

Atrium Innovations Inc.



**ANNUAL INFORMATION FORM
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2008**

March 30, 2009

TABLE OF CONTENTS

1.	CORPORATE STRUCTURE.....	5
	1.1 Name and Incorporation.....	5
	1.2 Intercorporate Relationships	5
2.	GENERAL DEVELOPMENT OF THE BUSINESS	7
	2.1 Overview	7
	2.2 History.....	7
	2.3 Fiscal 2006	8
	2.4 Fiscal 2007	9
	2.5 Fiscal 2008	10
	2.6 Current Fiscal Year	11
3.	DESCRIPTION OF THE BUSINESS.....	11
	3.1 Corporation Overview.....	11
	3.2 Products.....	11
	3.3 Sales and Marketing.....	14
	3.4 New Product Pipeline.....	16
	3.5 Competition.....	18
	3.6 Manufacturing and Supply.....	18
	3.7 Intellectual Property	19
	3.8 Risk Factors.....	19
4.	DIVIDENDS	20
	4.1 Dividends	20
5.	GENERAL DESCRIPTION OF CAPITAL STRUCTURE	20
	5.1 General Description of Capital Structure	20
6.	MARKET FOR SECURITIES	21
	6.1 Trading Price and Volume	21
7.	ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER.....	21
	7.1 Escrowed Securities and Securities Subject to Contractual Restriction on Transfer	21
8.	DIRECTORS AND OFFICERS	22
	8.1 Directors.....	22
	8.2 Executive Officers.....	22
	8.3 Cease Trade Orders, Bankruptcies, Penalties or Sanctions.....	24
9.	LEGAL PROCEEDINGS.....	25
	9.1 Legal Proceedings	25
10.	INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS	25
11.	TRANSFER AGENT AND REGISTRAR.....	26
	11.1 Transfer Agent and Registrar	26

12. MATERIAL CONTRACTS..... 26
12.1 Material Contracts 26

13. EXPERTS 27

14. AUDIT COMMITTEE INFORMATION 27
14.1 Composition of the Audit Committee 27
14.2 Education and Relevant Experience..... 27
14.3 Pre-Approval Policies and Procedures 28
14.4 External Auditor Service Fees..... 28

15. ADDITIONAL INFORMATION 29
15.1 Additional Information..... 29

16. FORWARD-LOOKING STATEMENTS..... 29
16.1 Forward-Looking Statements 29

ATTENDANCE AT MEETINGS..... 31

As used in this Annual Information Form, unless the context indicates otherwise: (i) all references to “Atrium Innovations”, “Atrium”, 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

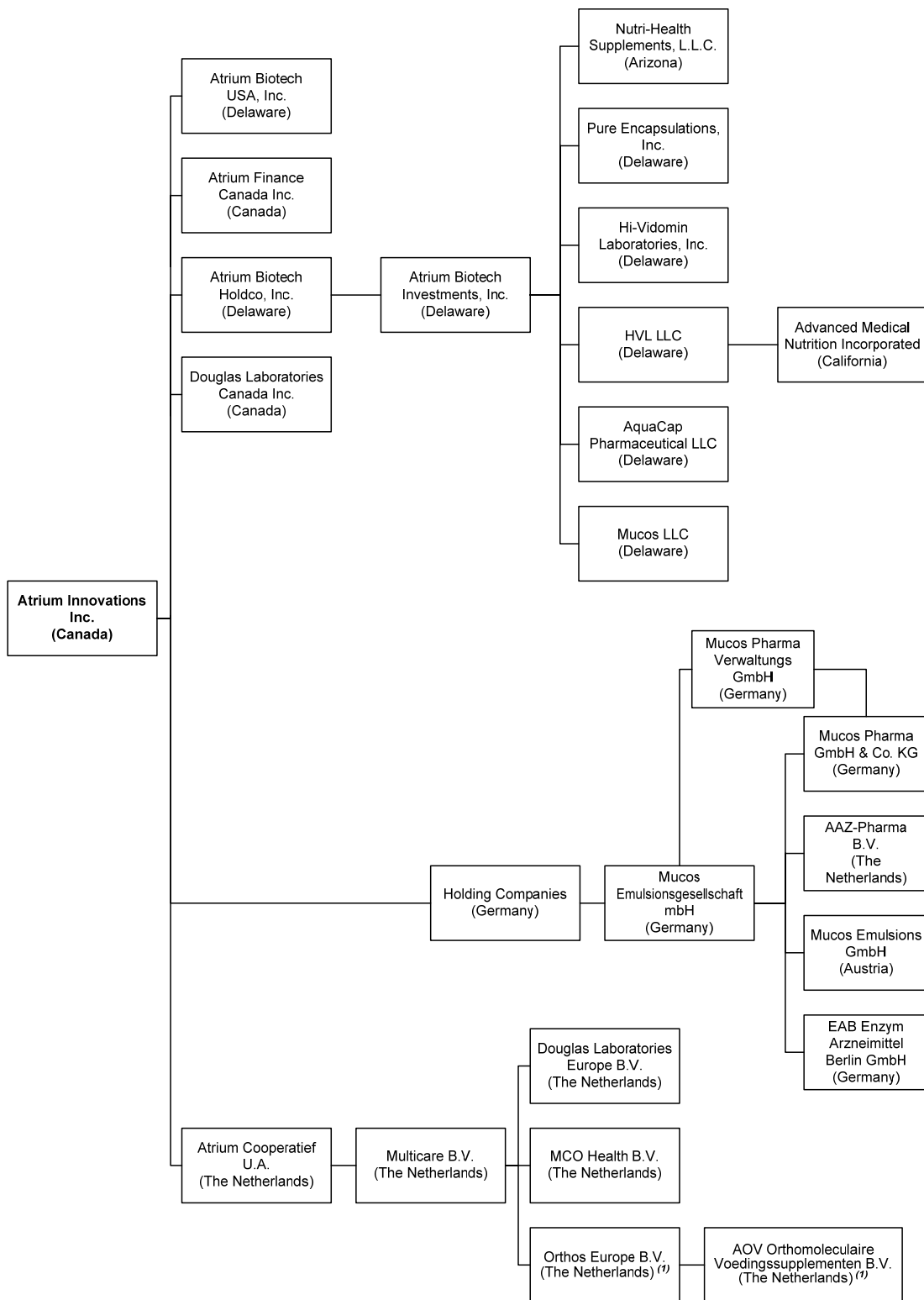
Atrium Innovations Inc. was incorporated on December 10, 1999, pursuant to the *Canada Business Corporations Act*. The articles of incorporation were amended on September 19, 2000 to effect a restructuring of the share capital, re-designate the then issued and outstanding common shares as Subordinate 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 30, 2009, including the jurisdictions of incorporation of each of our principal subsidiaries. All of our subsidiaries are wholly owned, either directly or indirectly.



⁽¹⁾ Orthos Europe B.V. (“Orthos”) and AOV Orthomoleculaire Voedingssupplementen B.V. (“AOV”) are currently in the process of a merger pursuant to which AOV will be merged into Orthos, and the resulting entity will subsequently merge with MCO Health B.V. (“MCO”). This merger should be completed in 2009.

2. GENERAL DEVELOPMENT OF THE BUSINESS

2.1 Overview

Atrium Innovations Inc. is a globally recognized leader in the innovation, formulation, production and commercialization of science-based and professionally endorsed products for the health and nutrition industry. We focus primarily on growing segments of the health and nutrition markets which are benefiting from the trends towards healthy living and the aging of the population. Atrium markets a broad portfolio of finished products through its highly specialized sales and marketing network in more than 35 countries, primarily in North America and Europe. We have approximately 800 employees and operate seven manufacturing facilities.

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, the Corporation (whose former name was Atrium Biotechnologies Inc./Les Biotechnologies Atrium inc.) 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 17 strategic acquisitions, from September 2000 to January 2009, for a total consideration of approximately \$478 million, in the two divisions that we were operating, the Health & Nutrition Division (the “H&N Division”) (10 acquisitions) and the Active Ingredients and Specialty Chemicals Division (the “AI&SC Division”) (7 acquisitions), which has been divested in May 2008, as further described below. The acquisitions pertaining to the health and nutrition sector include that of Biotherapies Inc. (United States) in September 2000, Pure

Encapsulations, Inc. (United States) in March 2004, Douglas Laboratories (HVL Parent Incorporated) (United States) in December 2005, 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, Multicare B.V. (“Multicare”) (the Netherlands) in February 2008, Orthos Europe B.V (“Orthos”) (the Netherlands) in September 2008, EAB Enzym-Arzneimittel-Berlin (“EAB”) (Germany) in December 2008, with an effective date of January 2, 2009, and Nutri-Health Supplements, L.L.C. (United States) also in December 2008.

In 2008, we have pursued the strategic refocusing of our business operations in order to concentrate our operations uniquely in the health and nutrition sector, which resulted in the sale of our AI&SC Division. This decision was the outcome of a strategic re-evaluation process of the AI&SC Division that we announced on December 18, 2007. The sale of the AI&SC Division was completed on May 22, 2008 for total proceeds of \$166.4 million in cash, subject to a post-closing working capital adjustment.

Unless otherwise specified, the information provided in this document, including any financial information, does not include any data pertaining to the AI&SC Division.

2.3 Fiscal 2006

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 in Canada, since 2000, the health and nutrition products of HVL Parent Incorporated (“Douglas Laboratories”), based in Pittsburgh, Pennsylvania, which we have acquired in December 2005.

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.

2.4 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 annual general meeting held 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 re-designated 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 which had been put in place in January 2005 with a syndicate of banks. This 5-year credit facility may be extended for an additional year on each of the 2008 and 2009 anniversary dates. We have not extended the term on the 2008 anniversary date and have decided that we would not extend the term either on the 2009 anniversary date. Following the sale of our AI&SC Division in May 2008, we have amended this facility, decreasing the authorized amount by \$50 million to \$300 million. This credit facility expires in July 2012.

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 nearly 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 which adds to a previous credit facility entered into in 2004, for a total of CAN\$50 million. This 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. This credit facility was amended again in 2008 to extend from May 2008 to December 31, 2008 the period during which the Corporation was entitled to draw upon this credit facility, but the Corporation did not avail itself of this option and, since December 31, 2008, the Corporation can no longer draw upon this facility. An amount of CAN\$13.4 million is currently outstanding.

In December 2007, we announced our decision to undertake a strategic re-evaluation process of our AI&SC 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 enable them to carry out their respective development plans in an optimal manner, due to the numerous development projects underway within each division.

2.5 Fiscal 2008

In February 2008, we acquired Multicare B.V. (“Multicare”), located in Almere, the Netherlands, for a total amount of \$25.3 million, of which \$23.9 million was paid cash and the remainder was paid by the issuance of 81,128 newly issued Common Shares of the Corporation to one of the selling shareholders of Multicare. Multicare, through its subsidiary MCO Health B.V. (“MCO Health”), manufactures and markets a complete range of nutritional supplements, principally to healthcare practitioners in the Netherlands.

On April 4, 2008, we entered into a purchase agreement with AXA Private Equity for the sale of our AI&SC division, subject to certain pre-closing conditions. This sale followed the strategic re-evaluation process of this division that we announced in December 2007. The sale to AXA Private Equity of the AI&SC Division for \$166.4 million in cash, subject to working capital adjustments, was completed in May 2008.

As further described above in Section 2.4 entitled “Fiscal 2007”, we have amended our existing credit facility which had been put in place in 2005 with a syndicate of banks.

As further described above in Section 2.4 entitled “Fiscal 2007”, the credit facility entered into with Fonds FTQ in 2004 and amended in November 2007 has been amended again in May 2008 to extend from May 2008 to December 31, 2008 the period during which the Corporation was entitled to draw upon this credit facility. As mentioned above, since December 31, 2008, the Corporation can no longer draw upon this credit facility.

In September 2008, we acquired Orthos Europe B.V. (“Orthos”) for an amount of \$12.2 million. AOV Orthomoleculaire Voedingssupplementen B.V. (“AOV”), Orthos’ subsidiary situated in the Netherlands, develops and markets food supplements through the Health Care Practitioner Channel, under the trademark AOV.

In December 2008, we entered into an agreement to proceed with the acquisition of EAB Enzym Arzneimittel Berlin GmbH (“EAB”). EAB is a manufacturing company located in Berlin, Germany and has been the manufacturer of all Mucos’ enzyme-based products. The price of this acquisition was \$19 million. Moreover, EAB had a long-term debt of \$9.1 million. This acquisition was completed on January 2, 2009.

In December, 2008, we acquired Nutri-Health Supplements, L.L.C. (“NHS”) for a first consideration of \$24.2 million. Two additional earn-out payments have been structured based on NHS’ 2009 and 2010 growth of Earnings Before, Interest, Taxes, Depreciation and Amortization (“EBITDA”). NHS, whose headquarters are located in Arizona, United States, markets nutritional supplements principally in the direct-to-consumer (DTC) channel.

2.6 Current Fiscal Year

In 2009, the Corporation will pursue its mission as leader in the innovation, formulation, production and commercialization of science-based and professionally endorsed products for the health and nutrition industry.

3. DESCRIPTION OF THE BUSINESS

3.1 Corporation Overview

We are a recognized leading developer, manufacturer and marketer of science-based and professionally endorsed products for the health 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 and Germany. As of December 31, 2008, we had approximately 800 employees, including 36 involved in business and product development, approximately 500 in production and logistics, 156 in sales and marketing, and approximately 145 in finance, administration and others. Many of our sales and marketing employees have a scientific background in order to support the needs of our customers.

We develop, manufacture and market more than 1,350 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 as well as through direct to consumer and health food stores, and are based on scientifically supported formulas to deliver the expected health benefits.

Certain of our products are offered in more than 35 countries through a network of more than 50 specialized distributors targeting niche markets. Virtually all of our health and nutrition products are manufactured in our facilities in Quebec City (Quebec), Sudbury (Massachusetts), Pittsburgh (Pennsylvania), Philadelphia (Pennsylvania), Almere (the Netherlands), Cottonwood (Arizona) and Berlin (Germany), with certain products outsourced to reliable contract manufacturers.

As mentioned in Section 2.5 above, under the heading “General Development of the Business – Fiscal 2008”, we have divested our AI&SC Division. All numbers included in this document, unless otherwise specified, exclude the data pertaining to the AI&SC Division.

3.2 Products

3.2.1 Branded Products

We offer a comprehensive product portfolio consisting of more than 1,350 health and nutrition finished products. More than 200 of these products were added in February 2008 through the acquisition of Multicare and its subsidiary MCO Health, and over 170 more through the acquisition of Orthos and its subsidiary AOV in September 2008. At the end of 2008, we added

more than 40 products to our portfolio, including a main product composed of 16 probiotic strains, through the acquisition of NHS.

In order to increase the breadth and innovative character of our product offering, we intend to pursue our strategy to acquire and to develop new products. In 2008, we have developed more than 40 new products internally.

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 products includes testing by independent laboratories.

The following describes our main product lines:

Pure Encapsulations Product Line

Pure Encapsulations' products have been offered to healthcare practitioners since 1991. The product line consists of more than 375 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. Pure Encapsulations' 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 over 1,000 branded, custom-label and private-label 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 line of standardized herbs in vegetarian capsules. Douglas Laboratories now distributes our Xtra-Cell line of products, including the Xtra-Cell Comitris, a frozen liquid dietary supplement developed by us, which is a complex of natural molecules obtained from marine biomass using a patented molecular separation biotechnology process and helps maintain healthy angiogenic balance and blood parameters.

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.

Mucos Product Line

Mucos has been marketing enzyme based products for nearly 50 years. Mucos's main brand is Wobenzym™. Its flagship 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 Latin America and North America. In Germany, Wobenzym-N currently has an over-the-counter (OTC) drug status. Following changes to the German regulation governing certain types of drugs, it would not be possible for us to maintain this status in the future. Our OTC drug status in Germany is due to expire in August 2009, at which point the status of Wobenzym-N will have to change to a food supplement status, and Wobenzym-N will be subject to the German regulation governing this type of products.

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, but also sells through food supplement wholesalers in the Netherlands. 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.

AOV Product Line

Orthos and its subsidiary, AOV, were acquired in September 2008. AOV develops and markets food supplements through the Health Care Practitioner Channel, under the trademark AOV. The AOV portfolio of products are marketed and sold primarily through Complementary and Alternative Medicine practitioners and other professionals in the Netherlands. For more than 20 years, Orthos and its subsidiary AOV have played an instrumental role in the development of the Dutch food supplement market. AOV's food supplement portfolio provides its customers with a complete range of over 170 high valued products composed of vitamins, minerals, fatty acids, enzymes, antioxidants, multi-vitamins/minerals, amino acids, phytotherapeutics and other specific preparations.

NHS Product Lines

NHS was acquired in December 2008. NHS owns proprietary Multi-Probiotic blends which include a product composed of 16 probiotic strains that are matrix encapsulated to survive stomach acid and deliver a high concentration of active cell cultures per capsule. The company's brand umbrella includes the Nutri-Health brand which represents the majority of NHS' total sales. This brand is sold through the direct-to-consumer (DTC) channel largely via a successful mail order program. Furthermore, NHS caters to the health food store and health care practitioner markets with a portfolio of high potential brands – Sedona Labs, Meta Foods, and Sedona Labs Pro.

3.2.2 Contract Manufacturing

In addition to manufacturing the products that are marketed under our various brands, we also act as contract manufacturer for health and nutrition products that are marketed by third parties under their own brands. These third party products are manufactured at our Douglas Laboratories, AquaCap and Atrium Innovations facilities, located respectively in Pittsburgh, Philadelphia and Quebec City. We have developed this business segment over the years and have established good

relationship with a number of clients who generate repeat business. This portion of our business allows us to use the extra manufacturing capacity of these production facilities and increase profitability.

We offer our services to clients for the manufacturing of capsules, tablets, as well as other forms of products, including liquid products.

With respect to liquid products more specifically, Atrium operates two cutting-edge liquid production plants, that of AquaCap in Philadelphia, Pennsylvania, and our Québec City production facility. We have developed over the years a vast expertise in the formulation, development and production of high quality liquid based products. Our plants and their specialized manufacturing capacity are used mainly to produce liquid products for our various brands. Each of our two liquid facilities has extra manufacturing capacity, which is used from time to time to manufacture products for clients pursuant to contract manufacturing arrangements.

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 a leadership position 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 35 countries.

We have a sales and marketing team of 156 employees, 82 of whom are in North America and 74 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.

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. More than 10 web sites broaden our reach and better serve our customers' needs for quick and easy access to information. We also participate in selected trade events.

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 35 other countries, we sell through a network of more than 50 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 2008, 46.1% of the revenues were generated in North America, 52.6% in Europe and 1.3% in Asia and elsewhere. Two of our customers represented more than 10% of the revenues in 2008, respectively 16% (15% in 2007) and 14% (12% in 2007).

Wobenzym, under its different formulations, represented, in the aggregate, over 15% of our total annual sales for fiscal 2007 (on a 6-month basis, taking into account that we acquired Mucos in July 2007) and 2008 (respectively 23% and 33%). The version of the Wobenzym sold in most of Central Europe and Eastern Europe, named Wobenzym®, and the principal version of Wobenzym sold in Germany and elsewhere, named Wobenzym®-N, account together for substantially all of our sales of Wobenzym, the other versions of Wobenzym representing a much smaller proportion of the overall Wobenzym sales. Taken separately, Wobenzym®-N accounts for 13% of our 2007 total sales (6 months) and 20% of our 2008 total sales, while Wobenzym® accounts for 10% of our 2007 total sales (6 months) and 13% of our 2008 total sales.

The revenues were of \$290.1 million in 2008 and \$172.8 million in 2007.

Pure Encapsulations markets premium quality nutritional supplements to more than 36,000 healthcare practitioners in the United States and around the world. A balanced marketing approach is utilized which includes a comprehensive catalogue mailed three to four times per year to existing clients and an additional 20,000 to healthcare practitioners. In addition, Pure's marketing approach includes periodic targeted mailings, product specification sales sheets and samples with orders, web-based promotions, selected industry trade shows and scientific conferences, cooperative activities with distributors and trade journal advertising. 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 over 1,000 branded custom-label and private label 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 office 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, Pure Encapsulations and Wobenzym brands to healthcare practitioners in Canada. DL Canada has a team of sales representatives and agents that covers Canada.

Mucos' systemic enzyme products are available in over 19 countries, mainly in Germany, and in Central and Eastern Europe, where they are recommended by doctors and sold primarily through

pharmacies. In Germany, Mucos relies on a highly specialized and well trained sales force consisting of 31 sales representatives detailing to doctors and pharmacists. Mucos has put in place distribution partnerships in order to satisfy its increasingly global clientele. In North America, Atrium has started to commercialize Wobenzym-N, Mucos' flagship product, directly through its subsidiaries in 2008. The marketing is based on a strong educational component, and the product is sold directly to health care professionals and through specialized retail stores in both the United States and Canada.

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, service phone and website.

Orthos and its subsidiary AOV, which were acquired in September 2008, market their product portfolio primarily through Complementary and Alternative Medicine practitioners and other healthcare professionals in the Netherlands.

NHS, which was acquired in December 2008, markets its probiotic and enzyme-based products through the direct-to-consumer (DTC) channel, primarily via mail orders and also sells some of its product lines through the health food stores and healthcare practitioners markets.

3.4 New Product Pipeline

In order to diversify and rapidly expand our product portfolio, in addition to our internal product development, we have concentrated our efforts on acquiring solid and well-performing companies which market proven products and well established product lines. Acquisitions completed in 2008 brought to our portfolio eight new product lines, namely MCO Health's Orthica, SunWell and Previte product lines, AOV's product line and NHS' Sedona Labs, Sedona Labs Pro, Nutri-Health and Meta Foods product lines. We have thereby added over 200 products through the acquisition of Multicare and its subsidiary MCO Health, over 170 through the acquisition of Orthos and its subsidiary, AOV, and over 40 through the acquisition of NHS.

The following outlines our new product pipeline strategy:

Innovation Committee

We have identified innovation as a key driver of our organic growth. Innovation, when properly executed, results in the development of new products, as well as the improvement of existing products through advancements in composition, delivery systems, and claims substantiation. Activities central to innovation include research and development, communication, education and the ongoing evaluation of novel technologies. By addressing innovation, we aim to capitalize on

our current position as the leader in science-based, professionally-endorsed health and nutrition products, as well as develop synergies between our various operational units.

To build on our innovative culture, we have created, in 2008, an Innovation Committee, whose role is to foster innovation within each of our operational units as well as between all of them. This committee is formed of our Executive Vice President, Operations, our Director of Scientific Affairs, and the directors of product development from each of our operational units, all of whom have scientific backgrounds including four PhDs. The Innovation Committee is charged with the development of novel products based on cutting-edge knowledge and the promotion of a science-based image for our company and branded product offerings. This committee meets on a regular basis to discuss opportunities to translate scientific advances into new product development, as well as various science projects concerning our operational units, such as quality control considerations or ongoing clinical and basic research studies. These meetings provide a forum to exploit synergies between our operating units, such as the launch of new products in our channels.

Acquisition of Products

Our business development team is involved in the prospection of interesting acquisition targets within the industry and evaluation of acquisition opportunities. As described above, we find this to be an efficient and safe approach to rapidly expand our product portfolio.

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. Generally, we produce more than 30 new products per year and we are constantly studying new technologies and manufacturing processes.

Collaboration with Research-Based Organizations

Our long-term product pipeline strategy also includes working with 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. We expect these collaborations to provide us with innovative products in the long term. These collaborations also allow us to conduct studies on some of our existing products to enhance claim substantiation for these products.

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 nutrition industry, in the healthcare practitioners channel. Océanova's main research fields include immunology, inflammation, oxidation and bacteriology.

3.5 Competition

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 specialized and mass 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.

In the healthcare practitioners channel, there are a multitude of competitors in the United States, which has historically been our primary geographic market. Following our acquisitions and expansion on the European continent in 2007 and 2008, our European and North-American activities are practically on the same level. The most important competition in sales to healthcare practitioners in the United States comes from a limited number of small to mid-size privately-owned businesses. We are a recognized leader in this market and geographic area. The European and Asian markets are even more fragmented when it comes to food supplements marketed to healthcare practitioners. In Europe, the market and competition vary from one country to the other. In our main European markets, comprised of Germany, the Netherlands as well as Central and Eastern Europe, our products are marketed principally to healthcare practitioners and sold mostly in pharmacies, where they are in competition with local supplement companies of similar or smaller size, as well as with supplement lines of pharmaceutical companies. Nonetheless, in each of their respective geographic markets in Europe, our brands are well-renowned and are well positioned in their respective distribution channels.

In each of our markets, we believe that we distinguish ourselves from competitors with the consistency and quality of our products, which are generally supported by scientific literature.

With the acquisition of NHS in December 2008, we have entered the direct-to-consumer (DTC) market in the United States. NHS distinguishes itself in this very fragmented market by its successful mail order program and quality specialty supplements.

3.6 Manufacturing and Supply

We operate seven manufacturing facilities, where we manufacture the vast majority of our products. The first is in Quebec City (Quebec), where we produce liquid health and nutrition finished products 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. A sixth facility is situated in Berlin (Germany), where we manufacture the enzyme-based products marketed by Mucos, and the last one is situated in Cottonwood (Arizona), where we blend, encapsulate and bottle probiotics and enzyme-based products. 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 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.

We currently purchase raw materials for the manufacturing of our 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 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. For example, 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

Our products are protected by trademarks, registered names, licenses, trade secrets or know-how. We hold over 150 registered trademarks capturing most of our umbrella brands as well as the names of certain of our products, including Wobenzym. These trademarks are registered in the principal markets where these brands and products are marketed. 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) 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 entered into licence agreements with Æterna Zentaris which grant us the exclusive right to use these patent rights for the development, manufacturing and marketing of nutraceutical and pharmaceutical products. The duration of the licence agreements is equivalent to the registration period of the underlying patents.

Confidentiality and non-competition agreements have been signed by all members of our management and by our key employees and are also signed with commercial partners when appropriate.

3.8 Risk Factors

Our business entails significant risks. In this regard, reference is made to pages 22 to 26 of our Management's Discussion and Analysis ("MD&A") for the financial year ended December 31, 2008, dated February 25, 2009, 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 30, 2009, there were 32,436,075 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.

	TSX (monthly) CANS			
	High Price	Low Price	Close Price	Traded Volume
January 2008	21.40	18.00	19.23	1,368,422
February 2008	19.82	14.31	18.23	1,712,363
March 2008	18.25	14.29	15.80	1,039,299
April 2008	17.63	15.10	15.49	2,026,084
May 2008	17.25	15.24	17.17	1,557,903
June 2008	18.00	15.02	16.04	1,755,018
July 2008	16.08	12.75	13.64	1,489,674
August 2008	17.02	13.60	15.65	2,702,325
September 2008	15.84	12.35	14.92	2,306,520
October 2008	15.12	9.76	10.49	3,800,004
November 2008	13.70	9.60	12.95	6,384,300
December 2008	13.34	11.27	12.92	4,918,499

7. ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER

7.1 Escrowed Securities and Securities Subject to Contractual Restriction on Transfer

To our knowledge, there are no shares of the Corporation under escrow.

The following table indicates the number of Common Shares of the Corporation that are subject to a contractual restriction on transfer, and the percentage that number represents of the outstanding securities of the Corporation for our most recently completed financial year:

Class	Number of Shares Subject to Contractual Restriction on Transfer	Percentage of the Outstanding Securities of the Class
Common Shares	81,128	0.25%

The above shares of the Corporation were, as of December 31, 2008, and still are, except as provided below, subject to a contractual restriction whereby the holder of these shares has accepted not to trade these shares before the following dates, for the following numbers of shares:

- Not before February 15, 2009 (27,043 shares);
- Not before February 15, 2010 (27,043 shares); and
- Not before February 15, 2011 (27,042 shares).

No shares of any other class of shares of the Corporation are issued and outstanding.

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 8 to 10 of the Management Proxy Circular of the Corporation, dated March 18, 2009, 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
René Augstburger Piedmont (Quebec) Canada	Vice President, Commercial Development	2008
Manon Deslauriers Saint-Augustin-de-Desmaures (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
Martin Lemay Levis (Quebec) Canada	Vice President, Finance	2002
Mario Paradis Quebec City (Quebec) Canada	Vice President and Chief Financial Officer	2008
Dr. Serge Yelle Levis (Quebec) Canada	Executive Vice President, Operations	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: 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 July 2008, was Executive Vice President, Health & Nutrition Division of the Corporation and, prior to September 2007, was Vice President, Business Development; Mario Paradis who, prior to March 2008, was Senior Vice President, Administration and Legal Affairs of Aeterna Zentaris and, prior to May 2007, was Director of Finance and Vice President, Finance and Administration of Aeterna Zentaris, and was also the Corporate Secretary during four years; Martin Lemay who, prior to February 2008, was Director of Finance of the Corporation; and René Augstburger who, prior to January 2008, was General Manager of Bio-K Plus International Inc. and, prior to July, 2007, General Manager of Arkopharma Canada Inc., and prior to November 2004 was Vice President, International Marketing of the Corporation. As of March 13, 2009, the Directors and Executive Officers hold as a group 324,137 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;

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”); and

Mr. Serge Yelle who was a director of Solution Recherche Inc. (“Solution Recherche”). Mr. Yelle, as employee of Fonds d’Investissement Bio-Alimentaire s.e.c., a minority shareholder of Solution Recherche, was appointed to the board of this company. Solution Recherche was declared bankrupt in July 2002, after Mr. Yelle had resigned from the board of that company, in December 2001.

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, 2008, the Corporation accrued \$10,099,000 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 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. This credit facility has been amended again in 2008 to

extend from May 2008 to December 31, 2008 the period during which Atrium was entitled to draw upon this credit facility. We have not availed ourselves of this extension and, since December 31, 2008, we can no longer draw upon this credit facility. An amount of CAN\$13.4 million is currently outstanding. 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.

Æterna Zentaris is our former principal shareholder and as of January 2, 2007, no longer owns any of our shares.

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 sublet part of the facilities we rent in Quebec City (Quebec) to Æterna Zentaris, whose head office is located in the same building. We share certain support services with Æterna Zentaris. However, we no longer share information technology systems with Æterna Zentaris.

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 contracts entered into by us during the most recently completed fiscal year which may be regarded as material to the Corporation are:

- (i) the agreement dated February 15, 2008 relating to the acquisition of the shares of Multicare, referred to in Section 2.5 entitled “Fiscal 2008” above;
- (ii) the agreement dated April 4, 2008 relating to the sale of the Corporation’s AI&SC Division, referred to in Section 2.5 entitled “Fiscal 2008” above;

- (iii) the agreement dated September 19, 2008 relating to the acquisition of the shares of Orthos, referred to in Section 2.5 entitled “Fiscal 2008” above;
- (iv) the agreement dated December 16, 2008 relating to the acquisition of the shares of EAB, referred to in Section 2.5 entitled “Fiscal 2008” above; and
- (v) the agreement dated December 31, 2008 relating to the acquisition of the membership interests of NHS, referred to in Section 2.5 entitled “Fiscal 2008” above.

13. EXPERTS

The Corporation’s auditors are PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l., Chartered Accountants, who have prepared an independent auditors’ report dated February 25, 2009 in respect of the Corporation’s consolidated financial statements with accompanying notes as at December 31, 2008 and 2007 and for each of the years in the two-year period ended December 31, 2008. PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l. 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.

Gérard 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 *Université de Montréal (HEC Montréal)*.

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, 2008 (CAN\$)	Financial Year Ended December 31, 2007 (CAN\$)
Audit Fees ⁽¹⁾	541,298	668,195
Audit-Related Fees ⁽²⁾	260,498	67,117
Tax Fees ⁽³⁾	252,520	393,035
All Other Fees ⁽⁴⁾	–	–
Total Fees:	1,054,316	1,128,347

⁽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 18, 2009, 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, 2008. 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, other than as required by law.

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 and amended on December 17, 2007.