements.
- 4.36 Review the findings of any examinations by regulatory agencies.

Compliance with Code Ethical of Conduct

- 4.37 Ensure that a Code of Ethical Conduct is formalized in writing and that all employees are aware of it.
- 4.38 Review periodically the content of the Code of Ethical Conduct and make sure employees are informed of amendments.
- 4.39 Evaluate whether management is setting the appropriate tone at the top by communicating the importance of the Code of Ethical Conduct and the guidelines for acceptable business practices.
- 4.40 Review the program for monitoring compliance with the Code of Ethical Conduct.
- 4.41 Periodically obtain updates from management and general counsel regarding compliance to the Code of Ethical Conduct.

Other Responsibilities

- 4.42 Meet with the external auditors and management in separate executive sessions to discuss any matters that the Committee or these groups believe should be discussed privately.
- 4.43 Ensure that significant findings and recommendations made by the external auditors are received and discussed on a timely basis.
- 4.44 Review, with the Corporation's counsel, any legal matters that could have a significant impact on the Corporation's financial statements.
- 4.45 Review the policies and procedures in effect for considering officers' expenses and perquisites.

4.46 If necessary, institute special investigations and, if appropriate, hire special counsel or expert to assist.

4.47 Perform other oversight functions as requested by the full Board.

Reporting Responsibilities

4.48 Regularly update the Board about Committee activities and make appropriate recommendations.

4.49 Ensure the Board is aware of matters that may significantly impact on the financial condition or affairs of the business.

4.50 Prepare any reports required by law or listing rules or requested by the Board, for example a report on the Committee's activities and duties to be included in the section on corporate governance in the annual report.

4.51 Prepare and review with the Board, in the manner the Committee deems appropriate, an annual performance evaluation of the Committee and its members, comparing its performance with the requirements of this charter.

Review of the Committee Charter

4.52 Review the Committee charter annually and discuss any required changes with the Board.

4.53 Ensure that the charter and its amendments are approved by the Board.

Adopted on January 13, 2006.

Amended on December 17, 2007.